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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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

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

C Name of organization
ST JOSEPH HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
172 KINSLEY ST

City or town, state or country, and ZIP + 4
NASHUA, NH 030612013

D Employer identification number
02-0222215

E Telephone number
(603)882-3000

G Gross receipts $ 188,232,641

F Name and address of principal officer
DAVID ROSS
172 KINSLEY ST
NASHUA,NH 030612013

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ stjosephospital com

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

L Year of formation 1943

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
healthcare services to anyone needing care

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,606
6	Total number of volunteers (estimate if necessary)	**6**	350
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	107,472
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	669,121	0
9	Program service revenue (Part VIII, line 2g)	194,262,473	188,125,169
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,260,394	0
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-26,497	107,472
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	197,165,491	188,232,641
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	81,831,327	84,055,965
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	90,347,984	86,313,425
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	172,179,311	170,369,390
19	Revenue less expenses Subtract line 18 from line 12	24,986,180	17,863,251

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	223,191,366	258,203,971
21	Total liabilities (Part X, line 26)	115,700,175	134,757,618
22	Net assets or fund balances Subtract line 21 from line 20	107,491,191	123,446,353

Net Assets or Fund Balances

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

****** | 2013-08-14
Signature of officer | Date

RICHARD BOEHLER CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
WILLIAM G M STEELE JR CPSA ASSOCIAT				
Firm's name ▶ WILLIAM STEELE& ASSOCIATES			Firm's EIN ▶	
Firm's address ▶ 40 STARK STREET MANCHESTER, NH 03101			Phone no (603) 622-8881	

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

healthcare services to anyone needing care

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 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 $ 40,223,633 including grants of $) (Revenue $ 59,430,497)

INPATIENT MEDICAL, SURGICAL AND MENTAL HEALTH SERVICES TO ANYONE NEEDING CARE IN THE GREATER NASHUA AREA

4b (Code) (Expenses $ 40,223,633 including grants of $) (Revenue $ 59,430,497)

OUTPATIENT SERVICES INCLUDING SURGERY, RADIOLOGY, LABORATORY, REHABILITATIVE, CARDIOVASCULAR, BREAST HEALTH, ADULT DAY CARE, CARDIAC REHAB, AND MENTAL HEALTH TO ANYONE NEEDING SERVICES IN THE GREATER NASHUA AREA

4c (Code) (Expenses $ 83,541,393 including grants of $) (Revenue $ 123,432,570)

EACH YEAR ST JOSEPH HOSPITAL PROVIDES MILLIONS OF DOLLARS WORTH OF CHARITY CARE AND COMMUNITY SERVICES REFLECTING OUR HEALING MISSION AND OUR VALUES ST JOSEPH HOSPITAL FOLLOWS THE METHODOLOGY RECOMMENDED BY THE CATHOLIC HEALTH ASSOCIATION FOR CALCULATING THE COST OF CHARITY CARE AND COMMUNITY BENEFITS COMMUNITY BENEFIT REPORT FOR 2011 IS THE BASIS FOR THE EXPENSES ASSOCIATED WITH THESE ACTIVITIES

(Code) (Expenses $ 25,808,346 including grants of $) (Revenue $)

School of nursing, LNA and other health professionals provided to the community in its mission of providing healthcare to the community in its mission of providing healthcare to the

4d Other program services (Describe in Schedule O)

(Expenses $ 25,808,346 including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 129,291,634

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 for escrow or custodial account liability, 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, line 10? *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		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	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 and XII 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, Parts I and IV*	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 United States? *If "Yes," complete Schedule F, Parts 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 United States? *If "Yes," complete Schedule F, Parts 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 (see instructions)*	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 hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization 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, line 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 lines 24b through 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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *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 direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, 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**		
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 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,606		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b	Yes	
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, securities account, or other financial 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 as charitable contributions? . . .		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.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the 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 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** 14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
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 this 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 ▶ NH

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 ☐ Other (explain in Schedule O)

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 during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ RICHARD PLAMONDON 172 KINSLEY ST NASHUA, NH (603) 882-3000

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JIM HAMILL President/CEO	40 00	X		X				160,553	0	889
(2) RICHARD PLAMONDON Vice President Finance	40 00	X						286,455	0	49,899
(3) PAM DUCHENE VP Patient Care Svcs	40 00				X			268,726	0	39,827
(4) KEITH CHOINKA VP Information Technology	40 00					X		243,770	0	21,040
(5) BEVERLY ROBINSON VP Quality & Regulatory	40 00				X			190,431	0	33,901
(6) JAMES MCKENNA VP Ambulatory Svcs	40 00				X			220,145	0	31,201
(7) JACQUI WOOLLEY VP Human Resources	40 00					X		196,578	0	35,553
(8) GREG ZUERCHER MD Physician	40 00					X		325,071	0	40,487
(9) MICHAEL MCGEE MD Physician	40 00					X		270,405	0	44,427
(10) ROBERT DEMERS Director of Operations	40 00					X		168,457	0	38,588
(11) -										
(12) W STEWART BLACKWOODMD physician	1 00	X						0	292,205	27,907
(13) LINDA SHELDON physician	1 00	X						0	182,215	26,040
(14) LOUISE TROTTIER Chair	3 00	X		X				0	0	0
(15) SRSUZANNE FORGET Secretary	1	X		X						
(16) DALE GILPIN Immediate Past Chair	1	X								
(17) MSGRJOHN PQUINN Director	1	X								

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ALLISE MDESMET Director	1	X								
(19) LORI KLAMBERT Director	1	X								
(20) STEVEN BEAUDETTE MD Director	1	X								
(21) SHARON TAMPOSI Director	1	X								
(22) CHARLES SMITH Director	1	X								
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,330,591	474,420	389,759

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 ▶ 10

			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**		No
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
COVENANT HEALTH SYS 100 AMES POND RD TEWKSBURY MA 01876	Managment & other svcs	3,198,178
MMAYO MEDICL LAB BOX9146 MINNEAPLIS MN 55480	laboratory services	1,179,636
COVENANT HEALTH SYSTEMS INSURANCE BOX 69 CAYMAN IS CJ DE 00000	insurance	3,587,871
HOSPITAL MEDICINE ASSOCIATES BOX 1953962 CINCINNATI OH 452634850	physician services	1,919,738
ALLIANCE HEALTHCARE SERVICES BOX 96485 CHICAGO IL 60693	Imaging services	1,447,527

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 ▶ 5

Part VIII Statement of Revenue

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

			(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				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶				
Program Service Revenue		Business Code				
	2a	Patient services 622110	182,863,067			
	b	School of nursing 622110	1,272,660			
	c	cafeteria 622110	993,111			
	d	Program fees 622110	124,848			
	e	Thrift/gift shop 622110	216,743			
	f	All other program service revenue	2,654,740			2,362,747
	g	**Total.** Add lines 2a–2f . . . . . ▶	188,125,169			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶				
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss) . . . . . ▶				
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss) . . . . . ▶				
	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	housekeeping svc 721100	21,045		21,045	
	b	laundry svc 812300	6,576		6,576	
	c	answering svc 561100	79,851		79,851	
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶	107,472			
	12	**Total revenue.** See Instructions . . . . . ▶	188,232,641	185,762,422	107,472	2,362,747

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)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0	0		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	1,012,766	447,936	564,830	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	67,815,199	50,861,399	16,953,800	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,248,929	1,686,697	562,232	0
9 Other employee benefits	8,139,276	6,104,457	2,034,819	0
10 Payroll taxes	4,839,795	3,629,846	1,209,949	0
11 Fees for services (non-employees)				
a Management	3,112,797	2,334,598	778,199	0
b Legal	200,363	0	200,363	0
c Accounting	115,278	0	115,278	0
d Lobbying	0	0	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	3,112,797	2,334,598	778,199	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0	0	0	0
12 Advertising and promotion	880,673	660,505	220,168	0
13 Office expenses	4,059,953	3,044,965	1,014,988	0
14 Information technology	3,839,408	2,879,531	959,877	0
15 Royalties . .	0	0	0	0
16 Occupancy	3,184,768	2,388,576	796,192	0
17 Travel	20,765	15,574	5,191	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	130,966	98,225	32,741	0
20 Interest	3,107,347	2,330,510	776,837	0
21 Payments to affiliates	2,719,728	0	2,719,728	0
22 Depreciation, depletion, and amortization	8,850,578	6,637,934	2,212,644	0
23 Insurance	2,403,855	1,802,891	600,964	0
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a bad debts	9,630,494	9,630,494	0	0
b Medicaid tax	6,058,364	6,058,364	0	0
c purchased/contract svc	6,400,651	4,800,488	1,600,163	0
d repairs/PM contracts	5,303,408	3,977,556	1,325,852	0
e All other expenses	23,181,232	17,566,490	5,614,742	0
25 **Total functional expenses.** Add lines 1 through 24e	170,369,390	129,291,634	41,077,756	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1,012,221	1	3,284,367
	2	Savings and temporary cash investments		15,940,927	2	35,924,945
	3	Pledges and grants receivable, net		110	3	
	4	Accounts receivable, net		16,474,727	4	13,572,730
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		2,521,163	7	2,720,864
	8	Inventories for sale or use		1,698,199	8	1,802,794
	9	Prepaid expenses and deferred charges		4,416,557	9	6,081,076
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 169,786,923			
	b	Less accumulated depreciation	10b 109,138,204	62,487,122	10c	60,648,719
	11	Investments—publicly traded securities		50,608,381	11	49,972,067
	12	Investments—other securities See Part IV, line 11		28,522,646	12	48,971,581
	13	Investments—program-related See Part IV, line 11		18,887,752	13	11,784,466
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		20,621,561	15	23,440,362
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		223,191,366	16	258,203,971
Liabilities	17	Accounts payable and accrued expenses		16,772,058	17	18,948,557
	18	Grants payable			18	
	19	Deferred revenue		142,528	19	97,239
	20	Tax-exempt bond liabilities		72,213,230	20	97,838,826
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		26,572,359	25	17,872,996
	26	**Total liabilities.** Add lines 17 through 25		115,700,175	26	134,757,618
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		106,520,097	27	122,390,841
	28	Temporarily restricted net assets		606,885	28	691,267
	29	Permanently restricted net assets		364,209	29	364,245
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		107,491,191	33	123,446,353
	34	Total liabilities and net assets/fund balances		223,191,366	34	258,203,971

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	188,232,641
2	Total expenses (must equal Part IX, column (A), line 25)	2	170,369,390
3	Revenue less expenses Subtract line 2 from line 1	3	17,863,251
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	107,491,191
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-5,158,623
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	123,446,353

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
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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 described in **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 - Non-functionally integrated

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 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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in Sections 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2012 (line 6, column (f) divided by line 11, column (f))	**14**	0 %
15	Public support percentage for 2011 Schedule A, Part II, line 14	**15**	

16a **33 1/3% support test—2012.** 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—2011.** If the organization did not check a 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—2012.** 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—2011.** 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 Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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)						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	0 %
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	0 %
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** 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—2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and 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

2012

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, Part V, line 35c (Proxy Tax), then

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

Name of the organization	**Employer identification number**
ST JOSEPH HOSPITAL	02-0222215

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 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 function 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable 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)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.			(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?				
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?				
c	Media advertisements?				
d	Mailings to members, legislators, or the public?				
e	Publications, or published or broadcast statements?				
f	Grants to other organizations for lobbying purposes?				
g	Direct contact with legislators, their staffs, government officials, or a legislative body?				
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?				
i	Other activities?				
j	Total Add lines 1c through 1i				
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?				
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 carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible 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, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Pt II-B Line 1i		A portion of the dues paid to the NH Hospital Association,
		CATHOLIC HEALTH ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION ARE USED FOR LOBBYING PURPOSES

