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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
STORMONT-VAIL HEALTHCARE INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1500 SW 10TH AVENUE

City or town, state or country, and ZIP + 4
TOPEKA, KS 666041353

D Employer identification number
48-0543789

E Telephone number
(785) 354-6000

G Gross receipts $ 583,817,481

F Name and address of principal officer
KEVIN J HAN
1500 SW 10TH AVENUE
TOPEKA, KS 666041353

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 ▶

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

J Website: ▶ WWW STORMONTVAIL ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1894 | **M** State of legal domicile KS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
STORMONT-VAIL'S MISSION IS "WORKING TOGETHER TO IMPROVE THE HEALTH OF OUR COMMUNITY" BY PROVIDING QUALITY MEDICAL HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR 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**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	4,649
6	Total number of volunteers (estimate if necessary)	**6**	550
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**	5,556

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	518,666	556,438
	9 Program service revenue (Part VIII, line 2g)	509,975,162	554,101,812
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,865,737	20,878,532
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	845,140	899,423
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	516,204,705	576,436,205
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	294,024,917	321,871,961
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	189,861,294	204,146,186
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	483,886,211	526,018,147
	19 Revenue less expenses Subtract line 18 from line 12	32,318,494	50,418,058

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	486,242,743	554,200,087
	21 Total liabilities (Part X, line 26)	314,771,451	340,105,644
	22 Net assets or fund balances Subtract line 21 from line 20	171,471,292	214,094,443

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

****** | 2013-08-02
Signature of officer | Date

KEVIN J HAN VICE PRESIDENT
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: CHERYL G HAYWARD | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00016097

Firm's name (or yours if self-employed), address, and ZIP + 4: BERBERICH TRAHAN & CO PA, 3630 SW BURLINGAME ROAD, TOPEKA, KS 666112050 | EIN ▶ 48-1066439 | Phone no ▶ (785) 234-3427

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

WORKING TOGETHER TO IMPROVE THE HEALTH OF OUR COMMUNITY

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 $ 513,456,565 including grants of $) (Revenue $ 553,997,883)

STORMONT-VAIL HEALTHCARE, INC (MEDICAL CENTER) PROVIDES QUALITY MEDICAL HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY FOR THE YEAR ENDED SEPTEMBER 30, 2012, 21,311 INPATIENTS, 62,625 EMERGENCY ROOM PATIENTS, 1,947 NEWBORNS, AND OVER 500 NEONATAL INTENSIVE CARE BABIES WERE SERVED ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF THE MEDICAL CENTER, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES THE MEDICAL CENTER'S MISSION IS TO SERVE THE COMMUNITY WITH RESPECT TO PROVIDING HEALTH CARE SERVICES AND HEALTH CARE EDUCATION REGARDLESS OF ABILITY TO PAY AS PART OF THIS MISSION, THE MEDICAL CENTER PROVIDES CARE TO PERSONS COVERED BY MEDICARE AND MEDICAID PATIENTS FOLLOWING ARE SOME OF THE BENEFITS PROVIDED AT REDUCED RATES FOR THE FISCAL YEAR IN ADDITION TO THE CHARITY CARE PROVIDED, THE MEDICAL CENTER ALSO PROVIDED SERVICE TO PATIENTS THAT RESULTED IN UNCOLLECTIBLE AMOUNTS AS FOLLOWS BAD DEBT EXPENSE AT COST $11,118,643SHORTFALL OF MEDICARE PAYMENTS AT COST $45,810,756SHORTFALL OF MEDICAID PAYMENTS AT COST $20,899,295 THE MEDICAL CENTER ALSO PROVIDES OTHER HEALTH CARE SERVICES AND PROGRAMS FOR THE BENEFIT OF THE COMMUNITY, FREE OR AT REDUCED RATES EXAMPLES OF THESE INCLUDE SUBSIDY OF NURSING EDUCATION, MEDICAL EDUCATION, AND ALLIED HEALTH EDUCATION OPERATING THE REGIONS ONLY LEVEL III NEONATAL INTENSIVE CARE UNIT (NICU) SERVING A HIGH PERCENTAGE OF MEDICALLY INDIGENT PATIENTS OPERATING A LEVEL II TRAUMA CENTER SERVING NORTHEAST KANSAS PROVIDE SUPPORT TO LIFESTAR, THE AIR AMBULANCE SERVICE IN NORTHEAST KANSAS OVER 20 SUPPORT GROUPS HAVE BEEN ORGANIZED FOR A VARIETY OF TOPICS APPROXIMATELY 56,000 HOURS OF VOLUNTEER TIME WERE DONATED TO THE MEDICAL CENTER HELPING TO REDUCE THE COST OF PROVIDING HEALTH CARE MAINTAINING THE HEALTH SCIENCES LIBRARY THAT IS MADE AVAILABLE TO THE PUBLIC FREE OF CHARGE AS A MEDICAL RESOURCE STORMONT VAIL EMPLOYEES SUPPORT THE CARE LINE, WHICH IS AN EMERGENCY FUND FOR PATIENTS IN FINANCIAL DISTRESS, PROVIDING SERVICES AND SUPPLIES ON A SHORT-TERM BASIS USE OF POZEZ EDUCATION CENTER FACILITIES FOR A VARIETY OF COMMUNITY GROUPS AND PROGRAMS DONATED CASH OR IN-KIND GIFTS TO VARIOUS COMMUNITY ORGANIZATIONS PARTICIPATED IN NUMEROUS CLINICAL RESEARCH TRIALS THROUGH THE CLINICAL RESEARCH DEPARTMENT STORMONT-VAIL WEST BEHAVIORAL HEALTH SERVICES OPERATES A SUBSTANCE ABUSE PROGRAM OPERATED A PALLIATIVE CARE PROGRAM TO PROVIDE COMFORT CARE TO PATIENTS WITH CHRONIC CONDITIONS PROVIDE SUPPORT AND EDUCATION FOR PATIENTS WITH DIABETES THROUGH THE DIABETES LEARNING CENTER STORMONT-VAIL IS A REGIONAL NETWORK OF 29 LOCATIONS IN NORTHEAST KANSAS IMPROVING ACCESS TO MEDICAL CARE IN SEVERAL CITIES THAT OTHERWISE WOULD NOT HAVE ACCESS, PARTICULARLY ON WEEKENDS MATERNAL FETAL MEDICINE PROGRAM PROVIDED CARE AND ACCESS TO SCREENINGS AND GENETIC COUNSELING FOR WOMEN WITH AT-RISK PREGNANCIES OPERATED THE HEALTHWISE 55 PROGRAM WHICH PROVIDED OUTREACH PROGRAMS TO INDEPENDENT LIVING FACILITIES IN TOPEKA OFFERED BLOOD PRESSURE CLINICS AT WEST RIDGE MALL AS WELL AS OUTREACH BLOOD PRESSURE CLINICS AT SIX OTHER LOCATIONS STORMONT-VAIL PROVIDED THE REGION'S ONLY PERINATOLOGIST PROVIDING CARE FOR HIGH-RISK PREGNANCIES STORMONT-VAIL MAINTAINED THE LIFELINE PROGRAM, THE PERSONAL RESPONSE SYSTEM OFFERED ONLINE CHILDBIRTH CLASSES THROUGH STORMONT-VAILS WEB SITE PARTNERED WITH THE MARCH OF DIMES FOR THE NICU FAMILY SUPPORT PROGRAM STORMONT-VAIL WAS A MEDAL OF HONOR WINNER FOR THE SEVENTH CONSECUTIVE YEAR FOR ORGAN RETRIEVAL AND TISSUE CONVERSION THE HEALTH CONNECTION PROGRAM, WHICH PROVIDES PHYSICIAN REFERRAL AND AFTER-HOUR ACCESS TO A NURSE, RECEIVED 398,629 CALLS PROVIDED HEALTH INFORMATION THROUGH THE TOPEKA & SHAWNEE COUNTY PUBLIC LIBRARY'S HEALTH INFORMATION NEIGHBORHOOD PARTNERED WITH BUILDING BLOCKS TO PROVIDE CHILDCARE SERVICES TO STAFF AND THE COMMUNITY STORMONT-VAIL CLINICAL EDUCATORS PARTICIPATED IN THE AMERICAN HEALTH ASSOCIATION'S CPR FOR FAMILY AND FRIENDS CLASS TO TEACH OTHERS CPR THE TRAUMA SERVICES DEPARTMENT PROVIDED COMMUNITY EDUCATION PROGRAMS ON FALL PREVENTION STORMONT-VAIL WEST BEHAVIORAL HEALTH SERVICES PARTICIPATED IN A DEPRESSION SCREENING FOR THE COMMUNITY PARTNERED IN THE KANSAS RED RIBBON CAMPAIGN TO PROMOTE A HEALTHY, DRUG-FREE LIFESTYLE FOR YOUTH A SKIN SCREENING CLINIC FOR THE COMMUNITY WAS HELD AT THE COTTON-O'NEIL CANCER CENTER SPONSORED TOUR DE DIALYSIS, A 100-MILE BIKE RIDE TO RAISE AWARENESS AND FUNDS FOR PATIENT NEEDS AT THE KANSAS DIALYSIS SERVICES CONNECT WITH THE COMMUNITY THROUGH THE ORGANIZATION WEBSITE, STORMONT ORG PARTICIPATED IN THE BI-STATE STROKE EDUCATION CONSORTIUM PARTNERED WITH HEALTH INNOVATION NETWORK OF KANSAS, A COALITION THAT GREW TO 17 HOSPITALS SHARING INFORMATION, EDUCATION AND OTHER NEEDED SERVICES THE BOY TO MAN AND GIRL TO WOMAN COMMUNICATION EDUCATION PROGRAMS FACILITATE CONVERSATION BETWEEN ADULTS AND PRE-TEENS ABOUT FUTURE PHYSICAL AND EMOTIONAL CHANGES STORMONT VAIL AND ITS EMPLOYEES DONATED FUNDS AND STAFF TIME TO THE MEALS ON WHEELS PROGRAM STORMONT VAIL AND ITS EMPLOYEES DONATED FUNDS AND STAFF TIME TO THE UNITED WAY

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** ▶ $ 513,456,565

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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
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	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		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**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
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**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		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**	223		
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**	4,649			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13		
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		No
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		No
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		No
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		
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		

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

KEVIN HAN
1500 SW 10TH STREET
TOPEKA, KS 66604
(785) 354-6000

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								12,390,577	0	1,965,997

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 ▶ 334

			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
RADIOLOGY & NUCLEAR MEDICINE LLC 823 MULVANE SUITE 1 TOPEKA, KS 66606	RADIOLOGY PHYSICIAN SERVICES	2,170,425
ANESTHESIA ASSOCIATES 823 MULVANE SUITE 2A TOPEKA, KS 66606	ANESTHESIA PHYSICIAN SERVICES	1,874,613
PROBASCO & ASSOCIATES PA 615 S TOPEKA BLVD TOPEKA, KS 66603	COLLECTION AGENCY	1,619,069
KANSAS DIALYSIS SERVICES 634 SW MULVANE TOPEKA, KS 66606	DIALYSIS SERVICES	748,487
PERINATAL CONSULTANTS 900 SW ROBINSON TOPEKA, KS 66614	PHYSICIAN SERVICES	746,000

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	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	268,482			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	287,956			
	g	Noncash contributions included in lines 1a-1f $ 261,469					
	h	**Total.** Add lines 1a-1f		556,438			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	621300	542,001,306	542,001,306		
	b	HEALTH RECORDS INCENTI	519100	6,764,958	6,764,958		
	c	NUTRITIONAL SERVICES	621300	2,274,823	2,274,823		
	d	EDUCATION SERVICES/SCH	611600	2,068,151	2,068,151		
	e	LIFELINE	621300	453,058	453,058		
	f	All other program service revenue		539,516	539,516		
	g	**Total.** Add lines 2a–2f		554,101,812			
	3	Investment income (including dividends, interest and other similar amounts)		9,486,242			9,486,242
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	899,423				
	b	Less rental expenses	0				
	c	Rental income or (loss)	899,423				
	d	Net rental income or (loss)			899,423		899,423
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	18,507,919	265,647			
	b	Less cost or other basis and sales expenses	7,011,700	369,576			
	c	Gain or (loss)	11,496,219	-103,929			
	d	Net gain or (loss)			11,392,290	-103,929	11,496,219
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d					
	12	**Total revenue.** See Instructions		576,436,205	553,997,883	0	21,881,884

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				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	8,412,316	4,060,005	4,352,311	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	249,590,923	248,504,624	1,086,299	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	17,197,422	16,974,071	223,351	
9	Other employee benefits	31,037,933	31,020,590	17,343	
10	Payroll taxes	15,633,367	15,424,250	209,117	
11	Fees for services (non-employees)				
a	Management				
b	Legal	3,414,084	2,842,312	571,772	
c	Accounting	153,850	153,850		
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	148,980	148,980		
g	Other	17,942,598	17,395,755	546,843	
12	Advertising and promotion	1,156,447	1,156,447		
13	Office expenses	2,683,160	2,345,803	337,357	
14	Information technology	7,683,781	7,682,881	900	
15	Royalties . .				
16	Occupancy	7,345,530	7,339,530	6,000	
17	Travel	175,849	175,849		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	6,354,150	6,347,516	6,634	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	19,023,701	19,012,640	11,061	
23	Insurance	3,363,071	1,208,108	2,154,963	
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	SUPPLIES	83,204,535	83,200,294	4,241	
b	PROVISION FOR UNCOLLECT	33,363,039	33,363,039		
c	REPAIR & MAINTENANCE	7,042,922	7,042,008	914	
d	CONTRIBUTION TO S-V FOU	360,000	360,000		
e					
f	All other expenses	10,730,489	7,698,013	3,032,476	
25	**Total functional expenses.** Add lines 1 through 24f	526,018,147	513,456,565	12,561,582	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		6,097,475	1	6,029,203
	2	Savings and temporary cash investments		72,328,936	2	92,574,769
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		74,917,091	4	75,923,316
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,088,446	8	5,802,499
	9	Prepaid expenses and deferred charges		3,686,374	9	4,343,928
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 403,241,695			
	b	Less accumulated depreciation	10b 209,945,620	185,138,917	10c	193,296,075
	11	Investments—publicly traded securities		82,918,308	11	118,429,539
	12	Investments—other securities See Part IV, line 11		53,651,647	12	55,369,328
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,415,549	15	2,431,430
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		486,242,743	16	554,200,087
Liabilities	17	Accounts payable and accrued expenses		58,576,399	17	62,243,012
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		135,870,000	20	144,490,000
	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		5,944,140	23	4,554,153
	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		114,380,912	25	128,818,479
	26	**Total liabilities.** Add lines 17 through 25		314,771,451	26	340,105,644
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		170,670,374	27	213,263,622
	28	Temporarily restricted net assets		668,059	28	697,962
	29	Permanently restricted net assets		132,859	29	132,859
		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		171,471,292	33	214,094,443
	34	Total liabilities and net assets/fund balances		486,242,743	34	554,200,087

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	576,436,205
2	Total expenses (must equal Part IX, column (A), line 25)	2	526,018,147
3	Revenue less expenses Subtract line 2 from line 1	3	50,418,058
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	171,471,292
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-7,794,907
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	214,094,443

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

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
STORMONT-VAIL HEALTHCARE INC	48-0543789

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?	Yes		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		
j	Total lines 1c through 1i			0
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	THE HOSPITAL IS A MEMBER OF THE AMERICAN HOSPITAL ASSOCIATION AND THE KANSAS HOSPITAL ASSOCIATION THESE ORGANIZATIONS HAVE INFORMED THE TAXPAYER THAT A PORTION OF THEIR DUES ARE ATTRIBUTED TO LOBBYING AND ADVOCACY ACTIVITIES THAT PERCENTAGE FOR 2011 IS 15% AND THE AMOUNT IS $ 16,973 OCCASIONALLY, THE CEO WILL SPEAK TO LEGISLATORS REGARDING BILLS THAT WOULD AFFECT THE ORGANIZATION OR HEALTHCARE INDUSTRY

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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
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

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	244,424	239,410	239,400	235,668	
b Contributions					
c Investment earnings or losses	9,618	5,014	10	3,732	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	254,042	244,424	239,410	239,400	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 52 300 %
- c Term endowment ▶ 47 700 %

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)		No
(ii) related organizations	3a(ii)		No
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		14,286,596		14,286,596
b Buildings		240,408,254	103,111,797	137,296,457
c Leasehold improvements				
d Equipment		145,061,252	106,833,823	38,227,429
e Other		3,485,593		3,485,593
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				193,296,075

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	21,713,504	F
(3) Other (A) MORGAN CREEK FUND, LTD CLASS A 39,673 SHARES HELD	33,655,824	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	55,369,328	

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	
RESERVE FOR THIRD-PARTY PAYORS	5,418,036
ACCRUED PENSION PAYABLE	123,380,873
DUE TO RELATED PARTIES	19,570
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	128,818,479

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	576,436,205
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	526,018,147
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	50,418,058
4	Net unrealized gains (losses) on investments	4	4,225,624
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-12,020,531
9	Total adjustments (net) Add lines 4 - 8	9	-7,794,907
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	42,623,151

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	582,953,495
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	4,225,624		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	2,440,646		
e	Add lines **2a** through **2d**			2e	6,666,270
3	Subtract line **2e** from line **1**			3	576,287,225
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	148,980		
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	148,980
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	576,436,205

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

1	Total expenses and losses per audited financial statements			1	540,330,344
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	14,461,177		
e	Add lines **2a** through **2d**			2e	14,461,177
3	Subtract line **2e** from line **1**			3	525,869,167
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	148,980		
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	148,980
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	526,018,147

