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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: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization St Francis Medical Center Trenton NJ Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 601 Hamilton Avenue City or town, state or country, and ZIP + 4 Trenton, NJ 08629 F Name and address of principal officer Christine Stephenson 601 Hamilton Avenue Trenton, NJ 08629	D Employer identification number 22-3431049 E Telephone number (609) 599-5000 G Gross receipts \$ 129,967,060 H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶ 0928
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ stfrancismedical.org		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1874 M State of legal domicile NJ

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities As a member of Catholic Health East (CHE), under the sponsorship of Hope Ministries, and in accordance with the philosophy and tradition of its founders, the Sisters of St Francis of Philadelphia, St Francis Medical Center Trenton NJ's mission is to be a community of persons committed to being a transforming, healing presence within the communities we serve			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)	3		13
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4		11
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5		1,068
	6 Total number of volunteers (estimate if necessary)	6		80
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a		278,905
	b Net unrelated business taxable income from Form 990-T, line 34	7b		202,356
Revenue		Prior Year	Current Year	
	8 Contributions and grants (Part VIII, line 1h)	1,253,524	776,948	
	9 Program service revenue (Part VIII, line 2g)	121,795,185	123,911,136	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	143,329	0	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,212,815	5,278,976	
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	126,404,853	129,967,060	
Expenses				
	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0	
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	55,794,840	54,972,302	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0	
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0			
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	71,880,173	74,246,853	
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	127,675,013	129,219,155	
	19 Revenue less expenses Subtract line 18 from line 12	-1,270,160	747,905	
Net Assets or Fund Balances		Beginning of Current Year	End of Year	
	20 Total assets (Part X, line 16)	73,625,152	81,706,262	
	21 Total liabilities (Part X, line 26)	69,925,541	73,929,118	
	22 Net assets or fund balances Subtract line 21 from line 20	3,699,611	7,777,144	

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	***** Signature of officer	2013-11-14 Date	
	Mark Kelly VP Finance/CFO/Treasurer Type or print name and title		
Paid Preparer Use Only	Prnt/Type preparer's name William J Homer	Preparer's signature	Date
	Firm's name ▶ Deloitte Tax LLP	Check <input type="checkbox"/> if self-employed	PTIN P00994519
	Firm's address ▶ 1700 Market Street 25th Floor Philadelphia, PA 19103	Firm's EIN ▶ 86-1065772	Phone no (215) 246-2300

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 Yes No

1 Briefly describe the organization's mission

As a member of Catholic Health East (CHE), under the sponsorship of Hope Ministries, and in accordance with the philosophy and tradition of its founders, the Sisters of St Francis of Philadelphia, St Francis Medical Center Trenton NJ is a community of persons committed to being a transforming, healing presence within the communities we serve

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 \$ 118,850,420 including grants of \$) (Revenue \$ 127,777,228)
See Schedule O

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

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

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 118,850,420

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)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		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? <i>If "Yes," complete Schedule C, Part II</i>	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? <i>If "Yes," complete Schedule C, Part III</i>		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? <i>If "Yes," complete Schedule D, Part I</i>		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? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		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? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	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? <i>If "Yes," complete Schedule D, Part VII</i>		No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	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)? <i>If "Yes," complete Schedule D, Part X</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		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? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	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 202		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1b 0		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
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 1,068		
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	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)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year. 7d		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12. 10a		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10b		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders. 11a		
11b	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?		
12b	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.		
13a	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		
13b	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		
13c	Enter the amount of reserves on hand. 13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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		
	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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	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?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	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?	Yes	
16b	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?	Yes	

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed NJ
- 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
 Mark Kelly 601 Hamilton Avenue Trenton, NJ (609) 599-5119