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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, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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 can 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 education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 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, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, 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 XIII

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 XIII 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 XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	971,094	1,064,132	1,124,772	1,421,717	1,901,086
b	Contributions		246,999	301,910	397,836	329,950
c	Net investment earnings, gains, and losses		243	284	142	15,853
d	Grants or scholarships					
e	Other expenditures for facilities and programs		340,280	362,834	694,923	825,172
f	Administrative expenses					
g	End of year balance	971,094	971,094	1,064,132	1,124,772	1,421,717

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

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 XIII the intended uses of the organization's endowment funds

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,586,823		3,586,823
b Buildings		93,355,728	48,029,869	45,325,859
c Leasehold improvements		1,688,633	1,231,561	457,072
d Equipment		69,512,778	59,876,774	9,636,004
e Other		1,642,961		1,642,961
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				60,648,719

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	48,971,581	F
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	48,971,581	

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
(1) Investment in subsidiaries	11,784,466	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶	11,784,466	

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

(a) Description	(b) Book value
(1) unamortized bond expense	1,441,130
(2) other accounts receivable	1,858,508
(3) due from affiliate	15,981,520
(4) due from other funds	123,346
(5) Nashua Regional Cancer Center	2,227,653
(6) other equity investments	558,205
(7) Surgery Center of greater Nashua	1,250,000
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	23,440,362

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Due to third party payors	937,121
Other	1,095,855
malpractice tail liability	1,076,304
environmental liability	6,335,106
pension liability	6,714,332
due to affiliate for bond redistribution	1,136,994
lease payable	577,284
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	17,872,996

2. Fin 48 (ASC 740) Footnote In Part XIII, 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 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

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

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

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

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Pt XI Line 4b		
Pt IV Line 2b		

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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

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for 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 financial assistance 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 report during the tax year?	6a	Yes	
b	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 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)		5,351				
b Medicaid (from Worksheet 3, column a)		8,798				
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		14,149				
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j		14,149				

Part II **Community Building Activities** Complete this if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	
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** (owned 10% or more by officers, directors, trustees, key employees, and physicians—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	FIRST CHOICE PHO	Physician hospital organization	50 000 %	0 %	50 000 %
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—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	ST JOSEPH HOSPITAL 172 KINSLEY ST NASHUA,NH 030612013	X	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 or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group ST JOSEPH HOSPITAL

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		
	If "Yes," indicate what the CHNA report 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 the community health 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 CHNA 20 ___			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report 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 CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 222300% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	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)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to 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 on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 Check all of the following 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			
e ☑ Other similar actions (describe in Part VI)			
17 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?	**17**		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)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19 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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 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 its 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)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

	Name and address	Type of Facility (describe)
1		
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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
Pt III Line 4		Adjusted based on cost to charge ratio
Pt III Line 9b		Every statement sent to patients indicates that financial assistance
		is available, phone number and email contact All customer service
		personnel are attuned to asking patients if they need assistance
Pt VI Line 2		The needs assessment was conducted as a collaborative effort between
		St Joseph Hospital and several other healthcare institutions, civic
		agencies and other non profit entities from throughout Greater Nashua
		The assessment included a telephone survey of over 500 households,
		two focus groups of patients and key leaders representing city/town
		government, education, healthcare, businesses and non profit
		institutions
Pt VI Line 3		Signage and brochures are at every point of registration, which
		explain our charity care and financial assistance policies We have
		dedicated financial counselors who meet in person or on the telephone
		assisting patients and families needing financial assistance Information
		can also be found on the hospital web site, as well as in hospital
		community newsletters/quarterly publications All customer service and
		registraton personnel are trained to ask patients and families if
		they need financial assistance
Pt VI Line 4		St Joseph Hospital serves people of all ages, race,gender,religion,
		ethnicity regardless of their ability to pay The hospital's primary
		and secondary service areas consist of 17 cities and towns referred to
		as the Greater Nashua Area and consist of Amherst,Brookline,Hudson
		Hollis,Litchfield,Merrimack,Milford,Nashua,Wilton,Greenville,
		Dunstable(MA),Londonderry,Lyndeborough,Mont Vernon,Pelham,Pepperell(MA,
		and Windham
Pt VI Line 5		The hospital maintains an open medical staff, representing over
		forty different specialties and treats all patients regardless of
		their ability to pay The Board of Directors is made up of community
		members with varied backgrounds and industries The hospital utilizes
		any surplus funds to further its mission by providing free and low
		cost healthcare services, educational offerings, free screenings,
		support groups, and works collaboratively with other healthcare
		agencies to meet the identified healthcare needs of our community
Pt VI Line 5		St Joseph Hospital is an affiliate of Covenant Health Systems,
		Tewksbury, MA It is the responsibility of the entire staff of
		St Joseph Hospital to serve and promote the health of the Greater
		Nashua Community
Pt III Line 4		Text of the footnote in financial statement-"The allowance
		for doubtful accounts is provided based on an analysis by
		management of the collectibility of outstanding balances
		Management considers the age of the outstanding balances and
		past collection efforts in determing the reserve for doubtful
		accounts Accounts deemed uncollectible are charged off
		against the established reserve" Bad debts are reported
		as charges
Pt V Sec B 15e		Extensive efforts are made to determine eligibility for free
		care, before any credit reporting, liens or lawsuits are filed
Pt VI Line 7		NH

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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

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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 or provision of all of 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 filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
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 Regulations 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 duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(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 as deferred in prior Form 990
	(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, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
Pt I Line 1b		These benefits are included in taxable income and are part of the analysis of the overall reasonableness of the executive compensation
Pt I Line 4b		Supplemental employee retirement plan- Richard Plamondon $16,500
Pt I Line 7		"cash in" of earned time

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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 Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866	644614KA6	05-13-2004	21,173,782	Renovations&improvements		X		X	X	
B	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866	644614UG2	10-30-2007	53,869,522	Renovations&equipment		X		X	X	

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	21,173,782	53,680,000		
4	Gross proceeds in reserve funds	1,507,744	4,911,229		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	423,476	681,812		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2004	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				
15	Were the bonds issued as part of an advance refunding issue?	X		X					
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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 of bond-financed property?		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				
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 00000%		0 00000%		%		%	
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 00000%		0 00000%		%		%	
6	Total of lines 4 and 5	0 00000%		0 00000%		%		%	
7	Does the bond issue meet the private security or payment test?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X		X					
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		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?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?								

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?								

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

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

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

Identifier	Return Reference	Explanation
Pt VI, Line 7a		St Joseph Hospital is a subsidiary of Covenant Health Systems, and as
Pt VI, Line 7b		such, all decisions are subject to its review
Pt VI, Line 8a		All meetings of the Board and Committees have minutes taken at
Pt VI, Line 8b		the time of the meeting and readily available for review
Pt VI, Line 11a		990's are reviewed by independent tax accountant, and then reviewed
		at the Finance Committee and Board level
Pt VI, Line 12c		Each year, St Joseph Hospital conducts a survey of Board members
		and key members of management to determine whether there are
		conflicts of interest(actual or potential) An annual report is presented
		to the Board Board members and key managers have a continuing
		obligation to report any proposed transaction which may be
		perceived as a conflict of interest
Pt XII, Line 2c		The Finance Committee meets with the independent auditors to review audited
		financial statements, and they are reviewed at Covenant Health Systems
Pt VI, Line 15		Every 2-3 years, the Compensation Committee of Covenant Health System's
		Board of Directors engages an external consultant to provide competitive
		market data from various survey sources, which is used to develop
		recommendations for changes to the compensation program Since 2003
		the Committee has engaged Mercer Human Resources Consulting to
		conduct this analysis Objectives of the analysis are to assess

Identifier	Return Reference	Explanation
		the compositeness of the current total cash compensation levels for
		the senior management team, develop market based competitive salary
		ranges for all executive positions, and ensure that the annual incentive
		opportunities, if any, are competitive and reasonable
Pt VI, Line 19		Upon request the organization will make available corporate documents
		and financial statements
Form 990, Part III, Line 4d		SCHOOL OF NURSING, LNA AND OTHER HEALTH PROFESSIONALS PROVIDED TO THE 25808346 0 0
Form 990, Part IX, Line 24f		PHYSICIAN FEES MEDICAL SUPPLIES FOOD SUPPLIES MISCELLANEOUS
Pt VI, Line 6		Covenant Health System is the sole member of St Joseph Hospital
Pt VI, Line 11b		990's are reviewed by an independent tax accountant and
Pt VI, Line 11b		then reviewed by the finance committee and Board
Pt VI, Line 15a		Every 2-3 years the Compensation Committee of Covenant Health System's
Pt VI, Line 15a		Board of Directors engages an external consultant to ptovide competitive
Pt VI, Line 15a		market data from various survey sources, which is used to develop
Pt VI, Line 15a		recommendations fo changes to the compensation program Since 2003
Pt VI, Line 15a		the Committee has engaged Mercer Resources Consulting to
Pt VI, Line 15a		ensure that the annual incentive opportunities, if any, are competitive and reasonable conduct this analysis Objectives of the analysis are to access the competitiveness of the current compensation levelsfor the senior management team, develop market based competitive salary ranges for executive positions and
Pt VI, Line 15b		see 15A
Pt XI,Line 5		Pension adjustment (5,721,371),loss on subsidiaries (13,466,622)
		donated capital 246,999, unrealized losses (1,645,621), discontinued

Identifier	Return Reference	Explanation
		operations (2,533,273) and fund activity at other entities for pension and
		and unrealized losses (498,842)

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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

2012

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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

(a) Name, address, and EIN (if applicable) 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
(1) SJH SURGICENTER LLC 172 KINSLEY ST NASHUA, NH 030612013 20-4181845	OUTPATIENT SURGERY	NH			ST JOSEPH HOSPITAL

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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 entity? Yes	(g) No
(1) COVENANT HEALTH SYSTEMS 420 BEDFORD ST LEXINGTON, MA 024201502 22-2484505	HEALTHCARE	MA	501(c)(3)	509(a)(2)			
(2) SOUHEGAN NURSING ASSOCIATION 24 NORTH RIVER RD MILFORD, NH 03055 02-0222795	HOME HEALTH&HOSPICE	NH	501(c)(3)	509(a)(1)	STJOSEPH HOSPITAL		
(3) THE SURGICENTER AT STJOSEPH HOSPITAL INC 172 KINSLEY ST NASHUA, NH 030612013 02-0222215	HEALTHCARE	NH	501(c)(3)	509(a)(1)	STJOSEPH HOSPITAL		
(4) DH FAMILY MEDICINE OF NASHUA 172 KINSLEY ST NASHUA, NH 030612013 20-8404257	PHYSICIAN SERVICES	NH	501(c)(3)	509(a)(2)	STJOSEPH HOSPITAL		

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) STJOSEPH HOSPITAL CORPORATE SERVICES 172 KINSLEY ST NASHUA, NH 030612013 02-0405197	HOLDING COMPANY	NH	STJOSEPH HOSPITAL	C			100 000 %		
(2) FIRST CHOICE PHO 172 KINSLEY ST NASHUA, NH 03060 02-0461536	physician hospital organization	NH	STJOSEPH HOSPITAL	C			50 000 %		

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

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

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

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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 section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

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				
JIM HAMILL	(I) (II)	138,053		22,500		889	161,442	
RICHARD PLAMONDON	(I) (II)	240,482	20,997	24,976	24,453	25,446	336,354	
PAM DUCHENE	(I) (II)	212,052	35,171	21,503	7,350	32,477	308,553	
KEITH CHOINKA	(I) (II)	191,788	26,470	25,512	7,372	13,668	264,810	
BEVERLY ROBINSON	(I) (II)	165,298		25,133	7,367	26,534	224,332	
JAMES MCKENNA	(I) (II)	188,441	12,272	19,432	6,580	24,621	251,346	
JACQUI WOOLLEY	(I) (II)	178,537	13,960	4,081	1,332	34,221	232,131	
GREG ZUERCHER MD	(I) (II)	276,614	30,484	17,973	7,350	33,137	365,558	
MICHAEL MCGEE MD	(I) (II)	246,527		23,878	7,353	37,074	314,832	
ROBERT DEMERS	(I) (II)	138,151	6,401	23,905	5,126	33,462	207,045	
W STEWART BLACKWOODMD	(I) (II)	237,389	25,000	29,816		27,907	320,112	
LINDA SHELDON	(I) (II)	157,553	10,640	14,022		26,040	208,255	

Additional Data

Return to Form

Software ID: 12000225
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
STJOSEPH CORPORATE SERVICES	i		cash
STJOSEPH CORPORATE SERVICES	j		cash
STJOSEPH CORPORATE SERVICES	n		cash
SOUHEGAN NURSING ASSOCIATION	n		cash
STJOSEPH CORPORATE SERVICES	p		cash
SOUHEGAN NURSING ASSOCIATION	p		
STJOSEPH CORPORATE SERVICES	q		
DH FAMILY MEDICINE OF NASHUA	q		
SOUHEGAN NURSING ASSOCIATION	r		
SURGICENTER AT ST JOSEPH HOSPITAL	r		
COVENANT HEALTH SYSTEMS	o		

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Covenant Health Systems, Inc.