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	ENDOWMENT FUNDS ARE USED IN ACCORDANCE WITH THE DIRECTION OF THE APPLICABLE DONOR GIFT INSTRUMENT AT THE TIME THE GIFT IS ADDED TO THE FUND
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	AS OF SEPTEMBER 30, 2012 AND 2011 THERE WERE NO UNCERTAIN TAX BENEFITS INDENTIFIED AND RECORDED AS A LIABILITY
PART XI, LINE 8 - OTHER ADJUSTMENTS		EQUITY IN NET INCOME OF CONSOLIDATED AFFILIATES 2,041,068 CHANGE IN ADDITIONAL MINIMUM LIABILITY FOR RETIREMENT BENEFITS -14,416,272 NET GAINS/ (LOSS) OF UNCONSOLIDATED AFFILIATES 281,058 BOOK AMORTIZATION GREATER THAN TAX -44,905 INTEREST RATE SWAP 118,520 TOTAL TO SCHEDULE D, PART XI, LINE 8 -12,020,531
PART XII, LINE 2D - OTHER ADJUSTMENTS		CONSOLIDATED AFFILIATE NET INCOME 2,041,068 NET GAINS/(LOSS) OF UNCONSOLIDATED AFFILIATES 281,058 INTEREST RATE SWAP 118,520
PART XIII, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN ADDITIONAL MINIMUM LIABILITY FOR RETIREMENT BENEFITS 14,416,272 BOOK AMORTIZATION GREATER THAN TAX 44,905

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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
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			10,785,704		10,785,704	2 050 %
b Medicaid (from Worksheet 3, column a)			58,672,027	37,772,732	20,899,295	3 970 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			69,457,731	37,772,732	31,684,999	6 020 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,403,582	232,884	2,170,698	0 410 %
f Health professions education (from Worksheet 5)			3,743,538	1,954,530	1,789,008	0 340 %
g Subsidized health services (from Worksheet 6)			9,864,481	9,077,149	787,332	0 150 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			266,367		266,367	0 050 %
j **Total** Other Benefits			16,277,968	11,264,563	5,013,405	0 950 %
k **Total.** Add lines 7d and 7j			85,735,699	49,037,295	36,698,404	6 970 %

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		No
2	Enter the amount of the organization's bad debt expense	2	11,118,643		
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	176,064,239		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	221,874,995		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-45,810,756		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	STORMONT-VAIL HEALTHCARE 1500 SW 10TH STREET TOPEKA, KS 66604	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)

STORMONT-VAIL HEALTHCARE

Name of Hospital Facility: _____

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ 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 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☐ The policy was available upon request			
	g ☑ Other (describe in Part VI)			
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		No
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? **30**

	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 III, LINE 4 THE FILING ORGANIZATION REPORTS BAD DEBT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT 15 IS FOLLOWED TO THE EXTENT THAT IT ALIGNS WITH THE GUIDELINES SET FORTH BY GAAP PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED LESS AMOUNTS COVERED BY THIRD-PARTY PAYORS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES BASED ON A REVIEW OF ALL OUTSTANDING AMOUNTS ON A MONTHLY BASIS MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLE ACCOUNTS, BY HISTORICAL EXPERIENCE APPLIED ON AN AGING OF ACCOUNTS AND BY CONSIDERING THE PATIENT'S FINANCIAL HISTORY, CREDIT HISTORY AND CURRENT ECONOMIC CONDITIONS STORMONT-VAIL ONLY CHARGES INTEREST ON MEDICAL SERVICE DIVISON PATIENT RECEIVABLES PATIENT RECEIVABLES ARE WRITTEN OFF TO BAD DEBT WHEN DEEMED UNCOLLECTIBLE RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF BAD DEBT EXPENSE WHEN RECEIVED COSTING METHODOLOGY THE BAD DEBT EXPENSE WAS CALCULATED BY USING THE ACTUAL BAD DEBT WRITE-OFFS FROM THE HOSPITAL AND THE COST TO CHARGE RATIO FROM THE COST ACCOUNTING SYSTEM FOR OTHER PAYORS MULTIPLIED BY THE BAD DEBT WRITE-OFFS THE CLINIC BAD DEBTS WERE ESTIMATED AND A COST TO CHARGE RATIO WAS APPLIED TO DETERMINE COST

Identifier	ReturnReference	Explanation
		PART III, LINE 8 BOTH THE COST ACCOUNTING AND COST TO CHARGE RATIO METHOD ARE USED

Identifier	ReturnReference	Explanation
STORMONT-VAIL HEALTHCARE		PART V, SECTION B, LINE 13G FOR PATIENTS EXPRESSING THE INABILITY TO PAY, THEY ARE PROVIDED WITH CUSTOMER SERVICE PHONE NUMBERS ON THE WEBSITE, PATIENT STATEMENTS, PATIENT HANDBOOKS, AND BROCHURES GIVEN TO ALL INPATIENTS AND OUTPATIENTS

Additional Data

Software ID:
Software Version:
EIN: 48-0543789
Name: STORMONT-VAIL HEALTHCARE 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? **30** Name and address	Type of Facility (Describe)
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
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CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER

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? **30** Name and address	Type of Facility (Describe)
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER
CANCER CENTER 1414 SW 8TH AVENUE TOPEKA,KS 66606	CANCER CENTER

Additional Data

Software ID:
Software Version:
EIN: 48-0543789
Name: STORMONT-VAIL HEALTHCARE INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEVEN WATKINS MD DIRECTOR, OP COMM	60 00	X		X				902,612	0	96,687
S KENNETH ALEXANDERIII DIRECTOR	0 00	X						0	0	0
PAMELA JOHNSON BETTS DIRECTOR	0 00	X						0	0	0
C RICHARD BONEBRAKEMD DIRECTOR	0 00	X						0	0	0
GARY B FLEENOR DIRECTOR	0 00	X						0	0	0
JOHN B DICUS DIRECTOR	0 00	X						0	0	0
RANDALL L PETERSON CHIEF EXECUTIVE OFFICER	60 00	X		X				0	0	0
JAMES HAINES CHAIRPERSON	0 00	X		X				0	0	0
PATRICIA PRESSMAN PHD DIRECTOR	0 00	X						0	0	0
SUEANN V SCHULTZ DIRECTOR	0 00	X						0	0	0
NANCY J PERRY SECRETARY	0 00	X		X				0	0	0
JAMES SCHMANK DIRECTOR	0 00	X						0	0	0
ANDREW J JETTER DIRECTOR	0 00	X						0	0	0
JAMES PARRISH DIRECTOR	0 00	X						0	0	0
RICHARD WIENCKOWSKI DIRECTOR	0 00	X						0	0	0
ROBERT O'NEIL MD OPERATING COMMITTEE	10 00			X				117,906	0	1,089
ERIC VOTH MD OPERATING COMMITTEE	60 00			X				362,924	0	80,447
DOUGLAS ROSE MD OPERATING COMMITTEE	60 00			X				377,414	0	147,811
KEVIN DISHMAN MD OPERATING COMMITTEE	60 00			X				875,863	0	63,568
DAVID CUNNINGHAM VICE-PRESIDENT	50 00			X				233,783	0	54,551
CAROL WHEELER VICE-PRESIDENT	50 00			X				359,734	0	200,753
BERNIE BECKER VICE-PRESIDENT	50 00			X				304,373	0	143,943
KENT PALMBERG MD EXECUTIVE VICE-PRESIDENT	60 00			X				668,209	0	349,589
DEBRA YOCUM VICE-PRESIDENT	50 00			X				287,737	0	59,271
JANET STANEK VICE-PRESIDENT	55 00			X				439,155	0	112,390

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CAROL PERRY VICE-PRESIDENT	50 00			X				318,900	0	136,286
KEVIN HAN CHIEF FINANCIAL OFFICER	60 00			X				281,417	0	107,940
MATTHEW WILLS MD PHYSICIAN	60 00					X		2,137,038	0	32,359
TEWODRO ADDISSE MD PHYSICIAN	60 00					X		954,341	0	29,452
DAVID LUTES MD PHYSICIAN	60 00					X		903,851	0	45,148
CHU CHI CHENMD PHYSICIAN	60 00					X		1,120,813	0	69,081
PETER TUTUSKA MD PHYSICIAN	60 00					X		829,195	0	64,294
MAYNARD OLIVERIUS FORMER CHIEF EXECUTIVE OFFICER	60 00						X	915,312	0	171,338

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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
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

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**		
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**		
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**	Yes	
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 4B	MAYNARD OLIVERIUS $ 161,405 DAVID CUNNINGHAM $ 19,382 BERNARD BECKER $ 81,212 KENT PALMBERG, M D $ 278,901 DEBRA YOCUM $ 16,368 JANET STANEK $ 52,104 CAROL PERRY $ 23,143 STEVEN WATKINS, M D $ 30,000 ERIC VOTH, M D $ 9,000 DOUGLAS ROSE, M D $ 116,025 KEVIN DISHMAN, M D $ 1,650
	PART I, LINE 6	CERTAIN EMPLOYEES OF THE ORGANIZATION ARE ELIGIBLE FOR BONUSES UPON ACHIEVEMENT OF VARIOUS PERFORMANCE MEASURES AS OUTLINED IN THE ANNUAL INCENTIVE PLAN

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 48-0543789
Name: STORMONT-VAIL HEALTHCARE INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
STEVEN WATKINS MD	(I) (II)	835,460 0	63,469 0	3,683 0	88,149 0	8,538 0	999,299 0	0 0
ERIC VOTH MD	(I) (II)	311,611 0	49,335 0	1,978 0	65,734 0	14,713 0	443,371 0	0 0
DOUGLAS ROSE MD	(I) (II)	322,000 0	52,765 0	2,649 0	143,327 0	4,484 0	525,225 0	0 0
KEVIN DISHMAN MD	(I) (II)	822,914 0	52,391 0	558 0	48,718 0	14,850 0	939,431 0	0 0
DAVID CUNNINGHAM	(I) (II)	188,576 0	43,326 0	1,881 0	40,319 0	14,232 0	288,334 0	0 0
CAROL WHEELER	(I) (II)	274,641 0	80,794 0	4,299 0	192,390 0	8,363 0	560,487 0	0 0
BERNIE BECKER	(I) (II)	246,220 0	55,015 0	3,138 0	135,952 0	7,991 0	448,316 0	0 0
KENT PALMBERG MD	(I) (II)	519,486 0	140,669 0	8,054 0	341,051 0	8,538 0	1,017,798 0	0 0
DEBRA YOCUM	(I) (II)	234,381 0	51,107 0	2,249 0	55,318 0	3,953 0	347,008 0	0 0
JANET STANEK	(I) (II)	334,979 0	97,199 0	6,977 0	97,973 0	14,417 0	551,545 0	0 0
CAROL PERRY	(I) (II)	259,820 0	56,663 0	2,417 0	123,738 0	12,548 0	455,186 0	0 0
KEVIN HAN	(I) (II)	256,437 0	21,827 0	3,153 0	107,298 0	642 0	389,357 0	0 0
MATTHEW WILLS MD	(I) (II)	2,136,198 0	0 0	840 0	17,114 0	15,245 0	2,169,397 0	0 0
TEWODRO ADDISSE MD	(I) (II)	917,134 0	36,649 0	558 0	24,922 0	4,530 0	983,793 0	0 0
DAVID LUTES MD	(I) (II)	877,102 0	24,834 0	1,915 0	40,234 0	4,914 0	948,999 0	0 0
CHU CHI CHENMD	(I) (II)	1,082,143 0	33,126 0	5,544 0	64,156 0	4,925 0	1,189,894 0	0 0
PETER TUTUSKA MD	(I) (II)	800,788 0	24,834 0	3,573 0	49,062 0	15,232 0	893,489 0	0 0
MAYNARD OLIVERIUS	(I) (II)	646,307 0	254,176 0	14,829 0	162,405 0	8,933 0	1,086,650 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	KANSAS DEVELOPMENT FINANCE AUTHORITY		48543BJT6	08-27-2007	50,064,927	HEALTH FACILITIES		X		X		X
B	KANSAS DEVELOPMENT FINANCE AUTHORITY		48543BLG1	03-31-2008	27,950,075	HEALTH FACILITIES		X		X		X
C	KANSAS DEVELOPMENT FINANCE AUTHORITY		484538MC9	08-31-2011	61,193,487	HEALTH FACILITIES		X		X		X
D	KANSAS DEVELOPMENT FINANCE AUTHORITY		48453BNS3	08-14-2012	8,750,000	HEALTH FACILITIES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	53,519,801	27,950,075	61,206,412	8,750,014
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow	18,107,157	27,677,500	50,325,531	
7	Issuance costs from proceeds	689,770	272,575	863,086	148,649
8	Credit enhancement from proceeds	1,048,000			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	30,220,000		7,628,407	5,543,759
11	Other spent proceeds				
12	Other unspent proceeds			2,389,388	3,057,606
13	Year of substantial completion	2009	2008		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X			X
15	Were the bonds issued as part of an advance refunding issue?	X			X		X		X
16	Has the final allocation of proceeds been made?	X		X			X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		X
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?		X		X		X		X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☑ Yes ☐ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLENTAL INFORMATION		THE PROJECTS FOR THE 2011 AND 2012 BOND ISSUES WERE NOT COMPLETED AS OF SEPTEMBER 30, 2012

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (MEDICAL EQUIPMENT)	X	2	181,719	FMV
26	Other ▶ (COMPUTER EQUIPMENT)	X	3	32,747	FMV
27	Other ▶ (OTHER EQUIPMENT)	X	3	47,003	FMV
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . | 29 |

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?		No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II