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) Gerard J Jablonowski President/CEO	40 00 10 00	X		X				0 496,800	37,552	
(2) Paul Langevin Chairman	1 00 0 00	X						0 0	0	
(3) Marlene Lao-Collins Vice Chairman	1 00 0 00	X						0 0	0	
(4) Jim Bishop Trustee	1 00 0 00	X						0 0	0	
(5) Davis Knowlton Trustee	1 00 0 00	X						0 0	0	
(6) Msgr Walter Nolan Trustee	1 00 0 00	X						0 0	0	
(7) David Rosvold MD Trustee	1 00 0 00	X						0 0	0	
(8) Stephen Scogna Trustee	1 00 0 00	X						0 0	0	
(9) Joseph Steeger MD Trustee	1 00 0 00	X						0 0	0	
(10) Joseph Youngblood II PhD Trustee	1 00 0 00	X						0 0	0	
(11) Simi Baksı MBA FEPM Trustee	1 00 0 00	X						0 0	0	
(12) Brian S Bennett Trustee	1 00 0 00	X						0 0	0	
(13) Sister Lillian Harrington MPT Trustee	1 00 0 00	X						0 0	0	
(14) Mark Kelly VP Finance/CFO/Treasurer	40 00 10 00			X				205,254 0	30,181	
(15) Elizabeth Jovovich Secretary	40 00 2 00			X				68,590 0	9,573	
(16) Christine Stephenson EVP Strat Dev/Clin Trans	40 00 0 00				X			228,998 0	6,395	
(17) Judith Dibartolo VP Emerg/Amb Svcs	40 00 0 00				X			166,532 0	21,039	

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) Mary Anne Suttles Sr VP/CNO	40 00 0 00				X			177,858	0	18,082
(19) Judith Rottkamp VP Clinical/Prof Svcs	40 00 0 00				X			160,989	0	36,454
(20) C James Romano MD VP Medical Affairs	40 00 0 00				X			302,991	0	22,069
(21) Despina Terria MD Physician	40 00 0 00					X		400,199	0	24,819
(22) Fredic Seinfeld MD Physician	40 00 0 00					X		389,288	0	27,602
(23) Peter Benotti MD Physician	40 00 0 00					X		380,178	0	23,442
(24) Charles Kososky MD Physician	40 00 0 00					X		344,486	0	10,631
(25) Dennis Cleri MD Physician	40 00 0 00					X		225,350	0	27,190
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,050,713	496,800	295,029

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 **42**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>		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
Center of Family Guidance PC PO Box 306 Marlton NJ 080560306	Professional Psychology	2,166,042
Radiology Affiliates of Central NJ 3625 Quakerbridge Road Hamilton NJ 08619120	Professional Radiology	1,106,908
Penoperative Med & Anest PC PO Box 55423 Trenton NJ 086386423	Professional Anesthesia	1,000,000
Chamber Emergency Associates 66 West Gilbert Street Red Bank NJ 07701	ER Physicians	869,812
Renal Center of Trenton 601 Hamilton Ave Trenton NJ 08629	Dialysis	525,220

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 **49**

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 776,948					
	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 ▶		776,948			
Program Service Revenue	Business Code					
	2a Net Patient Revenue _____	622110	123,467,736	123,467,736		
	b Education Revenue _____	611519	270,802	270,802		
	c _____					
	d _____					
	e _____					
	f All other program service revenue _____		172,598		172,598	
g Total. Add lines 2a-2f ▶		123,911,136				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶					
	4 Income from investment of tax-exempt bond proceeds ▶					
	5 Royalties ▶					
	6a Gross rents	(i) Real	541,544			
		(ii) Personal				
		b Less rental expenses	0			
		c Rental income or (loss)	541,544			
	d Net rental income or (loss) ▶		541,544			541,544
	7a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
		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 Gov't Subsidy - EHR _____	923130	2,133,826	2,133,826			
b Management Fee Income _____	900099	993,902	993,902			
c Purchase Rebates _____	900099	646,731	646,731			
d All other revenue		962,973	264,231	106,307	592,435	
e Total. Add lines 11a-11d ▶		4,737,432				
12 Total revenue. See Instructions ▶		129,967,060	127,777,228	278,905	1,133,979	