We have audited the accompanying consolidated financial statements of Covenant Health System, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Covenant Health Systems Insurance, Ltd., Souhegan Home and Hospice Care, Inc., St. Mary's Villa Nursing Home, Inc., and Mary Immaculate Residential Community, Inc. I – III, wholly-owned subsidiaries, which statements reflect total assets constituting 10% of consolidated total assets at December 31, 2012 and 2011, and total revenues constituting 5% of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Health Systems, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
April 25, 2013

Limited Liability Company

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities:		
Line of credit (note 6)	$ –	$ 1,039
Accounts payable	10,956	8,581
Accrued expenses and other liabilities	53,829	54,293
Estimated third-party payor settlements (note 3)	9,044	11,222
Current portion of long-term debt and capital leases (note 6)	8,654	8,178
Total current liabilities	82,483	83,313
Long-term debt and capital leases, less current portion (note 6)	222,141	197,073
Other liabilities	19,481	21,861
Long-term pension obligation (note 7)	15,036	16,463
Professional liability loss reserves (note 2)	20,588	33,129
Total liabilities	359,729	351,839
Net assets:		
Unrestricted	372,189	339,448
Temporarily restricted (note 8)	15,705	13,354
Permanently restricted (note 8)	5,992	7,140
Total net assets	393,886	359,942
Total liabilities and net assets	$ 753,615	$ 711,781

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2012 and 2011
(In thousands)

	2012	2011
Operating revenue:		
Patient service revenue, net of contractual allowances and discounts	$577,333	$587,724
Less provision for bad debt	(24,106)	(28,315)
Patient service revenue, net (note 3)	553,227	559,409
Other revenue	26,315	23,869
Net assets released from restrictions for operations	1,113	1,473
Total operating revenue	580,655	584,751
Operating expenses (note 5):		
Salaries and wages	284,979	277,873
Employee benefits (notes 2 and 7)	63,659	60,956
Supplies and other (note 9)	179,539	176,406
Interest	10,003	10,263
Provider tax (note 3)	17,227	17,477
Depreciation and amortization	25,229	24,744
Total operating expenses	580,636	567,719
Income from operations	19	17,032
Nonoperating gains, net (notes 4, 6 and 13)	32,102	10,078
Excess of revenue over expenses before discontinued operations and loss on refinancing of debt	32,121	27,110
Loss on refinancing of debt (note 6)	(1,763)	–
Discontinued operations (note 12)	(73)	(1,994)
Excess of revenue over expenses	$ 30,285	$ 25,116

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2012 and 2011
(In thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances at January 1, 2011	$324,114	$ 14,137	$ 7,318	$345,569
Excess of revenue over expenses	25,116	–	–	25,116
Net change in unrealized gains on investments (note 4)	–	1	–	1
Restricted contributions and investment income	–	1,140	5	1,145
Net assets released from restrictions	451	(1,924)	–	(1,473)
Adjustment to long-term pension liability (note 7)	(10,233)	–	–	(10,233)
Change in fair value of beneficial interest in perpetual trusts	–	–	(183)	(183)
	15,334	(783)	(178)	14,373
Balance at December 31, 2011	339,448	13,354	7,140	359,942
Excess of revenue over expenses	30,285	–	–	30,285
Net change in unrealized gains on investments (note 4)	–	100	–	100
Restricted contributions and investment income	–	2,735	1	2,736
Net assets released from restrictions	601	(1,834)	–	(1,233)
Adjustment to long-term pension liability (note 7)	1,855	–	–	1,855
Reclassification	–	1,350	(1,350)	–
Change in fair value of beneficial interest in perpetual trusts	–	–	201	201
	32,741	2,351	(1,148)	33,944
Balance at December 31, 2012	$372,189	$ 15,705	$ 5,992	$393,886

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2012 and 2011
(In thousands)

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ 33,944	$ 14,373
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net realized and change in unrealized appreciation on investments	(19,540)	4,325
Net gain from joint ventures	(1,407)	(1,161)
Restricted contributions and investment income	(2,736)	(1,145)
Depreciation and amortization	25,502	25,282
Provision for bad debts	24,106	28,315
Loss on refinancing of debt	1,763	–
Adjustment to long-term pension liability	(1,855)	10,233
Loss (gain) on sale of property, plant and equipment	176	(237)
Changes in operating assets and liabilities:		
Accounts receivable	(19,329)	(29,275)
Inventories, prepaid expenses and other current assets	5,090	(8,925)
Other assets	4,075	(5,736)
Accounts payable, accrued expenses and other liabilities	(41)	(7,859)
Estimated third-party payor settlements, net	(1,570)	4,515
Professional liability loss reserves	(12,541)	10,829
Net cash provided by operating activities	35,637	43,534
Cash flows from investing activities:		
Purchases of investments and assets whose use is limited or restricted	(129,284)	(141,781)
Sales of investments and assets whose use is limited or restricted	98,154	130,712
Proceeds from sale of property, plant and equipment	504	1,167
Purchases of property, plant and equipment	(19,352)	(28,994)
Net cash used by investing activities	(49,978)	(38,896)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	73,916	1,470
Payments on long-term debt	(8,228)	(7,975)
Payments on line of credit	(1,039)	(111)
Amounts paid to refinance debt	(42,027)	–
Bond premium	899	–
Bond issuance costs	(1,239)	–
Restricted contributions and investment income	2,736	1,145
Net cash provided (used) by financing activities	25,018	(5,471)
Increase (decrease) in cash and cash equivalents	10,677	(833)
Cash and cash equivalents, beginning of year	42,115	42,948
Cash and cash equivalents, end of year	$ 52,792	$ 42,115
Supplemental disclosure:		
Cash paid for interest (including capitalized interest of $674 and $494 in 2012 and 2011, respectively)	$ 10,746	$ 10,887

See accompanying notes.

1. Organization

Covenant Health Systems, Inc. (Covenant) is organized to coordinate the corporate, administrative, clinical and service strengths and potentials of its member organizations. Covenant functions as the parent company to its member organizations which include St. Joseph Hospital of Nashua NH (Nashua), St. Mary's Health System, St. Joseph Healthcare Foundation and Subsidiaries (Bangor), Youville Lifecare, Inc., Youville House, St. Andre Health Care Facility, Mary Immaculate Health Care Services, Inc., Fanny Allen Corporation, Fanny Allen Holdings, St. Joseph Manor Health Care, Inc., CHS of Waltham, Inc. d/b/a Maristhill (Maristhill), CHS of Worcester, Inc. d/b/a St. Mary Health Care Center, St. Mary's Villa Nursing Home, Inc., Covenant Health Systems Insurance Ltd. (CHSIL), Providentia Prima Trust (Providentia Prima), Youville Place and Helping Hands of St. Marguerite All member organizations are providers of health care services except CHSIL, which is licensed to write professional and general liability insurance for the other member organizations; Fanny Allen Corporation and Fanny Allen Holdings, foundations; and Providentia Prima, which is a unitized investment trust. Covenant and its member organizations, and their various related entities are collectively referred to herein as the "System." The System provides acute, long-term and other health care services to patients and residents in New England and Pennsylvania.

In 2011, St. Joseph Hospital of Nashua, New Hampshire discontinued operations of three of its divisions. In 2012, Helping Hands of St. Marguerite was discontinued.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of accounts receivable, estimated third-party payor settlements, professional liability loss reserves and self-insurance reserves (included in accrued expenses and other liabilities).

2. Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist of cash and cash equivalents, accounts receivable, investments and estimated third-party payor settlements. At December 31, 2012 and 2011, the System had cash balances in several financial institutions that exceeded federal depository insurance limits; however, management believes the credit risk related to these financial instruments is minimal. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. Estimated third-party payor settlements are primarily comprised of amounts due from state and federal agencies as well as commercial insurers. The System does not expect any credit losses from net recorded amounts. Net accounts receivable represent net receivables from patients and third-party payors for services provided by the System. Patient accounts receivable from the Medicare and Medicaid programs comprise approximately 44% and 45% of receivables at December 31, 2012 and 2011, respectively The System's investments consist of diversified investments and, while subject to market risk, are not subject to concentrations in any sectors. Revenues from the Medicare and Medicaid programs accounted for approximately 55% and 53% of the System's gross patient service revenues for the years ended December 31, 2012 and 2011, respectively, and revenues with Anthem accounted for approximately 15% of gross patient service revenues for 2012 and 2011.

Income Taxes

Covenant and its member organizations are considered not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as noted below.

St. Joseph Hospital Corporate Services, Inc., a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes.

CHSIL, a wholly-owned subsidiary, is subject to taxation in the Cayman Islands. No income taxes are levied in the Cayman Islands and CHSIL has been granted an exemption for any taxes that might be introduced. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. The System has evaluated the positions taken on its filed tax returns. The System has concluded no uncertain income tax positions exist at December 31, 2012.

Principles of Consolidation

The consolidated financial statements of the System include the accounts of Covenant and its member organizations. Significant intercompany accounts and transactions have been eliminated in consolidation.

2. **Significant Accounting Policies (Continued)**

Temporarily and Permanently Restricted Net Assets

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 (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for property, plant and equipment (for capital-related items). Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity.

Statement of Operations

Transactions deemed by management to be ongoing, major or central to the provision of the services offered by the System are reported as operating revenue and operating expenses. Other transactions, which primarily include certain types of investment income and unrestricted contributions, are reported as nonoperating gains.

Management has determined that the net result of the CHSIL insurance operations should be reported in the consolidated nonoperating portion of the income statement and the actuarially determined premium paid by the insured (member organization) should remain as an operating expense. The operating results of Providentia Prima are the net result of investment operations and are reported in the consolidated nonoperating portion of the income statement. The operations of Fanny Allen Corporation and Fanny Allen Holdings are that of a foundation and have been included in nonoperating gains on the consolidated statement of operations.

Excess of Revenue over Expenses

The consolidated statements of operations include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include 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) and pension liability adjustments other than net periodic pension cost.

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 due to future audits, reviews and investigations. Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in estimated settlements from third-party payors and other changes from prior years resulted in a net increase of $3,645 and $3,600 to net patient service revenue for the years ended December 31, 2012 and 2011, respectively.