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

Identifier	Return Reference	Explanation

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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
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A DRAFT OF THE RETURN IS PROVIDED TO THE FINANCE COMMITTEE FOR REVIEW ANY CHANGES ARE COMMUNICATED TO THE PAID PREPARER A COPY OF THE RETURN IS PROVIDED TO THE ENTIRE BOARD OF DIRECTORS FOR DISCUSSION AND APPROVAL WITH THE BOARD'S APPROVAL, THE PAID PREPARER THEN FILES THE RETURN ELECTRONICALLY
	FORM 990, PART VI, SECTION B, LINE 12C	THE OFFICERS, DIRECTORS AND KEY EMPLOYEES SUBMIT CONFLICT OF INTEREST STATEMENTS TO THE CHAIRMAN OF THE AUDIT COMMITTEE OF STORMONT-VAIL HEALTHCARE EACH YEAR THE CHAIRMAN REVIEWS THE RESPONSES AND REPORTS TO THE AUDIT COMMITTEE FOR THEIR REVIEW, ANY APPROPRIATE ACTION IF REQUIRED AND APPROVAL THE CHAIRMAN ALSO THEN REPORTS THE RESULTS TO THE FULL BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 15	THE PERFORMANCE COMMITTEE OF THE STORMONT-VAIL HEALTHCARE BOARD OF DIRECTORS ENGAGED INTEGRATED HEALTHCARE STRATEGIES, AN EXECUTIVE COMPENSATION CONSULTING FIRM, TO PROVIDE RECOMMENDATIONS REGARDING ALL ASPECTS OF COMPENSATION OF THE ORGANIZATION'S SENIOR LEADERSHIP GROUP, INCLUDING THE PRESIDENT & CEO THAT ENGAGEMENT INCLUDED THE FOLLOWING COMPONENTS -REVIEW OF BACKGROUND DATA, INCLUDING INFORMATION ON CURRENT PROGRAM, -COMPILATION OF DATA ON COMPENSATION AND BENEFIT PRACTICES OF COMPARABLE ORGANIZATIONS, -COMPARISON OF BASE SALARIES AT SVHC TO BASE SALARY LEVELS IN THE MARKET, -COMPARISON OF ANNUAL AND LONG-TERM INCENTIVES AT SVHC TO INCENTIVE LEVELS IN THE MARKET, -ANALYSIS OF BENEFITS ON BOTH A QUANTITATIVE AND QUALITATIVE BASIS, -COMPARISON OF SVHC TOTAL COMPENSATION (BASE, INCENTIVE, BENEFITS) TO PEER GROUP TOTAL COMPENSATION, -PREPARATION OF REPORT TO FACILITATE SVHC BOARD DISCUSSION OF THE TOTAL COMPENSATION, AND -RECOMMENDATIONS REGARDING ESTABLISHMENT OF SALARY RANGES FOR SENIOR LEADERSHIP POSITIONS THE DELIBERATIONS AND DECISIONS OF THE PERFORMANCE COMMITTEE AND THE BOARD OF DIRECTORS ARE DOCUMENTED IN MEETING MINUTES MAINTAINED BY SVHC
	FORM 990, PART VI, SECTION C, LINE 19	STORMONT-VAIL HEALTHCARE, INC MAKES THEIR FINANCIAL STATEMENTS AVAILABLE FOR PUBLIC INSPECTION AS PART OF THE 990 INFORMATION RETURN ANY CHANGES TO THE GOVERNING DOCUMENTS ARE INCLUDED WITH THE 990 RETURN AT THIS TIME, THE HEALTH CENTER DOES NOT MAKE THEIR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 4,225,624 EQUITY IN NET INCOME OF CONSOLIDATED AFFILIATES 2,041,068 CHANGE IN ADDITIONAL MINIMUM LIABILITY FOR RETIREMENT BENEFITS -14,416,272 NET GAINS/(LOSS) OF UNCONSOLIDATED AFFILIATES 281,058 BOOK AMORTIZATION GREATER THAN TAX -44,905 INTEREST RATE SWAP 118,520 TOTAL TO FORM 990, PART XI, LINE 5 -7,794,907
	PART XII, LINE 2C	NO CHANGE FROM PRIOR YEAR
	FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS	IN ADDITION TO THESE COMMUNITY CONTRIBUTIONS, STORMONT-VAIL PROVIDED SUPERVISED CLINICAL EXPERIENCE FOR OVER 998 STUDENTS AND 144,910 HOURS TO THE FOLLOWING ENTITIES NAME/LOCATION TYPE OF STUDENTS DEPT/DIVISION ATCHISON HOSPITAL NURSING STAFF PATIENT CARE SERVICES BAKER UNIVERSITY NURSING MULTIPLE BALL STATE UNIVERSITY NURSING MULTIPLE BARTON CO COMMUNITY COLLEGE PARAMEDIC MULTIPLE BENEDICTINE COLLEGE NURSING MULTIPLE CLARKSON COLLEGE PA PEDIATRICCARE COFFEY COUNTY HOSPITAL NURSING MULTIPLE COLBY COMMUNITY COLLEGE PT REHAB SERVICES COMMUNITY HEALTH SYSTEM-ONAGA NURSING MULTIPLE EMPORIA STATE UNIVERSITY NURSING MEDICAL ARTS CLINIC-EMPORIA FORT HAYS NURSING NURSING MULTIPLE FRONTIER SCHOOL OF MIDWIFERY NURSING THE BIRTHPLACE HIAWATHA COMMUNITY HOSPITAL NURSING PATIENT CARE SERVICES INSTITUTE OF MIDWIFERY MIDWIFERY STUDENTS BIRTHPLACE UNIVERSITY OF KANSAS MEDICAL RECORDS HEALTH INFORMATION UNIVERSITY OF KANSAS NURSING PATIENT CARE SERVICES UNIVERSITY OF KANSAS PHARMACY PHARMACY UNIVERSITY OF KANSAS SOCIAL WORK BEHAVIORAL HEALTH UNIVERSITY OF MINNESOTA ADMIN INTERN ADMINISTRATION UNIVERSITY OF MISSOURI-KC NURSING COTTON-O'NEIL CLINICS MORRIS COUNTY EMS EMTS EMERGENCY DEPT MORRIS COUNTY EMS NURSING PATIENT CARE SERVICES MORRIS COUNTY EMS PHARMACY PHARMACY NEOSHO COMMUNITY COLLEGE NURSING PATIENT CARE SERVICES PRONERVE SURGERY ROCKHURST UNIVERSITY PT/OT REHABILITATION SERVICES ROCKY VISTA UNIVERSITY MEDICAL STUDENT COTTON-O'NEIL CLINICS SABETHA HOSPITAL NURSING STAFF PATIENT CARE SERVICES UNIVERSITY OF SOUTHERN INDIANA NURSING PATIENT CARE SERVICES TEXAS WESLEYAN UNIVERSITY CRNA SURGERY USD #501 HIGH SCHOOL MULTIPLE WALDEN UNIVERSITY NURSING PATIENT CARE SERVICES WASHBURN UNIVERSITY KINESIOLOGY HEART CENTER WASHBURN UNIVERSITY HEALTH INFORMATION HEALTH INFORMATION MGMT WASHBURN UNIVERSITY NURSING MULTIPLE WASHBURN UNIVERSITY OT REHABILITATION SERVICES WASHBURN UNIVERSITY PT ASSISTANTS REHABILITATION SERVICES WASHBURN UNIVERSITY IMAGING SCIENCES MEDICAL IMAGING WASHBURN UNIVERSITY RADIOLOGIC CERTIFICATE CT WASHBURN UNIVERSITY RADIATION THERAPY CANCER CENTER WASHBURN UNIVERSITY RESP THERAPY PULMONARY CARE WASHBURN UNIVERSITY SOCIAL WORK SV BEHAVIORAL HEALTH WASHBURN UNIVERSITY ULTRASOUND-CARDIO RADIOLOGY/ULTRASOUND WASHBURN UNIVERSITY ULTRASOUND-GEN RADIOLOGY ULTRASOUND WASHBURN INSTITUTE OF TECHNOLOGY LPNS MULTIPLE WASHBURN INSTITUTE OF TECHNOLOGY SURG TECHS SURGICAL SERVICES/TSDS WASHBURN INSTITUTE OF TECHNOLOGY EMT PATIENT CARE SERVICES WICHITA STATE UNIVERSITY NURSING MULTIPLE WICHITA STATE UNIVERSITY PA MULTIPLE

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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
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

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) STORMONT-VAIL FOUNDATION 1500 SW 10TH AVE TOPEKA, KS 66604 48-0980926	GENERATE VOLUNTARY GIFTS TO SUPPORT STORMONT-VAIL HEALTHCARE	KS	501(C)(3)	LINE 7	STORMONT-VAIL HEALTHCARE		No
(2) STORMONT-VAIL HEALTHCARE AUXILARY 1500 SW 10TH AVE TOPEKA, KS 66604 48-6140517	PROVIDE GIFT SHOP, RESTAURANT AND PROJECTS FOR THE CONVENIENCE OF PATIENTS	KS	501(C)(3)	LINE 11A, I	N/A		No
(3) STORMONT-VAIL SERVICES INC 1500 SW 10TH AVE TOPEKA, KS 66604 48-1021165	MEDICAL SERVICES	KS	501(C)(3)	LINE 7	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) Disproportionate allocations? No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) General or managing partner? No	(k) Percentage ownership
(1) EXCELLENT SURGERY CENTER LLC 1500 SW 10TH TOPEKA, KS 66604 26-0849999	OUTPATIENT SPECIALTY EAR, NOSE, AND THROAT SURGERY CENTER	KS	N/A	RELATED	429,487	1,053,286		No			No	51 000 %
(2) URISH MEDICAL PLAZA LLC 1500 SW 10TH TOPEKA, KS 66604 48-0782848	REAL ESTATE	KS	STORMONT-VAIL INC	RELATED	42,185	871,436		No			No	71 667 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) STORMONT-VAIL INC 901 GARFIELD TOPEKA, KS 66606 48-0782848	RETAIL PHARMACY	KS	STORMONT-VAIL HEALTHCARE INC	C	1,870,461	16,267,084	100 000 %
(2) DECHAIRO HOSPITAL INC 1500 SW 10TH ST TOPEKA, KS 66604 48-0788844	REAL ESTATE	KS	STORMONT-VAIL INC	C		331,398	100 000 %
(3) CENTURY HEALTH SOLUTIONS INC 2951 SW WOODSIDE DR TOPEKA, KS 66614 48-1206397	INSURANCE MANAGEMENT OPERATIONS	KS	STORMONT-VAIL INC	C	-343,213	207,101	100 000 %
(4) UAT INC 1500 SW 10TH ST TOPEKA, KS 66604 48-0907989	MEDICAL BILLINGS PRACTICE	KS	STORMONT-VAIL HEALTHCARE INC	C		75,935	100 000 %
(5) KOSM INC 1500 SW 10TH ST TOPEKA, KS 66604 48-0807000	MEDICAL BILLINGS PRACTICE	KS	STORMONT-VAIL HEALTHCARE INC	C	36,181	143,363	100 000 %

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	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g	Yes	
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r	Yes	

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:
Software Version:
EIN: 48-0543789
Name: STORMONT-VAIL HEALTHCARE 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)	STORMONT-VAIL FOUNDATION	B	360,000	
(2)	STORMONT-VAIL FOUNDATION	R	295,800	
(3)	STORMONT-VAIL HEALTHCARE AUXILIARY	C	168,535	
(4)	STORMONT-VAIL HEALTHCARE AUXILIARY	P	228,844	
(5)	STORMONT-VAIL INC	N	1,347,107	
(6)	STORMONT-VAIL FOUNDATION	N	322,836	
(7)	STORMONT-VAIL INC	G	3,420,000	

Stormont-Vail HealthCare, Inc. and Affiliates

Consolidated Financial Statements
September 30, 2012

Contents

McGladrey

Independent Auditor's Report

To the Audit Committee
Stormont-Vail HealthCare, Inc
Topeka, Kansas

We have audited the accompanying consolidated balance sheets of Stormont-Vail HealthCare, Inc. and affiliates (Stormont-Vail) as of September 30, 2012 and 2011 and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of Stormont-Vail'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 audits 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 An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of Stormont-Vail HealthCare, Inc and affiliates as of September 30, 2012 and 2011 and the results of their operations, changes in their 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

Davenport, Iowa
December 21, 2012

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Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidated Balance Sheets
September 30, 2012 and 2011

Assets	2012	2011
Current assets		
Cash and cash equivalents	**$ 88,031,207**	$ 66,718,971
Short-term investments	**61,590,177**	35,805,231
Limited use or restricted assets	**10,372,812**	5,953,314
Patient accounts receivable, net of allowances		
2012 $159,749,948; 2011 $143,269,859	**74,313,362**	73,503,687
Other accounts receivable	**2,822,540**	4,401,632
Inventories	**6,498,729**	5,768,070
Other current assets	**5,323,533**	4,310,814
Total current assets	**248,952,360**	196,461,719
Limited use or restricted assets.		
Under bond trust indentures, held by Trustee	**10,958,351**	11,074,978
Board-designated for capital improvements	**94,062,594**	81,609,361
Restricted by professional liability insurance security agreements	**5,075,487**	4,718,388
Restricted by donors or grantors	**14,444,766**	12,448,812
Total limited use or restricted assets	**124,541,198**	109,851,539
Less current portion	**10,372,812**	5,953,314
Limited use or restricted assets, net	**114,168,386**	103,898,225
Property, plant and equipment	**411,224,758**	395,017,565
Less accumulated depreciation	**212,748,638**	203,892,651
Property, plant and equipment, net	**198,476,120**	191,124,914
Other assets:		
Debt issue costs, net	**1,928,737**	1,875,010
Investments in unconsolidated affiliates	**6,860,142**	7,306,211
Intangible assets, net	**938,546**	1,447,412
Other	**30,345**	71,661
Total other assets	**9,757,770**	10,700,294
	$ 571,354,636	$ 502,185,152

See Notes to Consolidated Financial Statements

Liabilities and Net Assets	2012	2011
Current liabilities:		
Current portion of long-term debt	$ **3,888,872**	$ 1,480,436
Current portion of payable under employee agreements	**775,248**	648,486
Accounts payable	**14,254,991**	13,933,402
Accrued expenses:		
Interest	**2,275,207**	1,608,213
Compensation	**33,366,441**	31,469,459
Health insurance	**4,866,846**	4,677,645
Other	**6,969,385**	6,752,496
Estimated settlement due to third-party payors	**5,418,036**	4,088,606
Total current liabilities	**71,815,026**	64,658,743
Long-term debt, less current portion	**145,486,140**	140,669,242
Long-term payable under employee agreements, less current portion	**1,326,641**	1,685,389
Interest rate swap	**-**	118,520
Accrued pension	**123,380,873**	110,163,807
Other	**-**	74,459
Total liabilities	**342,008,680**	317,370,160
Commitments and contingencies (Notes 9 and 12)		
Net assets:		
Unrestricted	**213,760,090**	170,748,543
Noncontrolling interest - unrestricted	**1,141,100**	1,617,637
Temporarily restricted	**2,972,254**	2,354,315
Permanently restricted	**11,472,512**	10,094,497
Total net assets	**229,345,956**	184,814,992
	$ 571,354,636	$ 502,185,152

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidated Statements of Operations
Years Ended September 30, 2012 and 2011

	2012	2011
Operating revenues		
Net patient service revenue	$ 543,203,635	$ 505,920,516
Other operating revenue	22,679,375	12,937,914
Net assets released from restriction for operating activities	641,742	660,177
Total operating revenues	566,524,752	519,518,607
Operating expenses.		
Salaries, wages and employee benefits	325,654,139	297,551,015
Supplies and other expenses	141,094,248	138,761,947
Professional services	6,311,186	5,967,145
Interest	6,370,339	8,110,435
Depreciation and amortization	19,885,154	19,985,153
Program expense	767,002	772,307
Provision for uncollectible accounts	33,564,396	19,896,143
Total operating expenses	533,646,464	491,044,145
Income from operations	32,878,288	28,474,462
Nonoperating gains (losses)		
Investment income (loss)		
Interest and dividend income and realized gains on sales of investments	7,120,801	426,939
Current year change in unrealized gains (losses) on trading securities	3,079,145	(3,630,279)
Investment income (loss)	10,199,946	(3,203,340)
Equity in net gains of unconsolidated affiliates	2,114,647	2,078,594
Income tax expense and other income (expense), net	(995,726)	935,288
Gain on disposition of unconsolidated affiliates (Note 1)	12,984,048	-
Loss on extinguishment of debt	-	(911,138)
Change in fair value of interest rate swap	118,520	706,418
Total nonoperating gains (losses), net	24,421,435	(394,178)
Excess of revenues over expenses	57,299,723	28,080,284
Less excess of revenue over expenses attributable to noncontrolling interest	(233,320)	(534,616)
Excess of revenues over expenses attributable to Stormont-Vail	57,066,403	27,545,668
Change in unrecognized funded status of pension plan	(14,416,272)	(40,015,373)
Net assets released from restriction for capital expenditures	99,947	80,448
Donation of property and equipment received	261,469	308,613
Increase (decrease) in unrestricted net assets	$ 43,011,547	$ (12,080,644)

See Notes to Consolidated Financial Statements

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2012 and 2011

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Unrestricted Net Assets - Noncontrolling Interest	Total Net Assets
Net assets, September 30, 2010	$ 182,829,187	$ 2,536,376	$ 9,921,342	$ 1,226,720	$ 196,513,625
Excess of revenue over expenses	27,545,668	-	-	534,616	28,080,284
Change in unrecognized funded status of pension plan	(40,015,373)	-	-	-	(40,015,373)
Net change in unrealized losses on investments	-	(119,719)	-	-	(119,719)
Investment income	-	100,610	-	-	100,610
Donations of property and equipment received	308,613	-	-	-	308,613
Contributions, net	-	552,673	198,155	-	750,828
Net assets released from restriction for capital expenditures	80,448	(80,448)	-	-	-
Net assets released from restriction for operating activities	-	(660,177)	-	-	(660,177)
Change of restriction by donor	-	25,000	(25,000)	-	-
(Distributions to) noncontrolling interest	-	-	-	(143,699)	(143,699)
Change in net assets	(12,080,644)	(182,061)	173,155	390,917	(11,698,633)
Net assets, September 30, 2011	170,748,543	2,354,315	10,094,497	1,617,637	184,814,992
Excess of revenue over expenses	57,066,403	-	-	233,320	57,299,723
Change in unrecognized funded status of pension plan	(14,416,272)	-	-	-	(14,416,272)
Net change in unrealized losses on investments	-	583,641	-	-	583,641
Investment income	-	15,473	1,192,944	-	1,208,417
Donations of property and equipment received	261,469	-	-	-	261,469
Contributions, net	-	755,985	189,600	-	945,585
Net assets released from restriction for capital expenditures	99,947	(99,947)	-	-	-
Net assets released from restriction for operating activities	-	(641,742)	-	-	(641,742)
Change of restriction by donor	-	4,529	(4,529)	-	-
(Distributions to) noncontrolling interest	-	-	-	(709,857)	(709,857)
Change in net assets	43,011,547	617,939	1,378,015	(476,537)	44,530,964
Net assets, September 30, 2012	**$ 213,760,090**	**$ 2,972,254**	**$ 11,472,512**	**$ 1,141,100**	**$ 229,345,956**

See Notes to Consolidated Financial Statements

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidated Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities.		
Increase (decrease) in net assets	**$ 44,530,964**	$ (11,698,633)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Loss on extinguishment of debt	**-**	911,138
Depreciation and amortization	**19,978,465**	20,124,425
Equity in net gains and gain on disposition of unconsolidated affiliates	**(15,098,695)**	(2,078,594)
Realized (gain) loss on investments	**(266,937)**	1,066,952
Accretion of asset retirement obligation	**-**	4,048
Change in net unrealized (gain) loss on investments	**(3,662,786)**	3,749,998
Change in fair value of interest rate swap	**(118,520)**	(706,418)
Donation of property and equipment received	**(261,469)**	(308,613)
(Gain) loss on disposal of property and equipment	**711,759**	(1,375,722)
Contributions and investment income restricted for long-term purposes	**(1,382,544)**	(198,155)
Changes in assets and liabilities		
Accounts receivable	**769,417**	(8,249,689)
Inventories and prepayments	**(1,743,378)**	(782,552)
Accounts payable, accrued expenses and estimate for third-party payors	**5,685,109**	6,364,811
Long-term payable under employee agreement	**(231,986)**	(392,915)
Accrued pension	**13,217,066**	37,237,672
Net cash provided by operating activities	**62,126,465**	43,667,753
Cash Flows from Investing Activities:		
Proceeds from investments and limited use or restricted assets	**20,194,664**	106,427,157
Purchases of investments and limited use or restricted assets	**(55,667,342)**	(125,920,223)
Purchases of property, plant and equipment	**(28,581,920)**	(10,100,088)
Investment in unconsolidated affiliates	**(165,075)**	(183,240)
Distributions and proceeds from unconsolidated affiliates	**15,709,839**	2,370,327
Proceeds from disposal of property and equipment	**265,647**	1,841,971
Other	**41,316**	2,948
Net cash used in investing activities	**$ (48,202,871)**	$ (25,561,148)

(Continued)

Stormont-Vail HealthCare, Inc.
and Affiliates

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

	2012	2011
Cash Flows from Financing Activities		
Collections of contributions restricted for long-term purposes	**$ 310,340**	$ 231,544
Proceeds from issuance of long-term debt	**8,750,000**	61,993,487
Payments for bond issuance costs	**(147,032)**	(893,083)
Principal payments on long-term debt, including capital lease obligation	**(1,524,666)**	(60,912,546)
Net cash provided by financing activities	**7,388,642**	419,402
Increase in cash and cash equivalents	**21,312,236**	18,526,007
Cash and cash equivalents, beginning of year	**66,718,971**	48,192,964
Cash and cash equivalents, end of year	**$ 88,031,207**	$ 66,718,971
Supplemental Disclosure of Cash Flow Information, cash paid for interest, excluding capitalized interest 2012 $235,506; 2011 $29,338	**$ 5,703,345**	$ 9,419,690
Supplemental Disclosures of Noncash Investing and Financing Activities, increase (decrease) in accounts payable related to acquisition of property and equipment	**(1,138,483)**	4,071,435

See Notes to Consolidated Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Stormont-Vail HealthCare, Inc (HealthCare) is a Kansas not-for-profit corporation The consolidated financial statements include the accounts of HealthCare, its for-profit subsidiaries where there is controlling interest and all not-for-profit membership organizations where HealthCare is the sole member, all of which are collectively referred to as Stormont-Vail Operations of companies acquired are included beginning from the date of purchase All significant intercompany accounts and transactions have been eliminated in the consolidation

Stormont-Vail HealthCare, Inc. or its subsidiaries have a controlling ownership interest or membership in the following corporations

Stormont-Vail Foundation (the Foundation) was incorporated in 1984 as a Kansas not-for-profit corporation and is exempt from federal income tax under Section 501(c) (3) of the Code The Foundation exists to generate voluntary gifts support for HealthCare patient care services and community health education programs HealthCare is the sole voting member of the Foundation.