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.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	2,137,559	1,923,803	213,756	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	42,927,429	38,634,686	4,292,743	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,098,292	988,463	109,829	
9	Other employee benefits.	5,526,081	4,973,473	552,608	
10	Payroll taxes.	3,282,941	2,954,647	328,294	
11	Fees for services (non-employees)				
a	Management.	1,868,032	1,681,229	186,803	
b	Legal.	361,541	325,387	36,154	
c	Accounting.				
d	Lobbying.	97,500	87,750	9,750	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	22,633,254	20,369,929	2,263,325	
12	Advertising and promotion.	780,684	702,616	78,068	
13	Office expenses.	675,742	608,168	67,574	
14	Information technology.	4,497,581	4,047,823	449,758	
15	Royalties.				
16	Occupancy.	3,454,981	3,109,483	345,498	
17	Travel.	78,531	70,678	7,853	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	28,129	25,316	2,813	
20	Interest.	509,735	458,761	50,974	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	4,961,107	4,464,996	496,111	
23	Insurance.	2,359,499	2,123,549	235,950	
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	Medical Supplies & Drug	18,820,534	18,820,534	0	0
b	Physician Fees	7,249,976	7,196,105	53,871	0
c	Equipment Rental & Main	2,999,488	2,699,539	299,949	0
d	Food & Dietary Supplies	934,678	841,210	93,468	
e	All other expenses	1,935,861	1,742,275	193,586	
25	Total functional expenses. Add lines 1 through 24e.	129,219,155	118,850,420	10,368,735	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 <input type="checkbox"/> 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	
	2 Savings and temporary cash investments	287,679	2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	12,961,644	4	12,466,194
	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	261,925	7	335,465
	8 Inventories for sale or use	1,806,576	8	1,926,083
	9 Prepaid expenses and deferred charges	974,439	9	1,220,345
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 76,247,086		
	b Less accumulated depreciation	10b 35,562,834	34,630,511	10c 40,684,252
	11 Investments—publicly traded securities	250,604	11	250,259
	12 Investments—other securities See Part IV, line 11	2,478,487	12	2,586,398
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets	216,593	14	1,726,753
	15 Other assets See Part IV, line 11	19,756,694	15	20,510,513
16 Total assets. Add lines 1 through 15 (must equal line 34)	73,625,152	16	81,706,262	
Liabilities	17 Accounts payable and accrued expenses	19,093,661	17	29,253,471
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	1,500,000	20	1,300,000
	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	49,331,880	25	43,375,647
	26 Total liabilities. Add lines 17 through 25	69,925,541	26	73,929,118
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	2,663,626	27	6,741,159
	28 Temporarily restricted net assets	475,812	28	475,812
	29 Permanently restricted net assets	560,173	29	560,173
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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	3,699,611	33	7,777,144	
34 Total liabilities and net assets/fund balances	73,625,152	34	81,706,262	

Part XI Reconciliation 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	129,967,060
2	Total expenses (must equal Part IX, column (A), line 25)	2	129,219,155
3	Revenue less expenses Subtract line 2 from line 1	3	747,905
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,699,611
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	3,329,628
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	7,777,144

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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? 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2c	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? 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?		No
3b	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		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization

St Francis Medical Center Trenton NJ

Employer identification number

22-3431049

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?
 (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?
 (ii) A family member of a person described in (i) above?
 (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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						

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						
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	
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)						

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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
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	
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

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

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

Table with 2 columns: Name of the organization (St Francis Medical Center Trenton NJ) and Employer identification number (22-3431049)

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

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

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														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	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		
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													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> 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)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?	Yes		97,500
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities?		No	
j Total. Add lines 1c through 1i			97,500
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to 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
Explanation of Lobbying Activities	Part II-B, Line 1	Lobbying fees paid to Impact NJ, LLC to engage in professional lobbying on behalf of the hospital on relevant healthcare issues including charity care, Medicaid, and other healthcare legislative issues

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization St Francis Medical Center Trenton NJ

Employer identification number 22-3431049

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.

Table with 3 columns: (a) Donor advised funds, (b) Funds and other accounts, and a Yes/No column. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advised funds and grant purposes.

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

Form for Part II Conservation Easements. Includes checkboxes for various purposes (land for public use, natural habitat, open space, historic structure), a table for 'Held at the End of the Year' (2a-2d), and questions about monitoring, expenses, and reporting.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting works of art and historical treasures, and a table for revenues and assets.

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
1c	
1d	
1e	
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	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the 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)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part 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		534,699		534,699
b Buildings		32,163,532	12,321,879	19,841,653
c Leasehold improvements				
d Equipment		32,514,972	21,705,215	10,809,757
e Other		11,033,883	1,535,740	9,498,143
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				40,684,252

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
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SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization St Francis Medical Center Trenton NJ

Employer identification number 22-3431049

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy... 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities... 3 Answer the following based on the financial assistance eligibility criteria... 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor... 3b Did the organization use FPG as a factor... 4 Did the organization's financial assistance policy... 5a Did the organization budget amounts... 5b If "Yes," did the organization's financial assistance expenses... 5c If "Yes" to line 5b... 6a Did the organization prepare a community benefit report... 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs, and Other Benefits.