2. **Significant Accounting Policies (Continued)**

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenue.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments which have a maturity of three months or less when purchased.

Beneficial Interest in Perpetual Trust

The System is the beneficiary of several trust funds administered by trustees or other third parties. Trusts, wherein the System has an irrevocable right to receive the income earned on the trust assets in perpetuity, are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt and are included in donor-restricted funds in the consolidated balance sheet. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in market value of the trusts are recorded as increases or decreases to permanently restricted net assets.

Accounts Receivable

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the reserve for doubtful accounts. Accounts deemed uncollectible are charged off against the established reserve.

Inventories

Inventories of pharmaceuticals and medical supplies are carried at the lower of cost (determined primarily by the first-in, first-out method) or market.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, or if donated, at fair market value at time of donation, less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provision for depreciation is determined by the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives.

2. Significant Accounting Policies (Continued)

The System reviews its long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Upon determination that an impairment has occurred, these assets are reduced to fair value. No such impairment losses have been recognized to date. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less the cost to dispose.

Gifts of long-lived assets such as property or equipment are reported as unrestricted support and are excluded from the excess of revenue over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Depreciation expense for the years ended December 31, 2012 and 2011 was $25,422 and $25,305, respectively.

Conditional Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with the Accounting Standards (the Standards) for *Accounting for Asset Retirement Obligations* (ASC 410-20). When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of operations

As of December 31, 2012 and 2011, $7,640 and $7,695, respectively, of conditional asset retirement obligations are included within other liabilities on the consolidated balance sheet.

Deferred Financing Costs/Original Issue Discount

Deferred financing costs and the original issue discount and premium related to the System's bonds payable are being amortized by the effective interest method over the repayment period of the bonds. The original issue discount or premium is presented as a reduction or increase, respectively, of the face amount of bonds payable.

2. Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include certain assets set aside by the Board of Directors to provide for the future replacement of property, plant and equipment. These assets are reported as Board-designated funds and other long-term investments. Also, under certain debt agreements, the System is required to maintain assets which have been segregated as externally designated trustee funds. Donor-restricted and other long-term investments include amounts donated for endowments, other special purpose funds and certain internal designations by members of the System.

Investments and Investment Income

Investments in equity securities with readily determinable market values and all investments in debt securities are recorded at fair market value. At December 31, 2012 and 2011, the System held interests in certain funds and common trusts, which are also referred to as alternative investments. Interests in the alternative investments are generally recorded at fair market value based on the System's ownership share and rights of the investments.

The valuation of the alternative investments is estimated by management based on fair values provided by external investment managers. Covenant reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value at December 31, 2012 and 2011, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the fund.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investment securities are determined by the specific identification method.

Investment income earned on unrestricted investments is reported as nonoperating gains. Investment income on restricted investments is reported as nonoperating gains unless specifically restricted by the donor or state law, in which case it is reported as an increase in temporarily or permanently restricted net assets.

Donor-Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value at the date the promise is received based on the present value of their estimated future cash flows. The discount on those amounts is computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

2. **Significant Accounting Policies (Continued)**

Conditional promises to give and indications of intentions to give are not recognized until the related conditions have been met. 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 statement of operations as net assets released from restrictions.

Professional Liability Loss Contingencies

CHSIL is a wholly-owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional and general liability insurance. The System insures its professional risks on a claims made basis and general liability risks on an occurrence basis through CHSIL.

Estimated liability costs, as calculated by the System's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as a provision for claims incurred but not reported. Estimated malpractice liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed, and necessary adjustments are reflected in the consolidated statement of operations in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided.

In accordance with Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), the System recorded a liability of $1,746 and $6,094 related to estimated professional liability losses at December 31, 2012 and 2011, respectively. The System also recorded a receivable of $1,746 and $6,094 related to estimated recoveries under insurance coverage for recoveries of the potential losses at December 31, 2012 and 2011, respectively.

The System estimates that the expected claims liabilities at December 31, 2012 and 2011 are $20,588 and $33,129, respectively. The System maintains malpractice insurance coverage on a claims made basis. At December 31, 2012, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accrual. The System intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

Self-Insurance Reserves

Certain members of the System are self-insured for workers' compensation and employee healthcare benefits. These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred.

2. **Significant Accounting Policies (Continued)**

Retirement Plans

The System's members sponsor several defined contribution retirement plans which cover substantially all employees who have met certain eligibility requirements of the respective plans. Contributions to the defined contribution plans are discretionary and are based upon certain percentages of eligible income. Expenses related to the defined contribution plans were $3,365 and $3,085 for 2012 and 2011, respectively. In addition, Nashua and Bangor have defined benefit pension plans. See Note 7 for further information on the defined benefit plans. The System maintains a supplemental executive retirement plan (SERP) for certain executives. Expenses related to the SERP were approximately $402 and $390 for the years ended December 31, 2012 and 2011, respectively.

Deferred Compensation

The System has recorded its obligations under deferred compensation agreements with certain physicians and employees of $10,694 and $10,557 at December 31, 2012 and 2011, respectively, at the net present value of benefits earned.

Fair Value of Financial Instruments

The carrying amounts of the System's financial instruments as reported in the accompanying consolidated balance sheets, other than long-term debt, approximate fair value.

New Accounting Standards

In 2012, the System adopted the provisions of Accounting Standards Updates (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires health care entities to change the presentation of the statement of operations by reclassifying the provision for doubtful accounts from an operating expense to a deduction from patient service revenues.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through April 25, 2013 which is the date the financial statements were available to be issued.

(In thousands)

3. Net Patient Service Revenue

The System maintains contracts with Medicare and several State agencies (Medicaid). The System is paid a prospectively determined fixed price for each inpatient and outpatient service depending on the type of illness and the patient's applicable diagnostic classification. The System also receives some minor level of payments from Medicare and Medicaid for services which are settled upon filing and audit of its annual cost reports.

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes discounts from established charges and per diem daily rates.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Revenues from third-party payors and the uninsured are summarized as follows at December 31:

	2012	2011
Medicare	$220,420	$227,258
Medicaid	110,508	101,103
Commercial	198,993	208,337
Patients	47,412	51,026
	577,333	587,724
Provision for bad debt	(24,106)	(28,315)
	$553,227	$559,409

Net patient service revenue consists of the following for the years ended December 31:

	2012	2011
Gross patient service revenue	$1,188,799	$1,171,232
Contractual adjustments	(585,768)	(562,435)
Charity care	(25,698)	(21,073)
	$ 577,333	$ 587,724

3. Net Patient Service Revenue (Continued)

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts for self-pay patients increased from 37% of accounts receivable at December 31, 2011 to 39% of accounts receivable at December 31, 2012. The System's provision for bad debt decreased from $28,315 in 2011 to $24,106 in 2012. The increase/decrease in the allowance as a percentage of self-pay accounts receivable and provision for bad debt was a result of collection trends.

The consolidated balance sheet includes amounts due from the State of Maine under the MaineCare program. The amounts recorded from the State have been determined based upon applicable regulations and the System expects that these amounts will ultimately be paid in full. Due to the complex nature of such regulations, there is at least a reasonable possibility that recorded estimates will change by a material amount.

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.5% of net patient service revenues, with certain exclusions. Through June 30, 2010, the MET was offset by disproportionate share payments of identical amounts. In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding retroactive to July 1, 2010. In 2012, no disproportionate share payments were received. In 2011, disproportionate share payments totalled $2,816. The amount of tax incurred by Nashua for fiscal 2012 and 2011 was $8,078 and $8,998, respectively.

The State of Maine also assesses a provider tax similar to New Hampshire, with disproportionate share funding partially offsetting the tax.

3. Net Patient Service Revenue (Continued)

The estimated third-party payor settlements reflected on the balance sheet represent the estimated net amounts to be received or paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (CMS), Medicaid and any commercial payors with settlement provisions. Settlements have been issued through 2004 for Medicare and Medicaid. Anthem settlements are final through 2011.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The System believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to the System. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known.

Community Benefits

The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenue. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Under this methodology, the estimated costs of caring for charity care patients for the years ended December 31, 2012 and 2011 were $11,072 and $9,117, respectively.

As part of the System's charitable mission, its member organizations also provide services which primarily benefit the medically under-served in their communities. The System prepares an annual report utilizing the methodology contained in the Catholic Health Association's Guide to Planning and Reporting Community Benefit. The net unsponsored costs of charity care including clinics, unreimbursed Medicaid cost, outreach programs and community health education programs provided by the System for the years ended December 31, 2012 and 2011 were $38,402 and $36,273, respectively. Additionally, the System calculates the amount of costs not reimbursed by the Federal Medicare program. Those unreimbursed costs were $44,727 in 2012 and $46,764 in 2011.

4. Investments

Investments, which are reported at fair value, consist of the following at December 31:

	2012	2011
Investments	$ 65,618	$ 99,139
Assets whose use is limited or restricted	285,531	201,340
Total investments	$351,149	$300,479

Fair Value Measurements

Financial assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Assets classified as Level 1 represent items that are traded in active exchange markets and for which valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. Assets classified as Level 1 include cash and cash equivalents, marketable equity securities and mutual funds.

Level 2 - Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. Assets classified as Level 2 include U.S. Government securities, pooled-fixed income, corporate bonds, guaranteed investment contracts and cash surrender value of life insurance policies.

Level 3 -- Valuations for assets that are derived from other valuation methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions in determining the fair value assigned to such assets. Assets classified as Level 3 include alternative investments and beneficial interests in perpetual trusts.

In determining the appropriate levels, the System performs a detailed analysis of the valuation methodology of the assets. At each reporting period, all assets for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

(In thousands)

4. **Investments (Continued)**

The following presents the balances of assets measured at fair value on a recurring basis at December 31:

	Level 1	Level 2	Level 3	Total
2012:				
Cash and cash equivalents	$ 55,653	$ –	$ –	$ 55,653
U.S. Government securities	–	47,925	–	47,925
Pooled – fixed income	–	9,174	–	9,174
Corporate bonds	–	3,682	–	3,682
Guaranteed investment contracts	–	296	–	296
Marketable equity securities:				
Conglomerates	102	–	–	102
Consumer discretionary	6,978	–	–	6,978
Consumer staples	5,406	–	–	5,406
Energy	7,149	–	–	7,149
Financial services	10,526	–	–	10,526
Healthcare	8,316	–	–	8,316
Industrial	6,915	–	–	6,915
Technology	11,629	–	–	11,629
Materials	2,735	–	–	2,735
Telecommunications	1,827	–	–	1,827
Utilities	2,048	–	–	2,048
Exchange traded funds	1,143	–	–	1,143
Alternative investments	–	–	45,377	45,377
Mutual funds:				
Equity funds	102,350	–	–	102,350
Fixed income funds	3,035	–	–	3,035
International equity funds	5,792	–	–	5,792
Accrued interest and other	642	–	–	642
Beneficial interest in perpetual trusts	–	–	4,833	4,833
Cash surrender value of life insurance policies	–	7,616	–	7,616
	$232,246	$68,693	$50,210	$351,149
	66%	20%	14%	100%

(In thousands)

4. **Investments (Continued)**

	Level 1	Level 2	Level 3	Total
2011:				
Cash and cash equivalents	$ 48,448	$ –	$ –	$ 48,448
U.S. Government securities	–	33,440	–	33,440
Pooled – fixed income	–	1,943	–	1,943
Corporate bonds	–	8,239	–	8,239
Guaranteed investment contracts	–	54	–	54
Marketable equity securities:				
Consumer discretionary	6,845	–	–	6,845
Consumer staples	6,938	–	–	6,938
Energy	7,696	–	–	7,696
Financial services	8,836	–	–	8,836
Healthcare	8,568	–	–	8,568
Industrial	7,879	–	–	7,879
Technology	11,215	–	–	11,215
Materials	2,930	–	–	2,930
Pooled - equity	3,206	–	–	3,206
Telecommunications	1,712	–	–	1,712
UIT/Reits	558	–	–	558
Utilities	2,193	–	–	2,193
Alternative investments	–	–	40,630	40,630
Mutual funds:				
Equity funds	67,898	–	–	67,898
Fixed income funds	8,516	–	–	8,516
International equity funds	4,820	–	–	4,820
Accrued interest and other	6,456	–	–	6,456
Beneficial interest in perpetual trusts	–	–	4,427	4,427
Cash surrender value of life insurance policies	–	7,032	–	7,032
	$204,714	$50,708	$45,057	$300,479
	68%	17%	15%	100%

The change in fair value of Level 3 investments is due to the following:

	Perpetual Trusts	Alternative Investments
Balance at December 31, 2011	$4,427	$40,630
Purchases	–	6,670
Sales	–	(5,532)
Realized gains on investments	–	645
Unrealized gains on investments	406	2,964
Balance at December 31, 2012	$4,833	$45,377

(In thousands)

4. Investments (Continued)

	Perpetual Trusts	Alternative Investments
Balance at December 31, 2010	$4,659	$39,173
Purchases	–	11,642
Sales	–	(9,016)
Realized gains on investments	–	34
Unrealized losses on investments	(232)	(1,203)
Balance at December 31, 2011	$4,427	$40,630

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations.