ExcellENT Surgery Center, L L C (ESC) was established in 2007 as a Kansas limited liability company to operate an outpatient specialty Ear, Nose and Throat Surgery Center. HealthCare is a 51% owner, with the remaining ownership held by ear, nose and throat physicians On October 1, 2012, HealthCare acquired the remaining 49% ownership interest in ESC for approximately $4,000,000 ESC was dissolved in October 2012 and subsequent to the dissolution its operations will be presented as a department of HealthCare

Stormont-Vail, Inc was incorporated in 1984 as a for-profit corporation Stormont-Vail, Inc. operates a retail pharmacy in Topeka and owns interests in unconsolidated affiliates, including Kansas Dialysis Services, L C and Kansas Rehabilitation Hospital, Inc. HealthCare owns all the stock of Stormont-Vail, Inc.

Century Health Solutions, Inc (Century Health) was incorporated as a Kansas for-profit corporation in November 1998 to perform insurance management operations, to act as a utilization review administrator and to act as a third party administrator of insurance claims. Stormont-Vail, Inc owns all of the outstanding stock of Century Health

Dechairo Hospital, Inc (Dechairo Hospital) is a Kansas for-profit corporation, which once owned and operated a 20-bed primary care hospital located in Westmoreland, Kansas. Dechairo Hospital operating activity was discontinued by management of Stormont-Vail, Inc on May 1, 1999 Beginning in 2008, Dechairo owns and leases real estate to Stormont-Vail, Inc.

KOSM, Inc is a Kansas for-profit corporation acquired by HealthCare in August 2009. HealthCare owns all of the outstanding stock of KOSM, Inc. KOSM, Inc. leases certain assets to HealthCare for its orthopedic practices.

Urish Medical Plaza, L.L.C (UMP) is a Kansas limited liability company Stormont-Vail, Inc acquired approximately 72% of the membership units of UMP during 2009. UMP owns and leases real estate to HealthCare, the noncontrolling interest owners and others

UAT, Inc. is a Kansas for-profit corporation acquired by HealthCare in December 2009 HealthCare owns all of the outstanding stock of UAT, Inc UAT, Inc. leases certain assets to HealthCare for its urology practices

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Significant Accounting Policies:

Accounting estimates: The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates Estimates that are particularly susceptible to significant changes in the near term and which require significant judgments by management include the allowance for doubtful accounts, allowance for contractual adjustments, estimated third-party payor settlements, defined benefit retirement plan assumptions, fair value of investments, self-insured professional and worker's compensation liabilities and incurred but not reported liability for health self-insurance

Cash and cash equivalents For purposes of reporting cash flows, cash and cash equivalents include certificates of deposit and all highly liquid debt instruments with original maturities of three months or less Certain temporary cash investments internally designated as long-term investments are excluded from cash and cash equivalents

Patient accounts receivable 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 for contractual adjustments or discounts provided to third-party payors

Patient receivables due directly from the patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, by historical experience applied to an aging of accounts and by considering the patient's financial history, credit history and current economic conditions Stormont-Vail only charges interest on patient accounts that have been turned over to collections. Patient receivables are written off to bad debt when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of the provision for uncollectible accounts when received.

Receivables or payables related to estimated settlements on various risk contracts that Stormont-Vail participates in are reported as third-party payor receivables or payables.

Inventories: Inventories consist primarily of medical supplies, stated at the lower of cost, determined by the first-in, first-out basis, or market.

Limited use or restricted assets: Limited use or restricted assets include assets held by trustees under bond trust indentures, assets set aside by the Board of Directors for capital improvements over which it retains control and may at its discretion subsequently use for other purposes; assets in accounts that are restricted pursuant to insurance agreements regarding medical liability programs; and assets restricted by donors or grantors for specific purposes, time periods or beneficial interests controlled by third party trustees

Note 1. Nature of Business and Significant Accounting Policies (Continued)

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

Investments Investments in equity securities with readily determinable fair values, all investments in debt securities and alternative investments, which primary include hedge funds, are measured at fair value on the balance sheet Stormont-Vail reports the fair value of alternative investments using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by Stormont-Vail based on various factors Stormont-Vail has the ability to liquidate its alternative investments periodically in accordance with the provisions of the investment fund agreement. Donated investments are reported at fair value at the date of receipt, which is then treated as cost

Investment income, including realized gains and losses on investments, interest and dividends and changes in unrealized gains and losses on trading securities, is included in excess of revenues over expenses, unless the income or loss is restricted by donor or law.

Property, plant and equipment: Property, plant and equipment is carried at cost Depreciation is computed using the straight-line method over the estimated useful lives of the assets Amortization expense on assets acquired under capital leases is included with depreciation expense on owned assets Donated assets are recorded at their appraised value on the date of donation.

Debt issue costs. Debt issue costs and original issue discount are being amortized using a method which approximates the interest method over the term of the bonds.

Investment in unconsolidated affiliates: Stormont-Vail has investments in various health related ventures Investments in which Stormont-Vail's ownership is more than 20% but less than 50% are accounted for using the equity method of accounting under which their share of the net income (loss) of the affiliates is recognized as nonoperating gains (losses) in the statement of operations and added to (deducted from) the investment account, and dividends and distributions received from the affiliates are treated as a reduction of the investment account. Less than 20% owned affiliates are accounted for at historical cost unless management believes that the carrying value of the investment is not recoverable.

In March 2012, Stormont-Vail, Inc sold its 50% interest in Kansas Dialysis Services, L C. (KDS) to HealthCare. On June 1, 2012, KDS sold its assets and operations to an unrelated third party, which resulted in a gain of approximately $12,984,000 to Stormont-Vail. This gain is presented as a nonoperating gain on disposition of unconsolidated affiliates in the accompany statements of operations. The assets which KDS sold included inventory, leasehold improvements and equipment.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The following is the aggregated condensed financial information of the unconsolidated affiliates as of and for the years ended September 30, 2012 and 2011.

	2012	2011
Total revenues	$ 49,770,962	$ 48,413,234
Total expenses	43,197,148	43,947,051
Net income	$ 6,573,814	$ 4,466,183
Total assets	$ 30,902,683	$ 30,185,496
Total liabilities	12,100,090	10,365,046
Total net assets/stockholders' equity	$ 18,802,593	$ 19,820,450

Intangible assets. Intangible assets consist of the following at September 30:

	2012	2011
Employment and non-compete agreements, net of accumulated amortization 2012 $1,332,727; 2011 $901,811	$ 821,846	$ 1,252,762
Other	116,700	194,650
Intangible assets, net	$ 938,546	$ 1,447,412

Employment and non-compete agreements are being amortized over the period of the agreements which is five years Amortization is computed using the straight-line method.

Interest rate swap agreement Stormont-Vail had a derivative in the form of an interest rate swap agreement The interest rate swap agreement matured on November 15, 2011. This agreement had been classified as a non-hedging transaction. For a derivative not designated as a hedging instrument, the gain or loss on the derivative is recognized in earnings in the period of change, and is therefore a component of the performance indicator and is included in the nonoperating gains/losses section of the consolidated statements of operations Stormont-Vail's performance indicator is the excess of revenues over expenses

Temporarily and permanently restricted net assets Stormont-Vail is required to report information regarding its financial position and operations according to three classes of net assets unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The three classes are based on the presence or absence of donor-imposed restrictions Temporarily restricted net assets include net assets restricted by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements Also see Note 8 for additional information on restricted net assets

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The *Not-for-Profit Topic* of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) requires a not-for-profit organization that is subject to an enacted version of the UPMIFA to classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets The amount classified as permanently restricted is the amount of the fund (a) that must be retained permanently in accordance with explicit donor stipulations or (b) that in the absence of such stipulations, the organization's governing board determines must be retained permanently under the relevant law. In addition, a not-for-profit organization must classify the portion of the fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by Stormont-Vail.

Net patient service revenue Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors 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.

Charity care and community services. Stormont-Vail provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Stormont-Vail does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue Charity care, based on estimated costs, totaled approximately $10,540,000 and $10,173,000 in 2012 and 2011, respectively. Cost of charity care is calculated by applying hospital specific cost to charge ratios to the total amount of charity care deductions from gross revenue The cost-to-charge ratio is calculated by taking the hospital total expenses and gross charges and applying adjustments to offset nonpatient care activity revenue against expense as well as eliminate bad debt expense.

Stormont-Vail also provides other health care services and programs for the benefit of the community, at no charge or at reduced rates. This includes a subsidy of approximately $279,500 and $454,600 annually for nursing, medical and allied health education for the years ended September 30, 2012 and 2011, respectively. Other education programs include prenatal, parenting, diabetes, CPR, immunization, infection control and various support groups. Other community services include an infant follow-up clinic and blood pressure, breast cancer and prostate screening clinics.

Excess of revenues over expenses· The statement of operations includes excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include change in unrecognized funded status of pension plan, permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Functional expenses· Stormont-Vail provides general health care services including acute care, outpatient and rehabilitation services to residents within its geographic locations Expenses related to providing these services in 2012 and 2011 were approximately $526,412,000 and $484,062,000, including approximately $77,109,000 and $72,622,000, respectively, for general and administrative expenses and approximately $189,600 and $194,500, respectively, for fundraising expenses

Income taxes HealthCare and the Foundation are not-for-profit organizations and public charities, not private foundations, as described in Sections 501(c)(3) and 509(a) of the Internal Revenue Code, respectively, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code Net income tax expense related to for-profit affiliates was approximately $1,082,000 and $575,000 in 2012 and 2011, respectively

As limited liability companies, ESC's and UMP's income is taxable to members based on their proportionate share of ESC's and UMP's income, deductions, losses and credits as well as the tax status of each member These financial statements do not include any provision for income taxes related to ESC or UMP

HealthCare and the Foundation each file a Form 990 (Return of Organization Exempt from Income Tax) annually When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained Examples of tax positions common to health care organizations include such matters as the following. the tax exempt status of each entity, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income Unrelated business taxable income is reported on Form 990T, as appropriate The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination As of September 30, 2012 and 2011, there were no uncertain tax benefits identified and recorded as a liability.

Forms 990 and 990T filed by HealthCare and the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by HealthCare and the Foundation are generally no longer subject to examination for the fiscal years ended September 30, 2007 and prior. Stormont-Vail, Inc., Century Health, KOSM, Inc , Dechairo Hospital and UAT, Inc are taxable organizations and currently file income tax returns in the U S federal jurisdiction and various state jurisdictions These entities are generally no longer subject to income tax examinations for years September 30, 2008 and prior.

Noncontrolling interest. HealthCare had a 51% ownership interest in ESC, while other members owned a noncontrolling interest. Stormont-Vail, Inc. has a 72% ownership interest in UMP, while other members own a noncontrolling interest. A pro rata share of the income or losses and net assets, in the form of members' equity, applicable to this interest has been recognized in Stormont-Vail's consolidated financial statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Fair value of financial instruments Financial instruments are described as cash or contractual obligations or rights to pay or to receive cash. The fair value for certain financial instruments approximates the carrying value because of the short-term maturity of these instruments which include cash and cash equivalents, receivables, accounts payable, accrued liabilities, estimated net settlements to third-party payors and other current liabilities The fair value of the liability for retirement benefits approximates carrying value as the Plan's assets are recorded at fair value and the projected benefit obligation is discounted to present value. A portion of Stormont-Vail's investments are carried at fair value on the balance sheets based on quoted market prices. The alternative investments are carried at fair value, which are recorded at NAV as the practical expedient for fair value, which is based primarily on historical investment returns and financial and nonfinancial data of the underlying investees The fair value of Stormont-Vail's long-term debt (excluding capital lease obligations) as of September 30, 2012 and 2011 was approximately $157,425,000 and $144,027,000, respectively

Fair value measurements The *Fair Value Measurements and Disclosures Topic* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) defines fair value, establishes a framework for measuring fair value and establishes required disclosure of fair value measurements, which applies to all assets and liabilities that are measured and reported on a fair value basis See Note 4 for additional information.

Electronic health records incentive program The electronic health records incentive program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under both the Medicare and Medicaid program are generally made for up to four years based on a statutory formula The Medicaid programs are determined on a state by state basis, which are approved by the Centers for Medicare and Medicaid Services Payment under both programs are contingent on the Hospital initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The Medicare base payment amount is reduced in subsequent years by 25 percent, 50 percent and 75 percent For the first payment year, the Hospital must attest, subject to audit, that it met the criteria for any continuous 90-day period. For subsequent payment years, the Company must demonstrate meaningful use for the entire year. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program

Stormont-Vail received funds under the EHR incentive programs during 2012 Stormont-Vail recognizes revenue under the contingency model, whereas revenue is not recognized until all contingencies, including receipt of cash, have occurred. Stormont-Vail demonstrated meaningful use for the 90-day period during 2012 Revenue of approximately $5,023,000 and $1,742,000 in Medicare and Medicaid incentive payments under these programs, respectively, is recognized as other operating revenue during the year ended September 30, 2012 in the accompanying statements of operations. The final payments will be determined based on information from Stormont-Vail's final audited Medicare cost reports.

Reclassification: Certain items on the accompanying consolidated financial statements as of and for the year ended September 30, 2011, have been reclassified to be consistent with classifications as of and for the year ended September 30, 2012. The reclassifications had no effect on excess of revenues over expenses or net assets.

Subsequent events· Stormont-Vail has evaluated subsequent events through December 21, 2012, the date on which the consolidated financial statements were issued.

Note 2. Net Patient Service Revenue

Stormont-Vail provides medical and health care services in Northeast Kansas Stormont-Vail generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies.

Stormont-Vail has agreements with third-party payors that provide for payments to Stormont-Vail at amounts different from its established rates A summary of the payment arrangements with major third-party payors follows.

- Medicare: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Stormont-Vail's classification of inpatients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Stormont-Vail Outpatient services are paid at prospectively determined outpatient procedure rates and fee schedules for lab, therapies and certain designated medical screenings covered by the Medicare program. Stormont-Vail is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Stormont-Vail and audits thereof by the Medicare fiscal intermediary. Stormont-Vail's Medicare cost reports have been finalized by the Medicare fiscal intermediary through September 30, 2008 However, the Hospital has received tentative settlements on its Medicare cost reports for the years ended September 30, 2009 through 2011.
- Medicaid Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Stormont-Vail's classification of patients under the Medicaid program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Stormont-Vail. Outpatient services are paid at prospectively determined rates per procedure or test performed
- Blue Cross Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined discounts from established charges with the exception of a few outpatient procedures which are paid on a fee-screen basis

Stormont-Vail has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations The basis for payment to Stormont-Vail under these agreements includes prospectively determined discounts from established charges and prospectively determined daily rates

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

	2012	2011
Patient service revenue, including charity care	$ 1,474,176,548	$ 1,368,645,439
Less charity care, at established charges	(34,289,693)	(33,807,083)
Gross patient service revenue	1,439,886,855	1,334,838,356
Less:		
Contractuals	(895,513,430)	(827,566,642)
Courtesy allowance	(1,169,790)	(1,351,198)
	$ 543,203,635	$ 505,920,516

Note 2. Net Patient Service Revenue (Continued)

Provisions for contractual adjustments for the year ended September 30, 2012 and 2011 includes the effect of a change in the estimate of the liability due to third-party payors. The effect of this change in estimate is a decrease in the provision for contractual adjustments of approximately $2,781,000 and an increase in the provision for contractual adjustments of approximately $750,000 for the years ended September 30, 2012 and 2011, respectively

In October 2005, the Center for Medicare and Medicaid Services (CMS) approved an amendment to the Kansas Medicaid State Plan (Plan) The amendment was retroactive to July 1, 2004 and incorporated legislation enacted by the Kansas State Legislature in 2004 that established an annual tax assessment on certain hospital providers and health maintenance organizations and created the health care access improvement fund. Under the Plan, proceeds from the tax assessment are deposited to the State's health care access improvement fund and are used to obtain Federal matching funds, all of which must be distributed to Kansas hospitals and physicians to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients The Plan increases inpatient DRG reimbursement rates and also implements several supplemental inpatient and outpatient methodologies. Stormont-Vail's tax assessment for 2012 and 2011 was approximately $1,731,000 for each year and is included in other operating expenses in the consolidated statements of operations

In June 2012, Stormont-Vail received a settlement from CMS of approximately $3,381,000, which is included as a reduction of contractual adjustment expense This settlement was the result of a national lawsuit claiming that CMS has applied a negative budget neutrality adjustment to the Medicare inpatient prospective payment system each year since 1998 to account for the increase in payments related to the Medicare wage index rural floor. The rural floor provides that no Metropolitan Statistical Area's wage index can be lower than the state-wide rural wage index.