Part II Community Building Activities Complete this table 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			119,760		119,760	0.090 %
7 Community health improvement advocacy			13,462		13,462	0.010 %
8 Workforce development						
9 Other						
10 Total			133,222		133,222	0.100 %

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 Healthcare 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	40,953,236
6 Enter Medicare allowable costs of care relating to payments on line 5.	6	51,838,236
7 Subtract line 6 from line 5. This is the surplus (or shortfall).	7	-10,885,000
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a	Yes
9b 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 1 Central New Jersey Heart Services LLC	Cardiac Cath Lab Management	61.540 %		21.000 %
2 2 Renal Center of Trenton LLC	Renal Dialysis Services	29.000 %		20.000 %
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 Francis Medical Center Trenton NJ 601 Hamilton Ave Trenton, NJ 08629	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)

Saint Francis Medical Center Trenton NJ

Name of hospital facility or facility reporting group _____

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 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> 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? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> 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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	11 Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12 Yes	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14 Yes	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections		Yes	No
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	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input checked="" type="checkbox"/> Lawsuits		
c	<input checked="" type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> 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? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> 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

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?

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)

	Yes	No
19	Yes	

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?

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?

If "Yes," explain in Part VI

21		No
22		No

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
		Part I, Line 6a Catholic Health East
		Part I, Line 7 The overall cost-to-charge ratio from the Medicare cost report was used to determine the total community benefit cost for Charity Care, Medical Assistance, and Health Professional Education

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) In 2012, bad debt expense is no longer reported on Form 990, Part IX, Line 25 Bad debt expense for 2012 was \$4,075,612 and was reported as an offset to revenue
	Part III, Line 2	The figures were calculated based on the cost-to-charge ratio The cost-to-charge ratio was derived by dividing total operating expenses (excluding bad debt expense) by total gross patient charges The cost-to-charge ratio was applied to total bad debt write-offs to calculate the costs for line 2

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 St Francis Medical Center provides services to all patients regardless of the ability to pay In accordance with the Medical Center's policy, a patient is classified as charity patient based on eligibility criteria as established by the Federal Poverty Guidelines Charges associated with these services do not include the provision for bad debts which is a result of the unwillingness of patients to make payment for services after recovery is deemed to be unlikely and all collection efforts have ceased Self-Pay accounts are written-down to what would be expected to be paid for the same services from Medicare, which is the estimate of cost The provision for bad debt should be considered a community benefit because a significant portion of bad debt expense is realized as a result to the lack of financial information provided by the patients, who would most likely qualify for charity care While we make all reasonable efforts to identify patients eligible for charity care prior to billing, such pre-billing identification is not always possible This problem arises largely with patients treated in our Emergency Department ("ED") on an outpatient basis Frequently, these patients do not complete an application for financial assistance therefore making a definitive determination difficult The estimated amount for patients who likely would qualify for financial assistance is calculated for line 3 based on a review of bad debt write-offs to include only bad debt for uninsured patients, and estimating the amount of that cost that could be charity based on a review of applications for financial assistance A reasonable estimate based on the percentage of patients whose applications do not meet the criteria for financial assistance is used to estimate the amount that could qualify for financial assistance For financial reporting, an allowance for doubtful accounts is recorded for estimated losses resulting from the unwillingness of patients to make payments for services The allowance is determined by analyzing historical data and trends Accounts receivable are written off against the allowance for doubtful accounts when management determines that recovery is unlikely and collection efforts cease</p>
		<p>Part III, Line 8 In determining the allowable cost of the Medicare the cost-to-charge ratio from the Medicare Cost Report is used Providing care to Elderly is part of the Mission of St Francis Medical Center Medicare services are provided to eligible patients regardless of their ability to pay, and therefore any shortfall is considered to be a community benefit provided by the St Francis Medical Center</p>