The principal components of total investment return for the years ended December 31 include:

	2012	2011
Investment income:		
Interest and dividends	$ 6,064	$ 2,975
Net realized gains on sales of securities	6,138	884
Net unrealized gains (loss) on investments	13,402	(5,209)
Gain (loss) on fair value of investments	19,540	(4,325)
Investment income and gains (losses)	$25,604	$ (1,350)

All unrestricted investment income and gains or (losses) including unrealized gains are included as part of nonoperating gains or discontinued operations in the statement of operations.

5. Functional Expenses

The System provides acute and long-term health care services. Expenses related to providing these services are as follows for the years ended December 31:

	2012	2011
Health care services	$375,966	$366,429
General and administrative	204,670	201,290
	$580,636	$567,719

6. Lines of Credit and Long-Term Debt (Continued)

The Series 2004A bonds bear interest at rates ranging from 2.0% to 5.375% and mature in varying annual amounts to 2023. The Series 2004A bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's and d'Youville Pavilion. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

In October 2007, St. Mary's issued additional Revenue Bonds (Series 2007B) through MHHEFA in the amount of $6,241 for purposes of funding capital expenditures (balance at December 31, 2012 and 2011, $5,851 and $5,986, respectively).

The 2007B bonds bear interest at rates ranging from 4.0% to 5.0% and mature in varying annual amounts to 2037. The bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

In June 2010, St. Mary's issued additional revenue bonds (Series 2010B) through MHHEFA in the amount of $7,222 (balance at December 31, 2012 and 2011, $6,712 and $6,972, respectively). The proceeds of the 2010B Bonds were used to refinance previously issued revenue bonds. The 2010B Bonds bear interest at varying rates with an average rate of 4.55% and mature in varying annual amounts to 2031. The bonds are collateralized by substantially all the assets of St. Mary's.

The Series 2004A, 2007B and 2010B Bonds also require that St. Mary's satisfy certain measures of financial performance (including a minimum debt service coverage ratio of 1.2 for each year) as long as the bonds are outstanding.

In accordance with the terms of the respective debt agreements, St. Mary's and d'Youville Pavilion are also required to maintain certain funds on deposit with a trustee. These funds are included as funds held by trustees in the accompanying balance sheets.

In 2009, St. Mary's issued additional revenue bonds through the Finance Authority of Maine in the amount of $5,300 (balance at December 31, 2012 and 2011, $4,464 and $4,730, respectively) for the purpose of funding capital expenditures. The bonds mature in 2020, bear interest at a variable rate and are subject to an interest rate swap agreement.

St. Mary's Residences has a mortgage payable to Maine State Housing Authority of $2,651 and $2,707 with an interest rate of 7.5% at December 31, 2012 and 2011, respectively. The mortgage matures in July 2023 and is collateralized by real property.

St. Mary's Health System and Bangor have additional mortgages payable to various financial institutions of approximately $6.5 million and $8 million at December 31, 2012 and 2011, respectively.

Through its acquisition of Bangor, the System acquired a note payable to MHHEFA; Series 2010B – outstanding balance of $10,250 and $10,965 at December 31, 2012 and 2011, respectively. The bonds bear interest at rates ranging from 2.5% to 5% and mature in varying amounts through 2026.

(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

Mary Immaculate Residential Communities I-III have mortgages payable to the Department of Housing and Urban Development and Midland Loans Services, Inc., collateralized by their real property. Total amounts payable are $9,037 and $9,326 and interest rates range from 6.10% to 6.875% at December 31, 2012 and 2011, respectively.

St. Mary's Villa Nursing Home, Inc. has a mortgage payable to the Rural Housing Service, US Department of Agriculture of $2,030 and $2,109 with an interest rate of 4.75% at December 31, 2012 and 2011, respectively. The mortgage matures in July 2029 and is collateralized by real property.

St. Mary's Villa Nursing Home, Inc. has a mortgage payable to Penn Security Bank of $700 and $780 with an interest rate of 4.76% at December 31, 2012 and 2011, respectively. The mortgage matures in February 2020 and is collateralized by real property.

Maturities on long-term debt for the five years ending December 31 and thereafter are as follows:

2013	$ 8,654
2014	9,145
2015	7,967
2016	8,064
2017	7,963
Thereafter	189,002
	$230,795

The fair value of the System's long-term debt at December 31, 2012 and 2011 was approximately $223,850 and $212,647, respectively.

Nashua has entered into an agreement with two other hospitals whereby it has guaranteed one-third of the principal borrowed and interest accrued thereon by Nashua Regional Cancer Center (NRCC). NRCC is a not-for-profit entity in which Nashua is a one-third investor. The outstanding principal on the promissory note bears interest at a variable rate based upon the average market rate of the weekly floater rates, as defined in the agreement. The outstanding principal amount owed by NRCC amounted to $2,230 and $3,020 at December 31, 2012 and 2011, respectively.

7. Defined Benefit Pension Plan

Nashua has a noncontributory defined benefit plan covering all of its eligible employees and those of Souhegan Home and Hospice. The measurement date is December 31.

Effective June 2, 2007, plan participation was frozen for new participants. Benefit service and plan compensation have been frozen effective December 31, 2007. A defined contribution plan replaced the defined benefit plan for Nashua and Souhegan Home and Hospice Care, Inc. A curtailment to the retirement plan for employees of Nashua and Souhegan Home and Hospice Care, Inc. was recorded as of December 31, 2007.

(In thousands)

7. **Defined Benefit Pension Plan (Continued)**

Net periodic pension cost includes the following components for the years ended December 31:

	2012	2011
Interest cost on projected benefit obligation	$ 1,388	$ 1,598
Expected return on plan assets	(1,761)	(2,287)
Amortization of loss	1,456	873
Net periodic pension expense	$ 1,083	$ 184

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	2012	2011
Accumulated benefit obligation	$35,299	$32,525
Changes in projected benefit obligations:		
Projected benefit obligations, beginning of period	$32,525	$29,553
Interest cost	1,388	1,598
Benefits paid	(824)	(2,672)
Impact of assumption changes	1,553	3,490
Experience loss	657	556
Projected benefit obligations, end of period	35,299	32,525
Changes in plan assets:		
Fair value of plan assets, beginning of period	25,228	28,162
Actual return on plan assets	4,106	(262)
Benefits paid	(824)	(2,672)
Fair value of plan assets, end of period	28,510	25,228
Funded status	$(6,789)	$(7,297)

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31:

	2012	2011
Discount rate used to determine net periodic pension cost	4.30%	5.54%
Discount rate used to determine benefit obligation	4.05	4.30
Rate of increase in future compensation levels	N/A	N/A
Expected long-term rate of return on plan assets	7.50	8.00

(In thousands)

7. **Defined Benefit Pension Plan (Continued)**

The following is a summary of the allocation of plan assets for the years ended December 31:

	2012	2011
Cash and cash equivalents	$ 437	$ 207
Mutual funds:		
Equity funds	15,505	14,007
Fixed income funds	8,357	6,790
International equity funds	4,211	4,224
	$28,510	$25,228

All pension assets are considered to be Level 1 assets (as defined in Note 4).

In selecting the expected long-term rate of return on assets, Nashua considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan. This includes considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

Nashua and affiliates expect to make no contributions to its defined benefit pension plan during the year ended December 31, 2013.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2013	$ 1,042
2014	2,407
2015	1,670
2016	2,005
2017	2,119
2018 through 2022	14,647

Bangor has a noncontributory defined benefit plan covering all of its eligible employees of St. Joseph Healthcare Foundation, other affiliates and the Hospital. The measurement date is December 31.

Effective January 1, 2004, plan participation was frozen for new participants. Current participants who qualify under the rule of 60 (combination of age plus years of service) may elect to continue to participate in the plan or to participate in a separate defined contribution plan sponsored by Bangor. Those current participants which do not qualify to continue to participate under the rule of 60, will retain their vested position in the plan but will only be eligible to participate in the defined contribution plan. No new participants will be eligible to participate in the plan. In 2011, Bangor elected to freeze the plan for purposes of benefit services and plan compensation effective June 30, 2012. A curtailment to the retirement plan was recorded as of December 31, 2011.

(In thousands)

7. Defined Benefit Pension Plan (Continued)

Net periodic pension cost includes the following components for the years ended December 31:

	2012	2011
Service cost	$ 173	$ 307
Interest cost on projected benefit obligation	1,079	1,174
Expected return on plan assets	(1,134)	(1,253)
Net periodic pension expense	$ 118	$ 228

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	2012	2011
Accumulated benefit obligation	$26,817	$25,406
Changes in projected benefit obligations:		
Projected benefit obligations, beginning of period	$25,568	$ 21,472
Service cost	173	307
Interest cost	1,079	1,174
Benefits paid	(792)	(722)
Experience loss	789	3,337
Projected benefit obligations, end of period	26,817	25,568
Changes in plan assets:		
Fair value of plan assets, beginning of period	16,402	16,271
Actual return on plan assets	2,185	78
Employer contributions	775	775
Benefits paid	(792)	(722)
Fair value of plan assets, end of period	18,570	16,402
Funded status	$ (8,247)	$ (9,166)

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31:

	2012	2011
Discount rate used to determine net periodic pension cost	4.30%	5.54%
Discount rate used to determine benefit obligation	4.05	4.30
Expected long-term rate of return on plan assets	7.50	8.00
Rate of increase in future compensation levels	3.50	3.50

(In thousands)

7. Defined Benefit Pension Plan (Continued)

The following is a summary of the allocation of plan assets for the years ended December 31:

	2012	2011
Mutual funds:		
Equity funds	$10,986	$ 9,791
Fixed income funds	7,584	6,611
	$18,570	$16,402

All pension assets are considered to be Level 1 assets (as defined in Note 4).