Note 3. Investments and Limited Use or Restricted Assets

A summary of short-term investments as of September 30, 2012 and 2011 is as follows.

	September 30,	
	2012	2011
Short-term investments:		
U.S government obligations	$ 2,999,941	$ 5,155,963
Certificate of deposit	980,000	245,000
Money market	1,423,330	-
Fund of funds, fixed income	41,048,534	-
Foreign issues	340,852	-
Corporate bonds	8,728,461	6,539,812
Mutual bond funds	6,069,059	10,948,136
Mutual funds	-	12,916,320
	$ 61,590,177	$ 35,805,231

Note 3. Investments and Limited Use or Restricted Assets (Continued)

Limited use or restricted assets which are available for payment of obligations classified as current liabilities are reported as current assets The composition of limited use or restricted assets for the years ended September 30, 2012 and 2011, stated at fair values or cost for cash and cash equivalents and certificates of deposit, is as follows

	September 30, 2012	September 30, 2011
Under bond trust indentures, held by Trustee,		
U.S. government obligations	$ 10,958,351	$ 11,074,978
Board-designated for capital improvements:		
Cash and cash equivalents	$ 1,223,323	$ 385,363
Certificates of deposit	2,016,683	1,654,774
U S government obligations	52,495	150,326
Corporate bonds	2,782,785	1,381,418
Common stocks	-	14,297,985
Mutual bond funds	-	16,755,630
International stocks and bonds	-	14,497,569
Money market	237,087	-
Foreign issues	178,270	-
Hedge funds and funds of funds.		
Hedge fund	33,655,824	32,486,296
Fixed income	18,537,256	-
Domestic equity	15,740,747	-
Global equity	19,638,124	-
	$ 94,062,594	$ 81,609,361
Restricted by professional liability insurance security agreements:		
Cash and cash equivalents	$ 101,762	$ 40,533
U S. government obligations	1,328,204	1,294,603
Foreign issues	76,843	268,731
Corporate bonds	3,568,678	3,114,521
	$ 5,075,487	$ 4,718,388
Restricted by donors and grantors		
Cash and cash equivalents	$ 750,376	$ 838,329
Certificates of deposit	34,219	440,944
U.S government obligations	148,183	96,703
Common stocks	2,750,123	2,831,600
Money market	140,127	-
Preferred stocks	25,085	19,920
Corporate bonds	820,459	777,418
Foreign issues	78,157	76,818
Pledges receivable	369,970	265,185
Beneficial interest held by third party	6,772,563	5,720,883
Exchanged, traded and closed end funds	1,255,791	1,005,895
Taxable bonds	952,339	80,683
Charitable remainder trust receivable	347,374	294,434
	$ 14,444,766	$ 12,448,812

Note 3. Investments and Limited Use or Restricted Assets (Continued)

Stormont-Vail's investments are exposed to various risks such as interest rate, market and credit Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements

A summary of investment income (loss) for the years ended September 30, 2012 and 2011 is as follows

	2012	2011
Investment income (loss).		
Interest and dividends	$ 10,956,171	$ 3,317,013
Realized gains (losses) on sale of investments, net	266,937	(1,066,952)
Change in net unrealized gains (losses) on investments	4,855,730	(3,749,998)
Investment fees	(169,614)	(149,133)
Total investment income (loss)	$ 15,909,224	$ (1,649,070)
Reconciliation of total investment income (loss) reporting:		
Investment income (loss) reported as		
Other operating revenue	$ 3,917,220	$ 1,573,379
Nonoperating revenue	7,120,801	426,939
Temporarily restricted	15,473	100,610
Permanently restricted	1,192,944	-
Change in net unrealized gains (losses)		
Unrestricted	3,079,145	(3,630,279)
Temporarily restricted	583,641	(119,719)
Total investment income (loss)	$ 15,909,224	$ (1,649,070)

Note 4. Investments and Fair Value Measurements

The Fair Value Measurement and Disclosures Topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances In that regard, this guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Note 4. Investments and Fair Value Measurements (Continued)

The fair value hierarchy is as follows

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data Level 2 investments also include market alternatives, measured using the practical expedient, that do not have any significant redemption restrictions, lock ups, gates or other characteristics that would cause liquidation and report date NAV to be significantly different

Level 3 Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. Level 3 investments are valued using the practical expedient and would have significant redemption and other restrictions that would limit Stormont-Vail's ability to redeem out of the fund at report date NAV. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from the investees

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below

Investments in common and preferred stocks, corporate, income, intermediate term and taxable bonds, international stocks and bonds, foreign issues, exchange traded funds, money market investment funds and mutual funds traded on a national securities exchange are valued at the last reported sales price on the day of valuation These financial instruments are classified as level 1 in the fair value hierarchy

Investment in the interest rate swap and U.S government obligations for which quotations are not readily available are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Investments in hedge funds and fund of funds are valued at fair value based on the applicable percentage ownership of the underlying funds' net assets as of the measurement date. In determining fair value, Stormont utilizes valuations provided by the underlying investment funds The underlying investment funds value securities and other financial instruments on a fair value basis of accounting The fair value of Stormont-Vail's investments in hedge funds and fund of funds generally represents the amount Stormont-Vail would expect to receive if it were to liquidate its investments in funds excluding any redemption charges that may apply These financial instruments are classified as level 2 in the fair value hierarchy.

Investments in split interest agreements (beneficial interest held by third party and charitable remainder receivable) are valued as the estimated present value of expected future cash flows. These financial instruments are classified as level 3 in the fair value hierarchy.

Note 4. Investments and Fair Value Measurements (Continued)

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of September 30, 2012 and 2011, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

		Fair Value Measurements as of September 30, 2012		
	Fair Value	Level 1	Level 2	Level 3
Assets limited as to use and investments:				
Common and preferred stocks				
Small cap	$ 228,778	$ 228,778	$ -	$ -
Mid cap	97,004	97,004	-	-
Large cap	925,923	925,923	-	-
Preferred stock	25,085	25,085	-	-
Common stock	71,700	71,700	-	-
Corporate bonds	15,900,383	15,900,383	-	-
Taxable bonds	952,339	952,339	-	-
Mutual fund bonds	6,069,059	6,069,059	-	-
Other	1,426,718	1,426,718	-	-
Foreign issues	674,122	674,122	-	-
Exchange traded funds	1,255,791	1,255,791	-	-
Hedge funds and funds of funds:				
Hedge fund	33,655,824	-	33,655,824	-
Fixed income	59,585,790	-	59,585,790	-
Domestic equity	15,740,747	-	15,740,747	-
Global equity	19,638,124	-	19,638,124	-
U S government obligations	15,487,174	-	15,487,174	-
Money market investment fund	1,800,544	1,800,544	-	-
Beneficial interest held by third party	6,772,563	-	-	6,772,563
Charitable remainder trust receivable	347,374	-	-	347,374
Investments at fair value	180,655,042	$ 29,427,446	$ 144,107,659	$ 7,119 937
Cash and cash equivalents and other, at cost	5,476,333			
	$ 186,131,375			

Note 4. Investments and Fair Value Measurements (Continued)

		Fair Value Measurements as of September 30, 2011		
	Fair Value	Level 1	Level 2	Level 3
Assets limited as to use and investments.				
Common and preferred stocks				
Small cap	$ 2,917,162	$ 2,917,162	$ -	$ -
Mid cap	77,744	77,744	-	-
Large cap	12,237,298	12,237,298	-	-
Preferred stock	19,920	19,920	-	-
Corporate bonds	12,008,477	12,008,477	-	-
Income bond	13,277,158	13,277,158	-	-
Intermediate-term bond	10,356,802	10,356,802	-	-
International stocks and bonds	25,445,705	25,445,705	-	-
Taxable bonds	1,105,065	1,105,065	-	-
Mutual fund bonds	4,232,206	4,232,206	-	-
Other	872,999	872,999	-	-
Foreign issues	150,241	150,241	-	-
Exchange traded funds	1,005,895	1,005,895	-	-
Hedge funds and funds of hedge funds	32,486,296	-	32,432,722	53,574
U S government obligations	17,772,573	-	17,772,573	-
Money market investment fund	1,805,784	1,805,784	-	-
Beneficial interest held by third party	5,720,883	-	-	5,720,883
Charitable remainder trust receivable	294,434	-	-	294,434
Investments at fair value	141,786,642	$ 85,512,456	$ 50,205,295	$ 6,068,891
Cash and cash equivalents and other, at cost	3,870,128			
	$ 145,656,770			
Liabilities, interest rate swap	$ 118,520	$ -	$ 118,520	$ -

Based on continued clarification on fair value from standard setting authorities, certain investments classified as level 3 securities for the year ended September 30, 2011 in the amount of $32,432,722, have been reclassified to be consistent with the classification for the year ended September 30, 2012 The reclassifications had no effect on total investments There were no other transfers of assets or liabilities between level 1, 2 or 3 of the fair value hierarchy during the years ended September 30, 2012 and 2011

Note 4. Investments and Fair Value Measurements (Continued)

The changes in fair value of level 3 investments for the years ended September 30, 2012 and 2011 were as follows:

	Beneficial Interest Held by Third Party		Charitable Remainder Trust Receivable	
	2012	2011	2012	2011
Beginning of year	$ 5,720,883	$ 5,707,519	$ 294,434	$ 290,043
Purchases	350,000	306,939	-	-
Sales and distributions	(350,000)	(275,250)	-	-
Total realized and unrealized gains (losses), net included in earnings	1,051,680	(18,325)	52,940	4,391
End of year	$ 6,772,563	$ 5,720,883	$ 347,374	$ 294,434
Total gains (losses), net, included in earnings attributable to the change in unrealized gains, net, relating to financial instruments still held at year end	$ 1,051,680	$ (18,325)	$ 52,940	$ 4,391

Management has determined fair value of investments classified within Level 3 of the valuation hierarchy by estimating present value of expected future cash flows Gains and losses included in earnings for the period above are reported in nonoperating income in the statement of operations and changes in net assets

The following table sets forth additional disclosure of Stormont-Vail's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of September 30, 2012 and 2011:

Investment	Fair Value 2012	Fair Value 2011	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds and funds of funds					
The Morgan Creek Fund, Ltd (A)	$ 33,655,824	$ 32,432,722	$ -	Quarterly	95 Days
Summit Domestic Equities Series (B)	15,740,747	-	-	Twice a month	30 Days
Summit Global Equities Series (C)	19,638,124	-	-	Twice a month	30 Days
Summit Fixed Income Series (D)	59,585,790	-	-	Twice a month	30 Days
UBP ARV Ltd Series M (Hedge fund) (E)	-	53,574	-	Suspended	Suspended
	$ 128,620,485	$ 32,486,296	$ -		

(A) The Morgan Creek Fund, Ltd. is structured as a fund-of-funds whose investment objective is to generate superior long-term investment returns relative to traditional equity benchmarks with significantly lower volatility of returns, a low degree of correlation to traditional portfolios, and limited risk under a wide range of market conditions. The Morgan Creek Fund, Ltd seeks to achieve its investment objective by allocating its assets to a broad spectrum of alternative investment managers or in private investment funds sponsored by alternative investment managers These strategies include investments in equity, debt and mezzanine securities, and include long only and long/short strategies diversified across markets around the world The Morgan Creek Fund, Ltd. uses the Endowment Model as their diversified approach to investing The fair value of this investment has been estimated using the net asset value per share of the investments provided by the fund manager.

Note 4. Investments and Fair Value Measurements (Continued)

(B) Securities in the Domestic Equities Series will be domestic corporations traded on any national exchange or NASDAQ. Investments in common stock, listed limited partnerships, preferred stock, ETFs, ETNs, securities convertible into common or preferred stock, bonds, American Depository Receipts (ADR's), debentures and warrants are allowed The series is also permitted to invest in mutual funds and other commingled investment vehicles that invest in the types of domestic securities identified above. The fair value of this investment has been estimated using the net asset value per share of the investments provided by the fund manager

(C) Securities in the Global Equities Series will be both U S and non-U S based corporations traded on any global exchange Investments in common stock, listed limited partnerships, preferred stock, ETFs, ETNs, securities convertible into common or preferred stock, bonds, American Depository Receipts (ADR's), debentures and warrants are allowed. Additionally, investments in Global Depository Receipts (GDR's) and European Depository Receipts (EDR's) are allowed. The series is also permitted to invest in mutual funds and other commingled investment vehicles that invest in the types of global securities identified above The decision to hedge the currency exposure (inherent in international investments) is at the discretion of the underlying investment managers The fair value of this investment has been estimated using the net asset value per share of the investments provided by the fund manager.

(D) The principal purpose of Fixed Income Series is to provide relative safety of principal and a predictable source of income Additionally, the series may invest in "extended" sectors of the fixed income market (high yield, non-dollar and convertible securities) Each underlying manager will be responsible for investing in securities specific to the manager's mandate The fair value of this investment has been estimated using the net asset value per share of the investments provided by the fund manager

(E) UBP Selectinvest ARV Ltd. commenced operations as a Cayman Islands exempted company on August 1, 1998 UBP Selectinvest ARV Ltd. is registered as a Mutual Fund under the Mutual Funds Law of the Cayman Islands and is regulated by the Cayman Islands Monetary Authority Redemptions have been suspended by the investment fund and, as a result, management has established reserves against the entire fund balance as of September 30, 2012 and 2011, with the exception of approximately $53,000 as of September 30, 2011, which was subsequently redeemed by Stormont-Vail in November 2011.

Note 5. Property, Plant and Equipment

A summary of property, plant and equipment for the years ended September 30, 2012 and 2011 is as follows:

	September 30, 2012	September 30, 2011
Land	$ 15,923,345	$ 12,751,932
Buildings and improvements	245,143,467	238,786,327
Equipment	144,350,450	141,104,766
Equipment under capital lease	4,555,262	1,506,577
Construction in progress	1,252,234	867,963
	$ 411,224,758	$ 395,017,565

Accumulated depreciation for equipment acquired under capital leases was $667,301 and $356,617 as of September 30, 2012 and 2011, respectively

Stormont-Vail has contracted with an outside vender to replace certain clinical information system software and is doing so in three separate phases Phase I went live on May 22, 2011, Phase II went live on June 22, 2012 and Phase III is expected to go live in June 2013 The total contract price of all three phases is approximately $15,620,000, of which approximately $6,737,000 is remaining as of September 30, 2012

Note 6. Long-Term Debt and Interest Rate Swap Agreement

Stormont-Vail's long-term debt as of September 30, 2012 and 2011 is summarized as follows:

	2012	2011
Health Facilities Revenue Bonds		
Series 2007L (A)	$ 50,050,000	$ 50,050,000
Series 2008F (B)	27,785,000	27,915,000
Series 2011F (C)	57,905,000	57,905,000
Series 2012L (D)	8,750,000	-
	144,490,000	135,870,000
Premium on issuance of Series 2011F bonds (C)	2,899,697	3,274,785
6th and Frazier note payable - 5.90%	84,403	573,539
Capital lease obligations at interest rates ranging from 4.50% - 4 62%	956,576	1,252,234
Other notes and contract payable - 4.00 - 6 25%	944,336	1,179,120
Total long-term debt	149,375,012	142,149,678
Less current portion	(3,888,872)	(1,480,436)
	$ 145,486,140	$ 140,669,242

Note 6. Long-Term Debt and Interest Rate Swap Agreement (Continued)

The Health Facilities Revenue Bonds (Kansas Development Finance Authority) were issued by the Kansas Development Finance Authority (KDFA). Stormont-Vail effectively assumed this indebtedness through a Master Trust Indenture and Supplemental Master Trust Indentures

(A) The 2007L Bonds consist of term bonds bearing interest at rates ranging from 4.625% to 5.125% and in amounts of $1,875,000, $1,115,000, $4,545,000, $10,000,000, $7,515,000 and $25,000,000 due November 15, 2027, November 15, 2029, November 15, 2032, November 15, 2032, November 15, 2036 and November 15, 2036, respectively

The 2007L Bonds maturing November 15, 2027 and thereafter are subject to optional redemption and payment prior to maturity on or after November 15, 2027. The 2007L Bonds are also subject to mandatory redemption and payment prior to maturity on November 15, 2024 through November 15, 2036 in amounts ranging from $210,000 to $6,740,000.

(B) The 2008F Bonds consist of serial bonds due in annual principal payments ranging from $155,000 to $2,405,000 and mature between November 15, 2012 and November 15, 2030. The 2008F Bonds bear interest at rates ranging from 4 00% to 5.75% payable semi-annually In addition, term bonds bearing interest at 5.00% in the amounts of $5,480,000 and $2,280,000 are due November 15, 2021 and November 15, 2024, respectively (Series 2008F Term Bonds).