The target allocation percentage for investments is designed to meet the expected return on plan assets. The plan trustee evaluates its target allocation periodically in relation to market performance and overall market conditions. The plan does not allow for the purchase of derivatives and the overall goal is to provide for adequate investment growth, along with contributions, to provide adequate funding to meet plan obligations on a current and projected basis.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2013	$ 991
2014	1,080
2015	1,185
2016	1,277
2017	1,387
2018 through 2022	7,920

8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2012	2011
Health care services	$ 1,899	$ 1,833
Equipment and capital improvements	10,528	9,777
Education and scholarships	860	824
Designated for certain communities	2,418	920
	$15,705	$13,354

(In thousands)

8. Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets are restricted to the following at December 31:

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support various health care services	$ 1,809	$ 1,808
Investments to be held in perpetuity, the income from which is unrestricted	853	2,203
Beneficial interest in perpetual trust	3,330	3,129
	$ 5,992	$ 7,140

9. Lease Commitments

Rent expense, primarily for facilities, for the years ended December 31, 2012 and 2011 was $5,313 and $4,055, respectively. Aggregate future lease commitments for facility and equipment under noncancelable operating leases for the years ended December 31 are as follows:

2013	$ 2,902
2014	2,233
2015	1,557
2016	1,271
2017	884
Thereafter	807
	$ 9,654

10. Investments in Joint Ventures

The System has ownership interests in joint ventures. All of the investments are accounted for under the equity method of accounting. The more significant investments in joint ventures are as follows:

The System has a 50% ownership interest in United Ambulance Services which has operations in Lewiston and Auburn, Maine. The investment has a carrying value of $2,433 and $2,329 at December 31, 2012 and 2011, respectively.

The System has a 33.3% ownership interest in Nashua Regional Cancer Center. The investment has a carrying value of $2,228 and $2,397 at December 31, 2012 and 2011, respectively.

(In thousands)

11. Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the System. The System intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claim is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the System.

Regulatory

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.

12. Discontinued Operations

During 2012, Helping Hands of St. Marguerite was discontinued. The statements of operations reflect a loss of $126 in discontinued operations.

During 2011, Nashua discontinued operations of three of its divisions (Granite State Mediquip, Rockingham Regional Ambulance and First Aid Home Care). The operating results for these programs have been reclassified to discontinued operations. The net amount reclassified was a gain (loss) of $53 and $(2,495) in 2012 and 2011, respectively.

During 2010, St. Mary's Health System discontinued operations of two of its divisions (Adolescent Group Home and Evergreen Behavioral). The operating results for these programs have been reclassified to discontinued operations. The net amount reclassified was a gain $501 in 2011.

The following is a reclassification of discontinued operations at December 31:

	2012	2011
Total operating revenue	$ 266	$ 8,349
Total operating expenses	(339)	(10,343)
Discontinued operations	$ (73)	$ (1,994)

13. Subsequent Event

In 2013, the System will acquire the land and buildings currently leased by St. Mary's Villa Nursing Home, Inc. and St. Joseph Manor Health Care, Inc., resulting in a payment of approximately $5,900.

INDEPENDENT AUDITORS' REPORT ON THE ADDITIONAL INFORMATION

Board of Trustees
Covenant Health Systems, Inc.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating 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.

Boston, Massachusetts
April 25, 2013

Limited Liability Company

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Mary's Health System	Fanny Allen Holdings	Covenant Health Systems Insurance LTD	St. Joseph Manor Health Care, Inc.	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc. I-III	St. Andre Health Care Facility	St Mary's Villa Nursing Home, Inc.	Helping Hands	Providentia Prima Trust	St. Joseph Healthcare Foundation	St Joseph Valuation Co.	Eliminations	System Consolidated
Assets															
Current assets:															
Cash and cash equivalents	$ 4,900	$ –	$ 2,726	$ 814	$ 1,352	$ 48	$ 345	$ 174	$ 5,186	$ –	$ 3,258	$ 11,297	$ –	$ (3,258)	$ 52,792
Accounts receivable	28,952	–	6	1,202	1 438	706	805	925	1,185	–	–	17,031	–	(5,043)	77,853
Allowance for doubtful accounts	(13,497)	–	–	(158)	(1,290)	(466)	–	(76)	(293)	–	–	(6,927)	–	–	(30,683)
Investments	2,762	–	–	–	–	–	–	–	1,780	–	–	13,351	–	–	65,618
Inventories	1,336	–	–	11	–	–	–	14	–	–	–	1,076	–	–	4,251
Prepaid expenses and other current assets	2,836	–	2,165	33	377	402	–	61	305	–	2,217	1,398	–	(2,359)	16,315
Estimated third-party payor settlements	18,087	–	–	–	–	–	–	–	322	–	–	4,820	–	–	23,334
Current portion of assets whose use is limited or restricted	–	–	–	22	–	–	91	27	–	–	–	729	–	–	4,532
Current portion of due from affiliates	–	–	–	–	–	–	–	–	–	–	–	–	–	(12 004)	–
Total current assets	45,376	–	4,897	1,924	1,877	690	1,041	1,125	8,485	-	5,475	42,775	–	(22,664)	214 012
Assets whose use is limited or restricted, less current portion:															
Funds held by trustees, less current portion	2,163	–	–	–	–	–	70	–	–	–	–	13,303	–	–	45,641
Deferred compensation	–	–	–	–	9,367	–	–	–	–	–	–	–	–	–	10,819
Board designated funds and other long-term investments	31,981	–	33,197	1,303	–	–	–	1,322	2,553	–	173,703	18	–	(173,703)	203,781
Replacement reserve	279	–	–	–	–	–	4,633	–	187	–	–	–	–	–	5 099
Donor restricted funds	3,685	–	–	–	–	–	–	–	370	–	–	3,344	–	–	15,859
Total assets whose use is limited or restricted, less current portion	38,108	–	33,197	1 303	9,367	–	4,703	1,322	3,110	–	173,703	16,665	–	(173,703)	280,999
Other assets:															
Other assets	2,020	–	–	–	697	–	274	14	10	–	–	592	(146)	(2,071)	6,526
Due from affiliates	–	–	–	–	91	–	–	–	–	–	–	–	–	(3,922)	–
Investments in joint ventures	2,544	–	–	–	928	–	–	–	–	–	–	1,719	(1,599)	(18,007)	9,701
Total other assets	4,564	–	–	–	1,716	–	274	14	10	–	–	2,311	(1 745)	(24,500)	16,227
Property, plant and equipment															
Land and improvements	5,685	716	–	–	1,644	–	106	559	473	–	–	3 628	2,778	–	20,747
Buildings and improvements	92,087	13,717	–	3,000	13,286	–	24,974	3,436	8,714	–	–	37,969	8,629	–	349,377
Equipment	47,866	–	–	2,187	5,288	–	1,077	2,994	2,814	–	–	32,941	149	–	182 650
Construction in progress	1,102	–	–	67	–	–	–	219	586	–	–	1,539	379	–	6,107
	146,740	14,433	–	5,254	20,218	–	26,157	7,208	12,587	–	–	76,077	11,935	-	558,881
Less accumulated depreciation	(74,528)	(12,655)	–	(3,367)	(9,903)	–	(16,602)	(4,487)	(6,104)	–	–	(48,852)	862	–	(316 504)
Total property, plant and equipment	72,212	1,778	–	1,887	10,315	–	9,555	2,721	6,483	–	–	27,225	12,797	–	242,377
Total assets	$ 160,260	$ 1,778	$ 38,094	$ 5,114	$ 23,275	$ 690	$ 15,573	$ 5,182	$ 18 088	$ –	$179,178	$ 88,976	$11,052	$(220,867)	$ 753,615

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St Mary's Health System	Fanny Allen Holdings	Covenant Health Systems Insurance LTD	St. Joseph Manor Health Care, Inc.	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St. Andre Health Care Facility	St. Mary's Villa Nursing Home, Inc.	Helping Hands	Providentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co.	Eliminations	System Consolidated
Liabilities and Net Assets															
Current liabilities															
Accounts payable	$ 3,368	$ –	$ 2	$ 256	$ 51	$ –	$ –	$ 521	$ 357	$ –	$ 2,447	$ 2,016	$ –	$ (2,583)	$ 10,956
Accrued expenses and other current liabilities	20,625	–	5,137	543	1,985	526	355	277	567	–	192	7,713	–	(5,192)	53,829
Estimated third-party payor settlements	–	–	–	157	–	–	–	–	–	–	–	6,830	–	–	9,044
Due to affiliates	–	–	–	–	90	–	561	–	45	–	–	–	–	(814)	–
Current portion of long-term debt and capital leases	2,945	–	–	–	154	–	309	231	167	–	–	2,115	–	(33)	8,654
Total current liabilities	26,938	–	5,139	956	2,280	526	1,225	1,029	1,136	–	2,639	18,676	–	(8,622)	82,483
Long-term debt and capital leases, less current portion	55,201	–	–	–	–	–	8,728	741	2,563	–	–	26,795	392	(3,832)	222,141
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	2,907	–	–	–	–	(2,565)	–
Other liabilities	812	–	–	–	8,262	–	48	59	17	–	–	–	–	–	19,481
Long-term pension obligation	–	–	–	–	–	–	–	–	–	–	–	8,247	–	–	15,036
Professional liability loss reserves	2,090	–	14,948	–	1,595	–	–	–	–	–	–	749	–	–	20,586
Total liabilities	85,041	–	20,087	956	12,137	526	10,001	1,829	6,623	–	2,639	54,467	392	(15,019)	359,729
Net assets															
Share capital	–	–	120	–	294,329	–	–	–	–	–	–	–	–	(294 449)	–
Unrestricted	71,590	1,778	17,887	4,113	–	164	(475)	3,353	11,112	–	–	31,165	10,660	(25,286)	372,189
Temporarily restricted	2,555	–	–	45	–	–	6,047	–	353	–	–	–	–	–	15,705
Permanently restricted	1,074	–	–	–	–	–	–	–	–	–	–	3,344	–	–	5,992
Retained earnings (deficit)	–	–	–	–	(283,191)	–	–	–	–	–	176,539	–	–	113 887	–
Total net assets	75,219	1,778	18,007	4,158	11,138	164	5,572	3,353	11,465	–	176,539	34,509	10,660	(205,848)	393,886
Total liabilities and net assets	$ 160,260	$ 1,778	$ 38,094	$ 5,114	$ 23,275	$ 690	$ 15,573	$ 5,182	$ 18,088	$ –	$ 179,178	$ 88,976	$ 11,052	$ (220,867)	$ 753,615

Covenant Health Systems, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St Mary's Health System	Fanny Allen Holdings	Covenant Health Systems Insurance LTD	St. Joseph Manor Health Care, Inc	St. Joseph Hospital Corporate Services, Inc.	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc. I-III	St. Andre Health Care Facility	St. Mary's Villa Nursing Home, Inc.	Helping Hands	Providentia Prima Trust	St. Joseph Healthcare Foundation	St. Joseph Valuation Co.	Eliminations	System Consolidated
Operating revenue:															
Patient service revenue, net of contractual allowances and discounts	$ 169,412	$ –	$ –	$ 11,203	$ 23,041	$ 5 926	$ –	$ 8,111	$ 13,356	$ –	$ –	$ 106,890	$ –	$ (869)	$577,333
Less provision for bad debt	(7 000)	–	–	(49)	(1,179)	43	–	(115)	(119)	–	–	(5,787)	–	–	(24,106)
Patient service revenue, net	162,412	–	–	11,154	21,862	5,969	–	7,996	13,237	–	–	101,103	–	(869)	553,227
Other revenue	9,044	–	–	411	1 547	39	3,666	21	17	–	–	4,528	–	(4,631)	26,315
Net assets released from restrictions	623	–	–	2	–	–	–	–	9	–	–	28	–	–	1,113
Total operating revenue	172,079	–	–	11,567	23,409	6,008	3,666	8,017	13,263	–	–	105,657	–	(5,500)	580,655
Operating expenses:															
Salaries and wages	90,745	–	–	5,903	22,495	3,327	602	3,960	6,436	–	–	47,889	–	–	284,979
Employee benefits	18,986	–	–	1,161	5,710	1,211	110	891	1,613	–	–	12,015	–	(2)	63,659
Supplies and other	56,623	–	–	3,374	6,413	2,207	1,230	2,519	3,587	–	–	39,792	–	(5 498)	179,539
Interest	3,004	–	–	3	9	–	571	61	152	–	–	778	(94)	–	10,003
Provider and other taxes	4,244	–	–	814	–	–	–	571	247	–	–	2,074	–	–	17,227
Depreciation and amortization	6,677	–	–	266	1,076	–	910	302	442	–	–	4,294	(337)	–	25,229
Total operating expenses	180,279	–	–	11,323	35,703	6,745	3,423	8,104	12,477	–	–	106,842	(431)	(5,500)	580,636
Income (loss) from operations	(8,200)	–	–	244	(12,294)	(737)	243	(87)	786	–	–	(1,185)	431	–	19
Nonoperating gains (losses), net	3,323	(214)	9,169	93	688	(2)	–	140	275	(6)	15,366	2,918	–	(12,244)	32,102
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	(4,877)	(214)	9,169	337	(11,606)	(739)	243	53	1,061	(6)	15,366	1,733	431	(12,244)	32,121
Loss on refinancing of debt	(468)	–	–	–	–	–	–	–	–	–	–	(23)	–	–	(1,763)
Discontinued operations	–	–	–	–	53	–	–	–	–	(126)	–	–	–	–	(73)
Excess (deficiency) of revenue over expenses	(5,345)	(214)	9,169	337	(11,553)	(739)	243	53	1,061	(132)	15,366	1,710	431	(12,244)	30,285
Other changes in unrestricted net assets:															
Net assets released from restrictions for property, plant and equipment	555	–	–	–	–	–	–	–	–	–	–	–	–	–	601
Adjustment for long-term pension liability	–	–	–	–	–	–	–	–	–	–	–	264	–	–	1,855
Dividend payment	–	–	(5,000)	–	–	–	–	–	–	–	–	–	–	5,000	–
Transfer among affiliates	–	(56)	–	–	11,165	857	–	418	–	20	15,877	–	–	(27,898)	–
Increase (decrease) in unrestricted net assets	$ (4,790)	$ (270)	$ 4,169	$ 337	$ (388)	$ 118	$ 243	$ 471	$ 1,061	$ (112)	$ 31,243	$ 1,974	$ 431	$ (35,142)	$ 32,741

St. Joseph Hospital of Nashua, NH Consolidating Balance Sheet December 31, 2012 (In thousands)	St. Joseph Hospital of Nashua, NH	The Surgi Center at St. Joseph Hospital, Inc.	Southegan Home and Hospice Care, Inc.	Elimi-nations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi-nations	St. Joseph Hospital Consolidated
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	$ 3,461	$ –	$ 5	$ (13)	$ 3,453	$ 51	$ –	$ (84)	$ 3,420
Accrued expenses and other current liabilities	15,555	–	354	–	15,909	1,985	526	–	18,420
Estimated third-party payor settlements	937	–	–	–	937	–	–	–	937
Due to affiliates	15	–	7	(7)	15	90	–	(14)	91
Current portion of long-term debt and capital leases	2,413	–	–	–	2,413	154	–	–	2,567
Total current liabilities	22,381	–	366	(20)	22,727	2,280	526	(98)	25,435
Long-term debt and capital leases, less current portion	97,140	–	–	–	97,140	–	–	–	97 140
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	–
Other liabilities	7,372	–	–	–	7,372	8,262	–	–	15,634
Long-term pension obligation	6,789	–	–	–	6,789	–	–	–	6,789
Professional liability loss reserves	1,076	–	–	–	1,076	1,595	–	–	2,671
Total liabilities	134,758	–	366	(20)	135,104	12,137	526	(98)	147,669
Net assets									
Share capital	–	–	–	–	–	294,329	–	(294,329)	–
Unrestricted	122,391	–	482	6 753	129,626	–	164	(7,399)	122,391
Temporarily restricted	691	–	679	–	1,370	–	–	–	1,370
Permanently restricted	364	–	39	–	403	–	–	–	403
Retained earnings (deficit)	–	–	–	(7 235)	(7,235)	(283,191)	–	290,426	–
Total net assets	123,446	–	1,200	(482)	124,164	11,138	164	(11,302)	124,164
Total liabilities and net assets	$ 258,204	$ –	$ 1,566	$ (502)	$ 259 266	$ 23,275	$ 690	$ (11,400)	$ 271,833

St. Joseph Hospital of Nashua, NH Consolidating Statement of Operations December 31, 2012 (In thousands)	St. Joseph Hospital of Nashua, NH	The Surgi Center at St. Joseph Hospital, Inc.	Souhegan Home and Hospice Care, Inc.	Elimi-nations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi-nations	St. Joseph Hospital Consolidated
Operating revenue:									
Patient service revenue, net of contractual allowances and discounts	$ 182,863	$ 4	$ 3,618	$ (271)	$ 186,214	$ 23,041	$ 5,926	$ (869)	$ 214,312
Less provision for bad debt	(9,630)	–	–	–	(9,630)	(1,179)	43	–	(10,766)
Patient service revenue, net	173,233	4	3,618	(271)	176,584	21,862	5,969	(869)	203,546
Other revenue	5,181	–	–	(80)	5 101	1,547	39	(788)	5,899
Net assets released from restrictions	232	–	–	–	232	–	–	–	232
Total operating revenue	178,646	4	3,618	(351)	181,917	23,409	6,008	(1,657)	209,677
Operating expenses									
Salaries and wages	68,828	–	2,585	–	71,413	22,495	3,327	–	97,235
Employee benefits	15,228	–	560	(252)	15,536	5,710	1,211	(2)	22 455
Supplies and other	56,232	–	561	(100)	56,693	6 413	2,207	(1,655)	63,658
Interest	3,107	–	–	–	3,107	9	–	–	3,116
Provider and other taxes	8,078	–	–	–	8,078	–	–	–	8,078
Depreciation and amortization	8,851	–	41	–	8,892	1,076	–	–	9,968
Total operating expenses	160,324	–	3,747	(352)	163,719	35,703	6,745	(1,657)	204,510
Income (loss) from operations	18,322	4	(129)	1	18,198	(12,294)	(737)	–	5,167
Nonoperating gains (losses), net	(4,320)	13	91	20	(4,196)	688	(2)	12,292	8,782
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	14,002	17	(38)	21	14,002	(11,606)	(739)	12,292	13,949
Loss on refinancing of debt	(346)	–	–	–	(346)	–	–	–	(346)
Discontinued operations	–	–	–	–	–	53	–	–	53
Excess (deficiency) of revenue over expenses	13,656	17	(38)	21	13,656	(11,553)	(739)	12,292	13,656
Other changes in unrestricted net assets:									
Net assets released from restrictions for property, plant and equipment	46	–	–	–	46	–	–	–	46
Adjustment for long-term pension liability	1,591	–	–	–	1,591	–	–	–	1,591
Transfer among affiliates	578	(6,817)	5	6,813	579	11,165	857	(12,022)	579
Increase (decrease) in unrestricted net assets	$ 15,871	$ (6,800)	$ (33)	$ 6,834	$ 15,872	$ (388)	$ 118	$ 270	$ 15,872

St. Joseph Hospital Corporate Services, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	SJ Physician Services	Elimi-nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	$ 18	$ 2	$ --	$ --	$ 102	$ (71)	$ 51
Accrued expenses and other current liabilities	229	15	--	--	1,741	--	1,985
Estimated third-pany payor settlements	--	--	--	--	--	--	--
Due to affiliates	--	--	--	--	94	(4)	90
Current portion of long-term debt and capital leases	--	154	--	--	--	--	154
Total current liabilities	247	171	--	--	1,937	(75)	2,280
Long-term debt and capital leases, less current portion	--	--	--	--	--	--	--
Due to affiliates, less current portion	--	--	--	--	--	--	--
Other liabilities	487	--	--	--	7,775	--	8,262
Long-term pension liability	--	--	--	--	--	--	--
Professional liability loss reserves	--	--	--	--	1,595	--	1,595
Total liabilities	734	171	--	--	11,307	(75)	12,137
Net assets:							
Share capital	151,410	5,567	--	--	137,356	(4)	294,329
Unrestricted	--	--	--	--	--	--	--
Temporarily restricted	--	--	--	--	--	--	--
Permanently restricted	--	--	--	--	--	--	--
Retained earnings	(5,482)	3,277	--	--	(135,362)	(145,624)	(283,191)
Total net assets	145,928	8,844	--	--	1,994	(145,628)	11,138
Total liabilities and net assets	$ 146,662	$ 9,015	$ --	$ --	$ 13,301	$(145,703)	$ 23,275

St. Joseph Hospital Corporate Services, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Medquip	Rockingham Regional Ambulance	S.J Physician Services	Elimi-nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
Operating revenue:							
Patient service revenue, net of contractual allowances and discounts	$ –	$ –	$ –	$ –	$ 23,041	$ –	$ 23,041
Less provision for bad debt	–	–	–	–	(1,179)	–	(1,179)
Patient service revenue, net	–	–	–	–	21,862	–	21,862
Other revenue	1,180	1,368	–	–	1,171	(2,172)	1,547
Net assets released from restrictions	–	–	–	–	–	–	–
Total operating revenue	1,180	1,368	–	–	23,033	(2,172)	23,409
Operating expenses:							
Salaries and wages	1,479	–	–	–	21,016	–	22,495
Employee benefits	382	–	–	–	5,328	–	5,710
Supplies and other	399	541	–	–	7,644	(2,171)	6,413
Interest	–	9	–	–	–	–	9
Provider and other taxes	–	–	–	–	–	–	–
Depreciation and amortization	69	370	–	–	637	–	1,076
Total operating expenses	2,329	920	–	–	34,625	(2,171)	35,703
Income (loss) from operations	(1,149)	448	–	–	(11,592)	(1)	(12,294)
Nonoperating gains (losses), net	470	–	–	158	60	–	688
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	(679)	448	–	158	(11,532)	(1)	(11,606)
Loss on refinancing of debt	–	–	–	–	–	–	–
Discontinued operations	–	–	(10)	63	–	–	53
Excess (deficiency) of revenue over expenses	(679)	448	(10)	221	(11,532)	(1)	(11,553)
Other changes in unrestricted net assets:							
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–
Adjustment for long-term pension liability	–	–	–	–	–	–	–
Transfer among affiliates	11,163	(708)	(2,948)	1,403	10,563	(8,300)	11,165
Increase (decrease) in unrestricted net assets	$ 10,484	$ (258)	$ (2,958)	$ 1,624	$ (969)	$ (8,301)	$ (388)

Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	Mary Immaculate Nursing	Mary Immaculate Adult Care	Mary Immaculate Management	Mary Immaculate Transportation	Mary Immaculate Eliminations	Total Obligated Mary Immaculate	MI Residential Comm	MI Residential Comm II	MI Residential Comm. III	Total MI Residential Comm.	Eliminations	Mary Immaculate Health Care Services, Inc. Consolidated
Liabilities and Net Assets												
Current liabilities:												
Accounts payable	$ 600	$ -	$ -	$ -	$ -	$ 600	$ -	$ -	$ -	$ -	$ -	$ 600
Accrued expenses and other current liabilities	966	67	103	11	-	1,147	135	122	98	355	-	1,502
Estimated third-party payor settlements	51	-	-	-	-	51	-	-	-	-	-	51
Due to affiliates	-	225	168	(26)	(396)	(29)	46	88	427	561	(535)	(3)
Current portion of long-term debt and capital leases	-	-	-	-	-	-	199	59	51	309	-	309
Total current liabilities	1,617	292	271	(15)	(396)	1,769	380	269	576	1,225	(535)	2,459
Long-term debt and capital leases, less current portion	-	-	-	-	-	-	1,661	3,784	3,283	8,728	-	8,728
Due to affiliates, less current portion	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	530	-	-	-	-	530	11	20	17	48	-	578
Long-term pension liability	-	-	-	-	-	-	-	-	-	-	-	-
Professional liability loss reserves	61	-	-	-	-	61	-	-	-	-	-	61
Total liabilities	2,208	292	271	(15)	(396)	2,360	2,052	4,073	3,876	10,001	(535)	11,826
Net assets												
Share capital	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	23,070	2,734	3,571	2,742	-	32,117	(1,757)	757	525	(475)	-	31,642
Temporarily restricted	3	3	-	-	-	6	6,047	-	-	6,047	-	6,053
Permanently restricted	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets	23,073	2,737	3,571	2,742	-	32,123	4,290	757	525	5,572	-	37,695
Total liabilities and net assets	$ 25,281	$ 3,029	$ 3,842	$ 2,727	$ (396)	$ 34,483	$ 6,342	$ 4,830	$ 4,401	$ 15,573	$ (535)	$ 49,521