The 2008F bonds maturing in the year 2018 and thereafter are subject to optional redemption and payment prior to maturity on or after November 15, 2017. The bonds maturing November 15, 2021 and November 15, 2024 (Series 2008F Term Bonds) are subject to mandatory redemption and payment prior to maturity on November 15, 2019 through November 15, 2024 in amounts ranging from $210,000 to $1,920,000

(C) In 2011, Stormont-Vail issued 2011F Bonds in the amount of $57,905,000, proceeds of which were placed in an escrow account and used to defease the 2001K and 2008E Bonds, as well as provide new money for capital projects The loss on the extinguishment of debt was approximately $911,000 and is shown as a nonoperating expense on the consolidated statements of operations The 2011F bonds were issued at a premium in the amount of $3,288,487 which will be amortized over the life of the bonds.

The 2011F Bonds consist of serial bonds due in annual principal payments ranging from $1,000,000 to $6,400,000 and mature between November 15, 2012 and November 15, 2030. The 2011F Bonds bear interest at rates ranging from 3 00% to 5.25% payable semi-annually The 2011F Bonds maturing in the year 2022 and thereafter are subject to optional redemption and payment prior to maturity on or after November 15, 2019.

(D) In 2012L, Stormont-Vail issued 2012L Bonds in the amount of $8,750,000, proceeds of which are to be used for acquisition of the Shawnee County Health Department building, acquisition of the KOSM building, acquisition and renovation of a building from the State of Kansas, miscellaneous hospital improvements, reimbursement of property previously purchased and used by Stormont-Vail for clinical services, acquisition of a north Topeka clinic, demolition of Oakwood Apartments, and acquisition of CTS Building The 2012L Bonds consist of term bonds due that mature between November 15, 2012 and November 15, 2027, bearing interest at 3.02% and in amounts ranging from $115,000 to $705,000.

The 2012L Bonds maturing November 15, 2027 and thereafter are subject to optional redemption and payment prior to maturity on or prior to November 15, 2017 at 101%. The 2012L Bonds are also subject to optional redemption and payment prior to maturity after November 15, 2017 at 100%

Note 6. Long-Term Debt and Interest Rate Swap Agreement (Continued)

The Health Facilities Revenue Bonds are secured by the gross revenue of HealthCare (the sole member of the obligated group) The Master Indentures for the Bonds provide for the establishment of debt service accounts which are maintained and administered by a trustee, provide for restrictions as to financial reporting, mergers, and additional indebtedness, and require the maintenance of specified ratios

Stormont-Vail had an outstanding interest rate swap agreement with Bank of America N A that had a notional principal amount of $18,265,000 as of September 30, 2011 The notional principal amount of the swap was reduced in various amounts through its maturity on November 15, 2011. The agreement hedged Stormont-Vail's interest rate exposure on the variable rate notes. The interest rate swap agreement fixed the interest rate at 4.09%.

The fair value of the interest rate swap agreement was determined from quotations from the counterparties to the swap agreement The fair value of the swap liability as of September 30, 2011 was $118,520 and due to its maturity in November 2011, no liability is recorded as of September 30, 2012

The interest settlements paid to the counterparty are included as a component of interest expense The net settlements increased interest expense by approximately $120,100 and $718,100 for the years ended September 30, 2012 and 2011, respectively.

Stormont-Vail is the lessee of certain medical equipment under capital leases expiring through 2016. Maturities of long-term debt and minimum future lease payments under capital leases are as follows

	Health Facilities Revenue Bonds	6th and Frazier Note Payable	Other Notes and Contract Payable	Capital Leases
Year ending September 30:				
2013	$ 3,060,000	$ 84,403	$ 434,984	$ 346,872
2014	3,610,000	-	35,988	346,872
2015	3,730,000	-	38,303	313,366
2016	3,865,000	-	40,767	17,738
2017	4,045,000	-	44,756	-
Thereafter	126,180,000	-	349,538	-
Total	$ 144,490,000	$ 84,403	$ 944,336	1,024,848
Less amount representing interest				(68,272)
Present value of net minimum lease payments				$ 956,576

Note 7. Net Asset Restrictions

Temporarily restricted net assets of $2,972,254 and $2,354,315 as of September 30, 2012 and 2011, respectively, are available for community health care services and other health related needs of the community During 2012 and 2011, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of health related needs of the community

Permanently restricted net assets of $11,472,512 and $10,094,497 as of September 30, 2012 and 2011, respectively, are restricted to investment in perpetuity. Of those amounts, $6,772,563 and $5,720,883, respectively, are beneficial interest in assets of a perpetual trust held by a third party trustee from which the income distributions are unrestricted Income from the other $4,699,949 and $4,373,614, respectively, which is under Stormont-Vail's control is expendable primarily to support various endowments' health related purposes

Note 8. Endowment

Stormont-Vail's endowment consists of approximately thirty individual endowments established for a variety of purposes Its endowments include donor-restricted permanent endowments and amounts designated by the Board of Directors to function as endowments These board designated endowments include amounts temporarily restricted by donors as to purpose, as well as, unrestricted amounts As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including board designated endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law

Stormont-Vail has interpreted the Kansas Uniform Prudent Management of Institutional Funds Act (KUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, Stormont-Vail classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Stormont-Vail in a manner consistent with the standard of prudence prescribed by KUPMIFA. In accordance with KUPMIFA, Stormont-Vail considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

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

Note 8. Endowment (Continued)

The endowment net assets at September 30, 2012 and 2011 were.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
		September 30, 2012		
Donor restricted endowment funds	$ -	$ 511,246	$ 4,699,949	$ 5,211,195
Board-designated endowment funds				
Donor restricted as to purpose	-	477,893	-	477,893
Board-designated as to purpose	575,693	-	-	575,693
	$ 575,693	$ 989,139	4,699,949	$ 6,264,781
Beneficial interest held by third party			6,772,563	
Total permanently restricted net assets			$ 11,472,512	
		September 30, 2011		
Donor restricted endowment funds	$ (59,905)	$ 176,410	$ 4,373,614	$ 4,490,119
Board-designated endowment funds				
Donor restricted as to purpose	-	378,139	-	378,139
Board-designated as to purpose	446,588	-	-	446,588
	$ 386,683	$ 554,549	4,373,614	$ 5,314,846
Beneficial interest held by third party			5,720,883	
Total permanently restricted net assets			$ 10,094,497	

Note 8. Endowment (Continued)

Changes in endowment net assets for the years ended September 30, 2012 and 2011 were:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	September 30, 2012			
Endowment net assets, beginning of year	$ 386,683	$ 554,549	$ 4,373,614	$ 5,314,846
Investment return (unrealized and realized)	128,377	593,770	-	722,147
Contributions	-	-	330,864	330,864
Appropriation of endowment assets for expenditure	(26,867)	(199,180)	-	(226,047)
Additions to endowment funds	87,500	40,000	-	127,500
Release of endowment funds by donor	-	-	(4,529)	(4,529)
Endowment net assets, end of year	$ 575,693	$ 989,139	4,699,949	$ 6,264,781
Beneficial interest held by third party			6,772 563	
Total permanently restricted net assets			$ 11,472,512	
	September 30, 2011			
Endowment net assets, beginning of year	$ 395,708	$ 715,998	$ 4,213,823	$ 5,325,529
Investment return (unrealized and realized)	(71,936)	(25,153)	-	(97,089)
Contributions	-	-	184,791	184,791
Appropriation of endowment assets for expenditure	(5,901)	(136,296)	-	(142,197)
Additions to endowment funds	68,812	-	-	68,812
Release of endowment funds by donor	-	-	(25,000)	(25,000)
Endowment net assets, end of year	$ 386,683	$ 554,549	4,373,614	$ 5,314,846
Beneficial interest held by third party			5,720,883	
Total permanently restricted net assets			$ 10,094,497	

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or KUPMIFA requires Stormont-Vail to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are reported in board-designated unrestricted net assets. There were no deficiencies as of September 30, 2012 At September 30, 2011, approximately $59,000 of deficiencies were reported as unrestricted board designated net assets

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

Stormont-Vail has adopted an Investment Policy Statement that applies to endowment assets and which is intended to provide a predictable stream of funding to programs supported by its endowment while seeking long term growth in the real value of the endowment assets Endowment assets include those assets of donor-restricted funds that Stormont-Vail must hold in perpetuity as well as board-designated funds.

Note 8. Endowment (Continued)

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives (Continued)

To satisfy its long-term rate-of-return objectives, Stormont-Vail relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Stormont-Vail targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints The endowment assets are invested in a manner that is intended to produce results comparable with weighted benchmarks including the Standard and Poor's 500, the Barclay's Government/Credit, and 90 day US Treasury bill indices.

Stormont-Vail understands that some level of risk, or volatility, is necessary to meet its long-term goals of providing the long term growth in real value while also supporting programs as intended by the Endowed Funds Spending Policy that is summarized below. Accordingly, Stormont-Vail assumes a moderate level of investment risk. Stormont-Vail expects its endowment funds, over time, to provide an average annual rate of return of up to eight percent Actual returns in any given year vary, sometimes significantly, from this expectation

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

Through September 30, 2012, Stormont-Vail has adopted an Endowed Funds Spending Policy which permits appropriation for expenditure, each fiscal year, five percent of each endowment fund's value as of September 30 of the immediately preceding fiscal year Effective October 1, 2012, Stormont-Vail adopted an Endowed Funds Spending Policy which permits a discretionary percentage from zero to five percent of the average of each endowment fund's value from the prior six bi-annual periods including the most recent March 31 In establishing this policy, Stormont-Vail considered the long-term expected return on its endowment Accordingly, over the long term, in view of both the Endowed Funds Spending Policy and the Investment Account Policy Statement, Stormont-Vail expects its endowment to grow at an average of between two to three percent annually This is consistent with Stormont-Vail's objective of creating long term growth in the real value of endowment assets

Note 9. Operating Leases

Stormont-Vail has operating leases for land, buildings and medical and office equipment which expire through the year 2026. Rental expense under such leases was approximately $5,423,000 and $5,343,000 during the years ended September 30, 2012 and 2011, respectively.

The following is a schedule of future minimum lease payments for operating leases (with initial or remaining terms in excess of one year) as of September 30, 2012.

Year ending September 30:	
2013	$ 4,228,000
2014	3,659,000
2015	3,528,000
2016	3,520,000
2017	3,041,000
Thereafter	892,000
	$ 18,868,000

Note 10. Pension Plan

Stormont-Vail has a noncontributory defined benefit pension plan (Pension Plan). Pension benefits are based on years of service and the highest average of five years' salaries. The funding policy is to contribute the normal cost plus amortization of the unfunded actuarial liabilities over 30 years. Employees are eligible to participate in the Pension Plan upon reaching age 21 and completion of one year of employment with 1,000 hours in that year Effective September 30, 2012, the Board of Directors adopted a resolution to freeze the defined benefit pension plan. There was a curtailment loss of $3,011,434 as a result of this plan election

Effective October 1, 2012, the Board of Directors adopted a resolution to establish a basic defined contribution plan. For the year ending September 30, 2013, Stormont Vail will make an annual discretionary contribution of 4% of compensation into this plan for eligible employees To be eligible, employees must be 18 years old and have at least one year of employment with at least 1,000 hours paid in that year and be employed on September 30th of the year. In addition, Stormont Vail's Defined Contribution 403(b) match plan will change to contribute an amount equal to participant contributions to the 403b plan up to 2% of their compensation up to the legal limit There were no changes in employee eligibility in the 403(b) match plan

The Compensation – Retirement Benefits Topic of the FASB ASC requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans Actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not been recognized under previous accounting standards, must be recognized in the changes in unrestricted net assets

As a result, Stormont-Vail has recognized the underfunded status of the defined benefit pension plan in the accompanying balance sheets as of September 30, 2012 and 2011. The accrual for the defined benefit pension plan liability is based on a comparison of the fair value of the plan assets to the Plan's projected benefit obligation

Note 10. Pension Plan (Continued)

The Pension Plan is measured annually on September 30 Information about the Plan follows:

	2012	2011
Projected benefit obligation, beginning of year	$ (248,478,529)	$ (205,548,349)
Service cost	(13,741,859)	(9,504,219)
Interest cost	(12,166,032)	(11,701,627)
Actuarial loss:		
Impact of change in assumptions	(39,042,061)	(18,748,555)
Other	(7,324,700)	(5,213,181)
Plan amendment	22,077,525	(2,057,438)
Benefits paid	4,986,327	4,294,840
Projected benefit obligation, end of year	(293,689,329)	(248,478,529)
Fair value of plan assets	170,308,456	138,314,722
Funded status, benefit obligation in excess of plan assets	$ (123,380,873)	$ (110,163,807)
Rollforward of accrued benefit		
Accrued benefit cost on balance sheet, beginning of year	$ (110,163,807)	$ (72,926,135)
Actual return on plan assets	16,980,061	(4,029,238)
Hospital contributions	20,000,000	16,717,570
Change in plan liability	(50,197,127)	(49,926,004)
Accrued benefit cost on balance sheet, end of year	$ (123,380,873)	$ (110,163,807)
Components of net periodic pension cost (income), which is included as a component of excess revenues over expenses on the accompanying consolidated statements of operations and changes in net assets, consist of:		
Service cost	$ 13,741,859	$ 9,504,219
Interest cost	12,166,032	11,701,627
Expected return on plan assets	(13,957,998)	(12,642,145)
Amortization of unrecognized net loss	3,560,627	4,727,691
Amortization of unrecognized prior service cost	3,290,274	649,477
	$ 18,800,794	$ 13,940,869
Amounts not yet recognized as components of net periodic pension cost:		
Net actuarial loss	$ 141,115,490	$ 123,407,944
Prior service cost	-	3,291,274
Unrecognized amounts, end of year	141,115,490	126,699,218
Unrecognized amounts, beginning of year	126,699,218	86,683,845
Current year change	$ 14,416,272	$ 40,015,373
Assumptions used in computations:		
In computing ending obligations, discount rate	3 90%	4.85%
In computing net cost:		
Discount rate	4.85%	5.40%
Expected return on plan assets	8.00%	8.25%
Rate of compensation increase - graded based on ages	2 5 - 10.0%	2 5 - 10 0%

Note 10. Pension Plan (Continued)

Stormont-Vail's objective is to maximize long-term returns while reducing losses in order to meet future benefit obligations Stormont-Vail follows the policy of using historical evidence in computing expected return on assets

The following summarizes minimum and maximum asset allocations and major asset categories as of September 30, 2012 and 2011

	Minimum	Maximum	2012	2011
Equity securities	40 %	80 %	62 %	59 %
Debt securities	20	60	9	24
Cash and cash equivalents	-	10	2	3
Other	-	20	27	14
			100 %	100 %

Stormont-Vail's objective is to maintain adequate levels of diversification among plan assets Stormont-Vail monitors the allocation on an ongoing basis and will reallocate plan assets accordingly

Stormont-Vail expects to contribute approximately $9,948,000 to its pension plan during the year ended September 30, 2013

The benefit payments are expected to be paid as follows:

Year ending September 30	
2013	$ 7,160,000
2014	8,351,000
2015	9,406,000
2016	10,406,000
2017	11,642,000
2018 to 2022	73,375,000
	$ 120,340,000

Estimated amounts that will be amortized into net periodic pension cost for the year ended September 30, 2013, is as follows:

Prior service cost	$ -
Actuarial losses	3,030,000
	$ 3,030,000

Note 10. Pension Plan (Continued)

The fair values of Stormont-Vail's defined benefit pension plan assets as of September 30, 2012 and 2011 by asset category, segregated by the level of the valuation inputs within the fair value hierarchy as described in Note 4, are as follows

		Fair Value Measurements as of September 30, 2012		
	Fair Value	Level 1	Level 2	Level 3
Hedge funds and funds of funds				
Hedge fund	$ 58,551,917	$ -	$ 58,551,917	$ -
Fixed Income	38,925,456	-	38,925,456	-
Domestic Equity	31,595,662	-	31,595,662	-
Global Equity	39,485,164	-	39,485,164	-
Money market	1,750,257	1,750,257	-	-
Investments at fair value	170,308,456	$ 1,750,257	$ 168,558,199	$ -
Other plan assets, cash and cash equivalents, at cost	-			
Total plan assets	$ 170,308,456			

		Fair Value Measurements as of September 30, 2011		
	Fair Value	Level 1	Level 2	Level 3
Common and preferred stocks				
Small cap	$ 4,360,421	$ 4,360,421	$ -	$ -
Large cap	20,185,296	20,185,296	-	-
International	24,384,133	24,384,133	-	-
Money market investment fund	28,361	28,361	-	-
Pooled fixed income funds	31,160,231	31,160,231	-	-
Hedge funds and funds of hedge funds	56,500,494	-	56,500,494	-
Investments at fair value	136,618,936	$ 80,118,442	$ 56,500,494	$ -
Other plan assets, cash and cash equivalents, at cost	1,695,786			
Total plan assets	$ 138,314,722			

Based on continued clarification on fair value from standard setting authorities, certain investments classified as level 3 securities for the year ended September 30, 2011 in the amount of $56,500,494, have been reclassified to be consistent with the classification for the year ended September 30, 2012 The reclassifications had no effect on total investments There were no other transfers of assets or liabilities between level 1, 2 or 3 of the fair value hierarchy during the years ended September 30, 2012 and 2011.

Note 10. Pension Plan (Continued)

The following table sets forth additional disclosure of Stormont-Vail's defined benefit pension plan assets whose fair value is estimated using net assets value (NAV) per share (or its equivalent) as of September 30, 2012 and 2011:

Investment	Fair Value 2012	Fair Value 2011	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds and funds of funds					
The Morgan Creek Fund, Ltd (A)	$ 58,551,917	$ 56,500,494	$ -	Quarterly	95 Days
Summit Domestic Equities Series (B)	31,595,662	-	-	Twice a month	30 Days
Summit Global Equities Series (C)	39,485,164	-	-	Twice a month	30 Days
Summit Fixed Income Series (D)	38,925,456	-	-	Twice a month	30 Days
	$ 168,558,199	$ 56,500,494	$ -	Quarterly	95 Days

(A) through (D) The hedge funds and funds of funds are further described in Note 4

Note 11. Concentrations of Credit Risk

Stormont-Vail grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements The mix of the gross receivables from patients and third-party payors as of September 30, 2012 and 2011 was as follows:

	2012	2011
Medicare	29.0 %	26.5 %
Medicaid	7 8	8 0
Blue Cross	15 3	16.1
Other third-party payors	20 8	20 2
Patients	27 1	29.2
	100 0 %	100 0 %

As of September 30, 2012, Stormont-Vail had deposits exceeding the federal depository insurance limits in various major financial institutions. Management believes the credit risk related to these deposits is minimal.

Stormont-Vail routinely invests its surplus operating funds in money market funds. These funds generally invest in highly liquid U S. government and agency obligations and various investment grade corporate obligations Most investments in money market funds are not insured or guaranteed by the U S. government or by the underlying corporation, however, management believes that credit risk related to these investments is minimal.

Stormont-Vail regularly invests its assets limited to use and pension plan assets in hedge funds and funds of hedge funds. As described further in Notes 4 and 10, assets limited as to use and pension plan assets within one fund were approximately $ 33,656,000 and $58,552,000, respectively, as of September 30, 2012. Management believes that credit risk related to these investments is minimal.

Note 12. Commitments and Contingencies

Self-insured professional liability and workers' compensation:

Stormont-Vail is self-insured for professional liability claims (except for claims against employed physicians which are covered by a third-party insurer subject to a $200,000 per occurrence indemnity deductible) to a maximum of $200,000 for each occurrence and $600,000 in the aggregate per year, with excess coverage provided by the State of Kansas Healthcare Stabilization Fund and a commercial insurance company All professional liability insurance policies are on a claims-made basis Stormont-Vail has retained professional actuaries to determine funding requirements for the self-insured portion. Funded amounts have been placed in a self-insurance trust account that is administered by a trustee Amounts have also been designated by Stormont-Vail for self-insurance purposes These investments are included with limited use or restricted assets in the accompanying consolidated balance sheets

Stormont-Vail is self-insured for workers' compensation claims to a maximum of $400,000 per accident, with excess coverage provided by a commercial insurance company Stormont-Vail has purchased a $1,292,000 surety bond accepted by the State of Kansas as required security for the workers' compensation plan

Stormont-Vail's accrual for self-insured losses is based upon management's estimate of the potential liability for claims made and for claims incurred but not reported through September 30, 2012 Management utilizes services of an independent actuarial firm to develop an estimate of the liability for incurred but not reported professional liabilities. Additional claims may be asserted against Stormont-Vail arising from services provided or accidents incurred through September 30, 2012 Management is unable to determine the ultimate cost of the resolution of such potential claims

As of September 30, 2012 and 2011, Stormont-Vail has recorded liabilities of approximately $5,194,000 and $5,030,000, respectively, for estimated self-insured professional liability claims and approximately $623,000 and $912,000, respectively, for estimated self-insured workers' compensation claims, which are included in other accrued expenses on the accompanying consolidated balance sheet Stormont-Vail has recorded accounts receivable under the stop-loss insurance coverage of approximately $864,000 and $966,000 as of September 30, 2012 and 2011, respectively, and these amounts are included in other accounts receivable on the accompanying consolidated balance sheet. Operating expenses include costs of claims reported and an estimate of losses incurred but not reported. Expenses relating to these plans were approximately $2,542,000 and $2,322,000 for the years ended September 30, 2012 and 2011, respectively.

Self-insured employee health insurance:

Stormont-Vail is self-insured for its employee health insurance. Stormont-Vail maintains insurance coverage for individual claims which exceed $250,000 per person per year As of September 30, 2012 and 2011, Stormont-Vail has recorded a liability of approximately $4,867,000 and $4,678,000, respectively, for estimated self-insured employee health insurance claims which is included as health insurance accruals on the accompanying consolidated balance sheet Expenses related to this plan were approximately $23,706,000 and $22,175,000 for the years ended September 30, 2012 and 2011, respectively

Note 12. Commitments and Contingencies (Continued)

Laws and regulations:

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as regulatory actions unknown or unasserted at this time These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received While Stormont-Vail is subject to similar regulatory reviews, management believes that the outcome of such regulatory reviews will not have a material adverse effect on Stormont-Vail's financial position

CMS RAC Program:

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program The RAC's identified and corrected a significant amount of improper overpayments to providers In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states Stormont-Vail, like similarly situated health care providers, is subject to such audits and may continue to be subject to additional audits at some time in the future.

Current economic conditions:

The current economic environment presents hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to Stormont-Vail

Current economic conditions including a high unemployment rate have made it difficult for certain of Stormont-Vail's patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on Stormont-Vail's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact Stormont-Vail's ability to meet debt covenants or maintain sufficient liquidity.

Note 12. Commitments and Contingencies (Continued)

Health care reform:

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for A primary goal of this comprehensive reform legislation is to extend health coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. Given that final regulations and interpretive guidelines have yet to be published, Stormont-Vail is unable to fully predict the impact of PPACA on its operations and financial results If the law is implemented as adopted, Stormont-Vail's management expects that in the coming years, patients who were previously uninsured and unable to pay for care will have basic insurance coverage, and amounts for reimbursement for services from both public and private payors will be reduced and made conditional on various quality measures Management of Stormont-Vail is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement.

Litigation:

Stormont-Vail is a party to litigation matters and claims, including alleged medical malpractice, arising in the normal course of its operations. In the opinion of management, disposition of these matters will not have a material adverse effect on Stormont-Vail's consolidated financial position or results of operations.

Note 13. New and Pending Accounting Pronouncements

In 2012, Stormont-Vail adopted Accounting Standards Update (ASU) No 2010-23, *Measuring Charity Care for Disclosure.* This ASU amended ASC Subtopic 954-605, Revenue Recognition, and requires Stormont-Vail to use cost as the measurement basis for charity care disclosure requirements. The adoption of this ASU resulted in changes to the disclosures of charity care in the notes to the consolidated financial statements, but it had no effect on Stormont-Vail's consolidated balance sheet or statement of operations and changes in net assets

In 2012, Stormont-Vail adopted ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* This ASU clarifies that health care entities should not net insurance recoveries against a related professional liability claim or another similar liability, which is consistent with the guidance in Subtopic 210-20, Balance Sheet—Offsetting. The adoption of this ASU did not have a material impact on Stormont-Vail's consolidated financial statements, although, it did result in an increase in other accounts receivable as a result of insurance recoverables and an increase in liabilities for insurance programs of approximately $864,000 and $966,000 as of September 30, 2012 and 2011, respectively, with no effect on Stormont-Vail's change in net assets

Note 13. New and Pending Accounting Pronouncements (Continued)

In July 2011, ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*, was issued This ASU 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 reduction from patient service revenue (net of contractual allowances and discounts). Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts, disclosures of patient services revenue (net of contractual allowances and discounts) as well as qualitative information about changes in the allowance for doubtful accounts

The provisions are effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter, 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 The disclosures required by ASU 2011-07 should be provided for the period of adoption and subsequent reporting periods Stormont-Vail is assessing the impact of the implementation of ASU 2011-07 on its consolidated financial statements

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* This ASU was issued to clarify FASB's intent on application of certain aspects of existing fair value measurement requirements and to change certain requirements for measuring fair value and for disclosing information about fair value measurements These changes (mostly applicable to financial instruments in levels 2 and 3) include guidance on measuring the fair value of financial instruments that are managed within a portfolio, application of premiums and discounts, and additional disclosures about fair value measurements. FASB has concluded that this ASU will achieve the objective of developing common fair value measurement and disclosure requirements in U.S GAAP and International Financial Reporting Standards (IFRSs) This ASU is effective for Stormont-Vail for annual reporting periods beginning after December 15, 2011. Stormont-Vail is in the process of evaluating the potential impact this standard will have on its consolidated financial statements

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities.* The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented Stormont-Vail is evaluating the impact this ASU may have on its consolidated financial statements.

McGladrey

Independent Auditor's Report on the Supplementary Information

To the Audit Committee
Stormont-Vail HealthCare, Inc
Topeka, Kansas

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

McGladrey LLP

Davenport, Iowa
December 21, 2012

Supplementary Information

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidating Balance Sheet
September 30, 2012
With Comparative Totals for September 30, 2011

Assets	Stormont-Vail HealthCare, Inc.	Stormont-Vail Foundation	ExcellENT Surgery Center, L.L.C.
Current assets:			
Cash and cash equivalents	$ 84,295,933	$ 597,123	$ 565,599
Short-term investments	61,590,177	-	-
Limited use or restricted assets	10,372,812	-	-
Patient accounts receivable, net	73,181,964	-	361,503
Other accounts receivable	2,741,352	11,066	43,645
Due from related parties	356,649	685	-
Inventories	5,802,499	-	63,514
Other current assets	4,343,928	7,958	8,194
Total current assets	242,685,314	616,832	1,042,455
Limited use or restricted assets			
Under bond trust indentures, held by Trustee	10,958,351	-	-
Board-designated for capital improvements	87,938,567	-	-
Restricted by professional liability insurance security agreements	5,075,487	-	-
Restricted by donors or grantors	830,820	13,613,946	-
Total limited use or restricted assets	104,803,225	13,613,946	-
Less current portion	10,372,812	-	-
Limited use or restricted assets, net	94,430,413	13,613,946	-
Property, plant and equipment	403,241,695	31,746	1,611,593
Less accumulated depreciation	209,945,620	31,221	588,782
Property, plant and equipment, net	193,296,075	525	1,022,811
Other assets:			
Debt issue costs, net	1,928,737	-	-
Investments in affiliates	21,713,504	-	-
Intangible assets, net	116,699	-	-
Miscellaneous, primarily employee advances	29,345	-	-
Total other assets	23,788,285	-	-
	$ 554,200,087	$ 14,231,303	$ 2,065,266

* Other Affiliates includes Dechairo Hospital, Inc , KOSM, Inc , UAT, Inc. and Urish Medical Plaza, L.L.C.

Schedule 1

Stormont-Vail, Inc.	Century Health Solutions, Inc.	Other Affiliates*	Eliminations	Total 2012	Total 2011
$ 2,165,186	$ 108,136	$ 299,230	$ -	$ 88,031,207	$ 66,718,971
-	-	-	-	61,590,177	35,805,231
-	-	-	-	10,372,812	5,953,314
708,382	61,034	479	-	74,313,362	73,503,687
26,477	-	-	-	2,822,540	4,401,632
-	31,700	-	(389,034)	-	-
632,716	-	-	-	6,498,729	5,768,070
913,299	27,919	22,235	-	5,323,533	4,310,814
4,446,060	228,789	321,944	(389,034)	248,952,360	196,461,719
-	-	-	-	10,958,351	11,074,978
6,124,027	-	-	-	94,062,594	81,609,361
-	-	-	-	5,075,487	4,718,388
-	-	-	-	14,444,766	12,448,812
6,124,027	-	-	-	124,541,198	109,851,539
-	-	-	-	10,372,812	5,953,314
6,124,027	-	-	-	114,168,386	103,898,225
4,078,332	72,637	2,188,755	-	411,224,758	395,017,565
1,652,191	60,609	470,215	-	212,748,638	203,892,651
2,426,141	12,028	1,718,540	-	198,476,120	191,124,914
-	-	-	-	1,928,737	1,875,010
3,310,912	-	-	(18,164,274)	6,860,142	7,306,211
-	-	821,847	-	938,546	1,447,412
1,000	-	-	-	30,345	71,661
3,311,912	-	821,847	(18,164,274)	9,757,770	10,700,294
$ 16,308,140	$ 240,817	$ 2,862,331	$ (18,553,308)	$ 571,354,636	$ 502,185,152

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidating Balance Sheet
September 30, 2012
With Comparative Totals for September 30, 2011

Liabilities, Stockholders' Equity and Net Assets	Stormont-Vail HealthCare, Inc.	Stormont-Vail Foundation	ExcelIENT Surgery Center, L.L.C.
Current liabilities.			
Current portion of long-term debt	$ 3,558,013	$ -	$ -
Current portion of payable under employee agreements	775,248	-	-
Accounts payable	14,055,510	63,331	3,678
Accrued expenses.			
Interest	2,275,207	-	-
Compensation	33,116,074	-	40,225
Health insurance	4,866,846	-	-
Other	5,827,486	10,920	129,270
Reserve for third-party payors	5,418,036	-	-
Due to related parties	19,570	46,639	195,571
Total current liabilities	69,911,990	120,890	368,744
Long-term debt, less current portion	145,486,140	-	-
Long-term payable under employee agreements, less current portion	1,326,641	-	-
Interest rate swap	-	-	-
Accrued pension, less current portion	123,380,873	-	-
Conditional asset retirement obligation	-	-	-
Total liabilities	340,105,644	120,890	368,744
Stockholders' equity	-	-	1,696,522
Net assets			
Unrestricted	213,263,622	496,468	-
Noncontrolling interest, unrestricted	-	-	-
Temporarily restricted	697,962	2,274,292	-
Permanently restricted	132,859	11,339,653	-
Total net assets	214,094,443	14,110,413	-
	$ 554,200,087	$ 14,231,303	$ 2,065,266

* Other Affiliates includes Dechairo Hospital, Inc., KOSM, Inc , UAT, Inc. and Urish Medical Plaza, L.L C.

Stormont-Vail, Inc.	Century Health Solutions, Inc.	Other Affiliates*	Eliminations	Total 2012	Total 2011
$ -	$ -	$ 330,859	$ -	$ 3,888,872	$ 1,480,436
-	-	-	-	775,248	648,486
134,104	12,118	-	(13,750)	14,254,991	13,933,402
-	-	-	-	2,275,207	1,608,213
52,805	157,337	-	-	33,366,441	31,469,459
-	-	-	-	4,866,846	4,677,645
1,000,627	1,082	-	-	6,969,385	6,752,496
-	-	-	-	5,418,036	4,088,606
113,504	-	-	(375,284)	-	-
1,301,040	170,537	330,859	(389,034)	71,815,026	64,658,743
-	-	-	-	145,486,140	140,669,242
-	-	-	-	1,326,641	1,685,389
-	-	-	-	-	118,520
-	-	-	-	123,380,873	110,163,807
-	-	-	-	-	74,459
1,301,040	170,537	330,859	(389,034)	342,008,680	317,370,160
15,007,100	70,280	2,531,472	(19,305,374)	-	-
-	-	-	-	213,760,090	170,748,543
-	-	-	1,141,100	1,141,100	1,617,637
-	-	-	-	2,972,254	2,354,315
-	-	-	-	11,472,512	10,094,497
-	-	-	1,141,100	229,345,956	184,814,992
$ 16,308,140	$ 240,817	$ 2,862,331	$ (18,553,308)	$ 571,354,636	$ 502,185,152

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidating Statement of Operations
Year Ended September 30, 2012
With Comparative Totals for Year Ended September 30, 2011

	Stormont-Vail HealthCare, Inc.	Stormont-Vail Foundation
Operating revenues		
Net patient service revenue	$ 542,001,306	$ -
Other operating revenue	16,915,176	-
Net assets released from restriction for operating activities	40,526	601,216
Total operating revenues	558,957,008	601,216
Operating expenses		
Salaries, wages and employee benefits	321,871,985	322,836
Supplies and other expenses	139,045,741	43,226
Professional services	5,810,028	17,954
Interest	6,354,150	-
Depreciation and amortization	19,068,603	188
Program expense	40,526	726,476
Provision for uncollectible accounts	33,363,039	-
Total operating expenses	525,554,072	1,110,680
Income (loss) from operations	33,402,936	(509,464)
Nonoperating gains (losses)		
Investment income (loss)		
Interest and dividend income and realized gains on sales of investments	6,635,802	425,046
Current year change in net unrealized gains on trading securities	2,980,237	98,908
Investment income (loss)	9,616,039	523,954
Equity in net gains of unconsolidated affiliates	281,058	-
Income tax benefit (expense) and other income (expense), net	37,897	43,808
Gain on disposition of unconsolidated affiliates	11,510,587	-
Loss on extinguishment of debt	-	-
Change in fair value of interest rate swap	118,520	-
Total nonoperating gains (losses), net	21,564,101	567,762
Excess of revenues over (under) expenses	54,967,037	58,298
Less excess of revenue over expenses attributable to noncontrolling interest	-	-
Excess of revenues over (under) expenses attributable to controlling interest	54,967,037	58,298
Change in unrecognized funded status of pension plan	(14,416,272)	-
Unrestricted contributions to (from) affiliates	(360,000)	360,000
Contributions to (from) affiliates for capital expenditures	99,947	(99,947)
Dividends paid to shareholders'	-	-
Net assets released from restriction for capital expenditures	-	99,947
Donation of property and equipment received	261,469	-
Capital contributions	-	-
Equity in net income (loss) of consolidated affiliates	2,041,068	-
Increase (decrease) in unrestricted net assets/equity	$ 42,593,249	$ 418,298

* Other Affiliates includes Dechairo Hospital, Inc , KOSM, Inc , UAT, Inc and Urish Medical Plaza, L L C