Mary Immaculate Health Care Services, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	Mary Immaculate Nursing	Mary Immaculate Adult Care	Mary Immaculate Management	Mary Immaculate Transportation	Mary Immaculate Eliminations	Total Obligated Mary Immaculate	MI Residential Comm	MI Residential Comm. II	MI Residential Comm. III	Total MI Residential Comm.	Eliminations	Mary Immaculate Health Care Services, Inc. Consolidated
Operating revenue												
Patient service revenue, net of contractual allowances and discounts	$ 19,832	$ 2,243	$ 1,999	$ --	$ (445)	$ 23,629	$ --	$ --	$ --	$ --	$ --	$ 23,629
Less provision for bad debt	(240)	(20)	(15)	--	--	(275)	--	--	--	--	--	(275)
Patient service revenue, net	19,592	2,223	1,984	--	(445)	23,354	--	--	--	--	--	23,354
Other revenue	144	53	1,037	704	(807)	1,131	1,248	1,223	1,195	3,666	(154)	4,643
Net assets released from restrictions	7	2	--	--	--	9	--	--	--	--	--	9
Total operating revenue	19,743	2,278	3,021	704	(1,252)	24,494	1,248	1,223	1,195	3,666	(154)	28,006
Operating expenses:												
Salaries and wages	10,844	890	1,371	216	--	13,321	211	201	190	602	--	13,923
Employee benefits	2,031	178	257	36	--	2,502	41	35	34	110	--	2,612
Supplies and other	5,072	1,077	996	149	(1,252)	6,042	417	430	383	1,230	(154)	7,118
Interest	--	--	--	--	--	--	132	235	204	571	--	571
Provider and other taxes	136	--	--	--	--	136	--	--	--	--	--	136
Depreciation and amortization	716	22	7	30	--	775	502	229	179	910	--	1,685
Total operating expenses	18,799	2,167	2,631	431	(1,252)	22,776	1,303	1,130	990	3,423	(154)	26,045
Income (loss) from operations	944	111	390	273	--	1,718	(55)	93	205	243	--	1,961
Nonoperating gains (losses), net	913	214	280	187	--	1,594	--	--	--	--	--	1,594
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	1,857	325	670	460	--	3,312	(55)	93	205	243	--	3,555
Loss on refinancing of debt	--	--	--	--	--	--	--	--	--	--	--	--
Discontinued operations	--	--	--	--	--	--	--	--	--	--	--	--
Excess (deficiency) of revenue over expenses	1,857	325	670	460	--	3,312	(55)	93	205	243	--	3,555
Other changes in unrestricted net assets:												
Net assets released from restrictions for property, plant and equipment	--	--	--	--	--	--	--	--	--	--	--	--
Adjustment for long-term pension liability	--	--	--	--	--	--	--	--	--	--	--	--
Transfer among affiliates	--	--	--	--	--	--	--	--	--	--	--	--
Increase (decrease) in unrestricted net assets	$ 1,857	$ 325	$ 670	$ 460	$ --	$ 3,312	$ (55)	$ 93	$ 205	$ 243	$ --	$ 3,555

St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi-nations	St. Joseph Health System Consolidated
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	$ 2	$ 1,946	$ 35	$ 26	$ 9	$ –	$ –	$ 2,018
Accrued expenses and other current liabilities	2,124	4,710	1	668	209	1	–	7,713
Estimated third-party payor settlements	–	6,830	–	–	–	–	–	6,830
Due to affiliates	–	–	–	–	–	–	–	–
Current portion of long-term debt and capital leases	–	1,574	541	–	–	–	–	2,115
Total current liabilities	2,126	15,060	577	694	218	1	–	18,676
Long-term debt and capital leases, less current portion	–	25,404	785	606	–	–	–	26,795
Due to affiliates, less current portion	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	–	–	–	–
Long-term pension liability	1,020	7,227	–	–	–	–	–	8,247
Professional liability loss reserves	–	749	–	–	–	–	–	749
Total liabilities	3,146	48,440	1,362	1,300	218	1	–	54,467
Net assets								
Share capital	–	–	–	–	–	–	–	–
Unrestricted	2,435	23,060	4,994	551	125	4	(4)	31,165
Temporarily restricted	–	–	–	–	–	–	–	–
Permanently restricted	1,067	2,277	–	–	–	–	–	3,344
Retained earnings	–	–	–	–	–	–	–	–
Total net assets	3,502	25,337	4,994	551	125	4	(4)	34,509
Total liabilities and net assets	$ 6,648	$ 73,777	$ 6,356	$ 1,851	$ 343	$ 5	$ (4)	$ 88,976

St. Joseph Healthcare Foundation
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi-nations	St. Joseph Health System Consolidated
Operating revenue:								
Patient service revenue, net of contractual allowances and discounts	$ –	$ 98,928	$ –	$ 8,326	$ 1,836	$ –	$ –	$ 106,890
Less provision for bad debt	–	(5,558)	–	(221)	(8)	–	–	(5,787)
Patient service revenue, net	–	91,370	–	8,105	1,628	–	–	101,103
Other revenue	–	4,091	1,860	1,296	41	–	(2,762)	4,526
Net assets released from restrictions	28	–	–	–	–	–	–	28
Total operating revenue	28	95,461	1,860	9,401	1,669	–	(2,762)	105,657
Operating expenses:								
Salaries and wages	–	36,656	–	9,944	1,289	–	–	47,889
Employee benefits	–	9,510	–	2,113	392	–	–	12,015
Supplies and other	374	37,915	526	3,375	363	1	(2,762)	39,792
Interest	–	666	103	9	–	–	–	778
Provider and other taxes	–	2,074	–	–	–	–	–	2,074
Depreciation and amortization	–	3,587	418	288	1	–	–	4,294
Total operating expenses	374	90,408	1,047	15,729	2,045	1	(2,762)	106,842
Income (loss) from operations	(346)	5,053	813	(6,328)	(376)	(1)	–	(1,185)
Nonoperating gains (losses), net	701	2,022	2	14	56	1	122	2,918
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	355	7,075	815	(6,314)	(320)	–	122	1,733
Loss on refinancing of debt	–	(23)	–	–	–	–	–	(23)
Discontinued operations	–	–	–	–	–	–	–	–
Excess (deficiency) of revenue over expenses	355	7,052	815	(6,314)	(320)	–	122	1,710
Other changes in unrestricted net assets:								
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–	–
Adjustment for long-term pension liability	53	211	–	–	–	–	–	264
Transfer among affiliates	(1,174)	(3,032)	(2,224)	6,674	(122)	(122)	–	–
Increase (decrease) in unrestricted net assets	$ (766)	$ 4,231	$ (1,409)	$ 360	$ (442)	$ (122)	$ 122	$ 1,974

St. Mary's Health System
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neighborhood Housing Initiative	Eliminations	St. Mary's Health System Consolidated
Liabilities and Net Assets								
Current liabilities								
Accounts payable	$ 36	$ 2,943	$ 360	$ 17	$ 12	$ –	$ –	$ 3,368
Accrued expenses and other current liabilities	7,975	10,491	1,394	38	727	–	–	20,625
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Due to affiliates	130	–	–	–	–	–	(130)	–
Current portion of long-term debt and capital leases	265	1,953	670	57	–	–	–	2,945
Total current liabilities	8,406	15,387	2,424	112	739	–	(130)	26,938
Long-term debt and capital leases, less current portion	4,200	45,479	2,928	2,594	–	–	–	55,201
Due to affiliates, less current portion	–	–	–	–	–	–	–	–
Other liabilities	3,228	272	2	62	–	–	(2,752)	812
Long-term pension obligation	–	–	–	–	–	–	–	–
Professional liability loss reserves	1,062	1,028	–	–	–	–	–	2,090
Total liabilities	16,896	62,166	5,354	2,768	739	–	(2,882)	85,041
Net assets:								
Share capital	–	–	–	–	–	–	–	–
Unrestricted	(14,140)	79,865	6,416	(988)	437	–	–	71,590
Temporarily restricted	946	1,542	25	40	2	–	–	2,555
Permanently restricted	367	697	10	–	–	–	–	1,074
Retained earnings	–	–	–	–	–	–	–	–
Total net assets	(12,827)	82,104	6,451	(948)	439	–	–	75,219
Total liabilities and net assets	$ 4,069	$144,270	$ 11,805	$ 1,820	$ 1,178	$ –	$ (2,882)	$ 160,260

St. Mary's Health System
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neighborhood Housing Initiative	Eliminations	St. Mary's Health System Consolidated
Operating revenue.								
Patient service revenue, net of contractual allowances and discounts	$ (78)	$142,590	$ 19,079	$ --	$ 7,821	$ --	$ --	$ 169,412
Less provision for bad debt	55	(6,313)	(5)	--	(737)	--	--	(7,000)
Patient service revenue, net	(23)	136,277	19,074	--	7,084	--	--	162,412
Other revenue	18,156	8,137	3,654	1,629	1,540	--	(24,072)	9,044
Net assets released from restrictions	76	519	7	6	15	--	--	623
Total operating revenue	18,209	144,933	22,735	1,635	8,639	--	(24,072)	172,079
Operating expenses.								
Salaries and wages	1,597	71,133	10,630	--	7,385	--	--	90,745
Employee benefits	14,479	15,948	3,127	--	1,332	--	(15,900)	18,986
Supplies and other	3,473	50,835	6,745	1,187	2,617	2	(8,236)	56,623
Interest	215	2,389	199	201	--	--	--	3,004
Provider and other taxes	--	3,104	1,140	--	--	--	--	4,244
Depreciation and amortization	539	5,289	620	169	60	--	--	6,677
Total operating expenses	20,303	148,698	22,461	1,557	11,394	2	(24,136)	180,279
Income (loss) from operations	(2,094)	(3,765)	274	78	(2,755)	(2)	64	(8,200)
Nonoperating gains (losses), net	(2,567)	2,972	319	--	2,755	(92)	(64)	3,323
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	(4,661)	(793)	593	78	--	(94)	--	(4,877)
Loss on refinancing of debt	--	(468)	--	--	--	--	--	(468)
Discontinued operations	--	--	--	--	--	--	--	--
Excess (deficiency) of revenue over expenses	(4,661)	(1,261)	593	78	--	(94)	--	(5,345)
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	195	360	--	--	--	--	--	555
Adjustment for long-term pension liability	--	--	--	--	--	--	--	--
Transfer among affiliates	10,984	(9,851)	--	--	(1,231)	98	--	--
Increase (decrease) in unrestricted net assets	$ 6,518	$ (10,752)	$ 593	$ 78	$ (1,231)	$ 4	$ --	$ (4,790)