Schedule 2

ExcellENT Surgery Center, L.L.C.	Stormont-Vail, Inc.	Century Health Solutions, Inc.	Other Affiliates *	Eliminations	Total 2012	Total 2011
$ -	$ 1,202,329	$ -	$ -	$ -	$ 543,203,635	$ 505,920,516
3,041,818	1,579,923	1,070,992	333,925	(262,459)	22,679,375	12,937,914
-	-	-	-	-	641,742	660,177
3,041,818	2,782,252	1,070,992	333,925	(262,459)	566,524,752	519,518,607
1,073,703	1,447,218	940,595	(2,198)	-	325,654,139	297,551,015
833,693	970,239	374,506	89,302	(262,459)	141,094,248	138,761,947
438,876	40,299	3,873	156	-	6,311,186	5,967,145
-	-	-	16,189	-	6,370,339	8,110,435
141,247	106,798	8,665	559,653	-	19,885,154	19,985,153
-	-	-	-	-	767,002	772,307
126,456	74,901	-	-	-	33,564,396	19,896,143
2,613,975	2,639,455	1,327,639	663,102	(262,459)	533,646,464	491,044,145
427,843	142,797	(256,647)	(329,177)	-	32,878,288	28,474,462
457	59,496	-	-	-	7,120,801	426,939
-	-	-	-	-	3,079,145	(3,630,279)
457	59,496	-	-	-	10,199,946	(3,203,340)
-	1,833,589	-	-	-	2,114,647	2,078,594
-	(1,177,297)	108,135	(8,269)	-	(995,726)	935,288
-	1,473,461	-	-	-	12,984,048	-
-	-	-	-	-	-	(911,138)
-	-	-	-	-	118,520	706,418
457	2,189,249	108,135	(8,269)	-	24,421,435	(394,178)
428,300	2,332,046	(148,512)	(337,446)	-	57,299,723	28,080,284
-	-	-	-	(233,320)	(233,320)	(534,616)
428,300	2,332,046	(148,512)	(337,446)	(233,320)	57,066,403	27,545,668
-	-	-	-	-	(14,416,272)	(40,015,373)
-	-	-	(12,085)	12,085	-	-
-	-	-	-	-	-	-
(1,448,706)	(2,050,000)	-	-	3,498,706	-	-
-	-	-	-	-	99,947	80,448
-	-	-	-	-	261,469	308,613
-	-	170,341	-	(170,341)	-	-
-	(84,227)	-	-	(1,956,841)	-	-
$ (1,020,406)	$ 197,819	$ 21,829	$ (349,531)	$ 1,150,289	$ 43,011,547	$ (12,080,644)

Stormont-Vail HealthCare, Inc.
and Affiliates

Consolidating Statement of Changes in Net Assets/Stockholders' Equity
Year Ended September 30, 2012
With Comparative Totals for Year Ended September 30, 2011

	Stormont-Vail HealthCare, Inc.	Stormont-Vail Foundation
Unrestricted net assets		
Excess of revenues over (under) expenses	$ 54,967,037	$ 58,298
Change in unrecognized funded status of pension plan	(14,416,272)	-
Income associated with noncontrolling interests	-	-
Unrestricted contributions to (from) affiliates	(360,000)	360,000
Contributions to (from) affiliates for capital expenditures	99,947	(99,947)
Dividends paid to shareholders'	-	-
Net assets released from restriction for capital expenditures	-	99,947
Donation of property and equipment received	261,469	-
Capital contributions	-	-
Equity in net income (loss) of consolidated affiliates	2,041,068	-
Increase (decrease) in unrestricted net assets/equity	42,593,249	418,298
Temporarily restricted net assets		
Contributions	55,463	700,522
Change of restriction by donor	-	4,529
Investment income	14,965	508
Change in net unrealized gains (losses) on investments	-	583,641
Net assets released from restriction for operating activities	(40,526)	(601,216)
Net assets released from restriction for capital expenditures	-	(99,947)
Increase (decrease) in temporarily restricted net assets	29,902	588,037
Permanently restricted net assets		
Contributions, net	-	189,600
Change of restriction by donor	-	(4,529)
Investment income	-	1,192,944
Increase in permanently restricted net assets	-	1,378,015
Noncontrolling interest - unrestricted net assets, income associated with noncontrolling interests	-	-
Increase (decrease) in net assets/equity	42,623,151	2,384,350
Net assets/stockholders' equity, beginning of year	171,471,292	11,726,063
Net assets/stockholders' equity, end of year	$ 214,094,443	$ 14,110,413

* Other Affiliates includes Dechairo Hospital, Inc , KOSM, Inc , UAT, Inc and Urish Medical Plaza, L L.C.

Schedule 3

ExcelIENT Surgery Center, L.L.C.	Stormont-Vail, Inc.	Century Health Solutions, Inc.	Other Affiliates*	Eliminations	Total 2012	Total 2011
$ 428,300	$ 2,332,046	$ (148,512)	$ (337,446)	$ -	$ 57,299,723	$ 28,080,284
-	-	-	-	-	(14,416,272)	(40,015,373)
-	-	-	-	(233,320)	(233,320)	(534,616)
-	-	-	(12,085)	12,085	-	-
-	-	-	-	-	-	-
(1,448,706)	(2,050,000)	-	-	3,498,706	-	-
-	-	-	-	-	99,947	80,448
-	-	-	-	-	261,469	308,613
-	-	170,341	-	(170,341)	-	-
-	(84,227)	-	-	(1,956,841)	-	-
(1,020,406)	197,819	21,829	(349,531)	1,150,289	43,011,547	(12,080,644)
-	-	-	-	-	755,985	552,673
-	-	-	-	-	4,529	25,000
-	-	-	-	-	15,473	100,610
-	-	-	-	-	583,641	(119,719)
-	-	-	-	-	(641,742)	(660,177)
-	-	-	-	-	(99,947)	(80,448)
-	-	-	-	-	617,939	(182,061)
-	-	-	-	-	189,600	198,155
-	-	-	-	-	(4,529)	(25,000)
-	-	-	-	-	1,192,944	-
-	-	-	-	-	1,378,015	173,155
-	-	-	-	(476,537)	(476,537)	390,917
(1,020,406)	197,819	21,829	(349,531)	673,752	44,530,964	(11,698,633)
2,716,928	14,809,281	48,451	2,881,003	(18,838,026)	184,814,992	196,513,625
$ 1,696,522	$ 15,007,100	$ 70,280	$ 2,531,472	$ (18,164,274)	$ 229,345,956	$ 184,814,992

Stormont-Vail HealthCare, Inc.
(Parent Company Only)

Schedule 4

Revenue and Expenses
Years Ended September 30, 2012 and 2011

	2012			Total
	In-Patient	Out-Patient	Total	2011
Revenue				
Revenue from services to patients				
Anesthesia	$ 5,799,270	$ 6,750,026	$ 12,549,296	$ 12,601,751
Cardiovascular services	63,291,809	68,581,192	131,873,001	130,263,549
Critical care	34,746,483	177,804	34,924,287	27,816,476
Emergency room	20,339,227	39,153,923	59,493,150	51,973,875
Endoscopy and pain management	2,103,922	5,390,007	7,493,929	7,030,636
Enterostomal therapy	910,609	67,420	978,029	46,114
Laboratory	84,779,293	34,692,418	119,471,711	107,808,988
Materials management	48,570,578	2,115,582	50,686,160	48,810,866
Medical/surgical	88,730,659	7,054,852	95,785,511	86,465,241
Neonatal intensive care unit	33,540,649	5,699	33,546,348	32,103,152
Obstetrics/gynecology	19,932,900	1,753,096	21,685,996	21,715,610
Pediatric and adolescent	4,945,677	417,993	5,363,670	4,545,948
Perfusion	6,354,387	12,186	6,366,573	6,404,296
Pharmacy and IV therapy	86,973,387	40,656,506	127,629,893	97,350,797
Post anesthesia care unit	4,277,151	6,747,206	11,024,357	10,473,036
Psychiatric	28,314,249	1,679,541	29,993,790	26,566,552
Radiology	47,260,204	91,273,311	138,533,515	118,845,200
Rehabilitation services	6,417,519	3,689,897	10,107,416	8,782,793
Respiratory care	46,875,855	1,979,771	48,855,626	40,643,889
Sleep disorders center	31,737	5,390,582	5,422,319	5,096,972
Surgery	100,650,582	67,054,890	167,705,472	161,022,243
Medical services division	6,837,805	341,170,679	348,008,484	357,156,461
Woundcare	-	3,841,406	3,841,406	3,427,819
Less provision for charity care relating to classifications above			(34,289,693)	(33,807,083)
Total revenue from services to patients - forward			**$ 1,437,050,246**	$ 1,333,145,181

(Continued)

Stormont-Vail HealthCare, Inc.
(Parent Company Only)

Revenue and Expenses
Years Ended September 30, 2012 and 2011

	2012	2011
Total revenue from services to patients - forwarded	**$ 1,437,050,246**	$ 1,333,145,181
Less		
Courtesy and other allowances	**1,169,790**	1,351,198
Contractual adjustments.		
Medicare	**509,925,873**	462,643,841
Medicaid	**132,661,093**	131,780,230
Blue Cross	**153,211,529**	148,834,331
Tri-Care	**24,042,723**	22,674,084
Other	**74,037,932**	60,761,483
	895,048,940	828,045,167
Net revenue from services to patients	**542,001,306**	505,100,014
Other operating revenue		
Nutritional services	**2,274,823**	2,124,607
Education services/School of Nursing	**2,072,404**	1,774,854
Pharmacy and IV therapy	**8,865**	9,071
Laundry service	**316**	175
Investment income	**3,917,220**	1,573,375
Maternal fetal medicine	**105,775**	84,614
Lifeline	**453,058**	445,689
Electronic health records incentive payments	**6,764,958**	-
Other	**1,317,757**	539,424
Total other operating revenue	**16,915,176**	6,551,809
Net assets released from restriction for operating activities	**40,526**	47,561
Total operating revenue	**$ 558,957,008**	$ 511,699,384

(Continued)

Stormont-Vail HealthCare, Inc.
(Parent Company Only)

Revenue and Expenses
Years Ended September 30, 2012 and 2011

	2012	2011
Operating expenses		
Salaries	$ 256,277,576	$ 236,225,600
Employee benefits	65,594,409	57,799,326
Supplies	84,415,672	84,885,352
Other expenses	50,213,950	47,797,094
Utilities	4,416,119	4,200,272
Professional services	5,810,028	5,450,984
Interest	6,354,150	8,089,400
Depreciation and amortization of intangibles	19,068,603	19,155,458
Program expense	40,526	47,561
Provision for uncollectible accounts	33,363,039	19,588,586
Total operating expenses	525,554,072	483,239,633
Income from operations	33,402,936	28,459,751
Nonoperating gains (losses)		
Investment income (loss)		
Interest and dividend income and realized gains on sale of investments	6,635,802	164,970
Current year change in net unrealized gains (losses) on trading securities	2,980,237	(3,630,368)
Investment income (loss)	9,616,039	(3,465,398)
Equity in net gains (losses) of unconsolidated affiliates	281,058	(188,114)
Other income, net	37,897	1,452,418
Gain on disposition of unconsolidated affiliates	11,510,587	-
Loss on extinguishment of debt	-	(911,138)
Change in fair value of interest rate swap	118,520	706,418
Nonoperating gains (losses), net	21,564,101	(2,405,814)
Excess of revenues over expenses	54,967,037	26,053,937
Change in unrecognized funded status of retirement plan	(14,416,272)	(40,015,373)
Contributions to affiliate	(360,000)	(180,000)
Contributions from affiliate for capital expenditures	99,947	80,448
Donation of property and equipment received	261,469	308,613
Equity in net income of consolidated affiliates	2,041,068	1,725,640
Increase (decrease) in unrestricted net assets	$ 42,593,249	$ (12,026,735)

Stormont-Vail HealthCare, Inc.
(Parent Company Only)

Schedule 5

Operating Expenses
(Excluding Depreciation and Amortization, Interest, Program Expense and Provision for Uncollectible Accounts)

Year Ended September 30, 2012
With Comparative Totals for Year Ended September 30, 2011

	2012				
	Salaries, Wages and Employee Benefits	Supplies and Other Expenses	Professional Services	Total	Total 2011
Administration	$ 5,273,394	$ 6,972,984	$ 237,900	$ 12,484,278	$ 12,997,995
Anesthesia	-	638,321	1,944,791	2,583,112	2,467,797
Cardiovascular services	4,294,944	10,886,190	-	15,181,134	14,882,330
Case management	1,933,065	26,921	-	1,959,986	1,556,920
Critical care	5,717,062	1,140,347	-	6,857,409	5,896,801
Educational services	1,008,167	180,613	-	1,188,780	1,033,990
Emergency room	6,752,222	588,402	-	7,340,624	6,522,334
Employee benefits	78,238,501	136,992	-	78,375,493	68,789,379
Endoscopy and pain management	628,093	439,084	-	1,067,177	963,057
Environmental services	2,473,457	1,093,792	-	3,567,249	3,385,094
Enterostomal therapy	265,546	13,844	-	279,390	203,441
Facilities management	2,817,062	5,168,608	-	7,985,670	7,716,006
Fiscal operations	5,452,723	5,585,665	-	11,038,388	8,534,649
Health connections	1,089,294	5,522	-	1,094,816	1,029,143
Health sciences library	157,335	193,942	-	351,277	326,435
Human resources	1,433,915	196,658	-	1,630,573	1,637,354
Information systems	4,892,816	8,569,072	-	13,461,888	12,432,414
Laboratory	7,125,124	8,425,194	540,280	16,090,598	15,517,459
Laundry-linen services	443,035	311,187	-	754,222	737,405
Marketing	561,328	1,165,979	(1,519)	1,725,788	1,762,933
Materials management	1,446,845	4,938,827	-	6,385,672	5,744,339
Medical records and transcription	1,332,342	965,664	-	2,298,006	2,342,283
Medical staff office	244,997	29,514	36,000	310,511	287,217
Medical/surgical	24,114,267	1,147,610	-	25,261,877	23,150,383
Medical services division	109,642,699	31,260,037	1,259,715	142,162,451	138,045,750
Neonatal intensive care unit	5,402,403	240,521	149,438	5,792,362	5,518,891
Nursing	1,670,818	374,894	-	2,045,712	1,121,331
Nutritional services	2,241,216	3,127,048	-	5,368,264	5,327,041
Obstetrics/gynecology	4,995,496	447,354	-	5,442,850	5,215,396
Operating expenses forward	$ 281,648,166	$ 94,270,786	$ 4,166,605	$ 380,085,557	$ 355,145,567

(Continued)

Stormont-Vail HealthCare, Inc.
(Parent Company Only)

Schedule 5, Cont

Operating Expenses
(Excluding Depreciation and Amortization, Interest, Program Expense and Provision for Uncollectible Accounts)

Year Ended September 30, 2012
With Comparative Totals for Year Ended September 30, 2011

	Salaries, Wages and Employee Benefits	Supplies and Other Expenses	Professional Services	2012 Total	2011 Total
Operating expenses forwarded	$ 281,648,166	$ 94,270,786	$ 4,166,605	$ 380,085,557	$ 355,145,567
Pediatric and adolescent	2,407,973	125,942	781,050	3,314,965	2,686,120
Perfusion	455,663	571,718	-	1,027,381	1,068,701
Pharmacy and IV therapy	5,876,654	16,568,952	-	22,445,606	21,343,671
Post anesthesia care unit	1,345,495	36,693	-	1,382,188	1,214,871
Psychiatric	4,332,901	389,281	-	4,722,182	4,402,204
Radiology	3,908,463	2,289,406	-	6,197,869	5,503,229
Registration and pre-access	2,694,535	77,131	-	2,771,666	2,465,842
Rehabilitation services	2,115,925	161,572	-	2,277,497	1,984,801
Respiratory care	2,949,952	240,481	-	3,190,433	2,952,518
Risk management and infection control	558,582	13,209	-	571,791	542,423
Safety and employee health	160,377	127,210	-	287,587	788,686
School of Nursing	1,452,672	45,955	-	1,498,627	1,450,557
Security	1,236,814	41,904	-	1,278,718	1,179,288
Sleep disorders center	739,405	53,237	-	792,642	784,870
Surgery	7,727,161	22,925,269	-	30,652,430	28,796,243
Telecommunications	396,179	479,111	-	875,290	876,545
Transportation	693,749	272,260	-	966,009	929,049
Volunteers	286,591	47,423	-	334,014	246,496
Women's center	884,728	308,201	862,373	2,055,302	1,996,947
Total	$ 321,871,985	$ 139,045,741	$ 5,810,028	$ 466,727,754	$ 436,358,628

Stormont-Vail HealthCare, Inc.
(Parent Company Only)

Schedule 6

Patient Accounts Receivable
September 30, 2012 and 2011

An aging of patient receivables at September 30, 2012, with comparative 2011 totals, follows:

	Private Pay	Third Party	Medical Services Division	Totals 2012	Totals 2011
Current	$ 6,609,719	$ 86,689,999	$ 25,212,361	$ 118,512,079	$ 108,759,645
31-60 days	6,499,403	16,919,575	3,905,345	27,324,323	20,600,491
61-90 days	5,989,946	6,894,152	2,009,531	14,893,629	10,598,546
91-150 days	6,753,636	4,191,941	3,558,334	14,503,911	14,778,479
151 days and over	9,652,279	2,913,491	43,846,013	56,411,783	58,132,566
Gross patient accounts receivable				231,645,725	212,869,727
Less allowance for contractual adjustments				(91,462,124)	(79,398,945)
Patient accounts receivable, net of allowance for contractual adjustments				140,183,601	133,470,782
Less allowance for uncollectible accounts				(67,001,637)	(61,774,496)
Patient accounts receivable, net				$ 73,181,964	$ 71,696,286