Identifier	ReturnReference	Explanation
		<p>Part III, Line 9b Self-pay balances are transferred to professional collection agencies when the accounts complete a patient statement dunning cycle (e g , 121 days) with no payment from the patient or proof of eligibility for charity care or other programs Collection efforts for patients who have applied for charity care will continue, until a final determination on the application has been made A "pending application" is defined as an application that has been fully completed by the patient, submitted and is in the process of being determined for eligibility It is acceptable (but not preferable) to take an account through the full collection cycle and later reclassify it as charity care, as long as a consistent process is followed and a legitimate basis exists that the patient is unable to pay It is possible that a claim can complete the billing process and be referred for outside collection activity, prior to a favorable charity determination decision being made Once a patient has been identified as being eligible for charity care, St Francis Medical Center will notify the collection agency to cease all further activity St Francis Medical Center will distribute this policy to all collection agencies to advise them of the program's availability, to make them aware of the documentation required to apply, and to familiarize them with the determination letter, in case they receive notification from the patient, before an account has been written off If a favorable determination is rendered, the collection agency will not use wage garnishments or liens on primary residences for the portion of the claim eligible for a charity write off For those receiving a determination of less than 100% write off, the collection agency will resume their collection efforts and employ all means previously contractually agreed upon St Francis Medical Center will, in all cases, specifically authorize all institutional litigation This does not preclude agencies from pursuing reimbursement from third party liability settlements</p>
		<p>Part VI, Line 2 A community needs assessments is performed by management every 2-3 years through a review of services offered, use patterns, and community health outcomes attained Data was assessed and prioritized with over 500 community members, leaders, physicians, and patients Needs assessed become the foundation for the community health improvement plan A community needs assessment was performed by St Francis Medical Center during 2010 The following community health needs were prioritized in 2011 as the highest health needs for the City of Trenton 1 Obesity2 Homelessness3 Chronic Diseases4 HIV5 Mental Health & Substance Abuse</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 3 As members of the Catholic healthcare ministry who are deeply committed to caring for those who are poor, St Francis Medical Center has established respectful and effective procedures for addressing the needs of those persons who are unable to pay for all or most of their care In order to preserve the dignity of these persons and to facilitate the process of securing necessary information, St Francis Medical Center strongly prefers to perform financial screening upon scheduling, admission registration, or upon discharge processing in the emergency department As a general matter, our charity care policy is predominately displayed in our ED and Business office Patients who represent increased financial risk as a result of the amount they are expected to owe "out-of-pocket", are referred to a financial counselor for assistance in applying for alternative payment programs (e g , Medicaid Assistance) determining charity care eligibility, establishing payment plans or other financing arrangements Financial counseling services are made available to all elective, urgent and emergent patients Patients with insurance other than that afforded low-income individuals will not have their patient liability unpaid balance, coinsurance, deductible or non-covered service written-off to charity care unless they qualify for the New Jersey State Hospital Care Assistance Program or financial hardship can be proven</p>
		<p>Part VI, Line 4 During 2010 St Francis Medical Center completed a Community Health Needs Assessment and Improvement Plan The findings suggest that the health status of the city of Trenton presents numerous challenges and opportunities to the health care community and to St Francis in particular, as its mission focuses on service to the poor and marginalized Trenton, a diverse community located in Mercer County, is the only municipality among 13 towns Mercer County's population slightly exceeds 360,000 and is one of the most affluent areas in the county, Trenton excluded Consequently, when reviewing Mercer County data rather than Trenton specific information, the statistical picture for Trenton is significantly diluted as a result of the high quality of health, education and financial resources enjoyed by the remainder of the county The City of Trenton has an unemployment rate much higher than the State of New Jersey overall, while Mercer County tends to have an unemployment rate slightly lower than the State of New Jersey Eighteen percent of Trenton's population is disabled, compared to 15% nationally Between 1980 and 2000, census data indicated that the Latino population had more than tripled in Trenton, growing from 10,580 to 33,898 Since 2000 the Latino population in Trenton has increased from 22% to 33% Problems affecting the Latino Community include the following a) employment issues centered around subsistent wages, being overworked and jobs without benefits b) housing concerns centered around housing availability and affordability, c) healthcare concerns centered around lack of medical insurance, home health aides who speak Spanish and the prohibitive cost of medication The socioeconomic status of Trenton mirrors the unfortunate health status as reflected in the high poverty level Twenty-two percent of the city's population lives below poverty compared to the state rate of 9.8% Household median income is approximately half the state's level Roughly 60% of Trenton's population has a high school diploma, compared to the state level of 84% Many Trenton residents do not have access to a medical home As a result Trenton residents utilize the emergency room almost 54% more often than the national norm, utilize hospital outpatient departments nearly 21% less than the national norm, and are admitted for inpatient care nearly 40% more often than the national norm A significant percentage of the population is uninsured According to the The Medically Uninsured in New Jersey a Chart Book published by the NJ Department of Health and Senior Services in collaboration with Rutgers Center for Health Policy, Trenton lies in the state's central region which had the second highest rates of uninsured adults (27%) and children (10%) with Hispanic children the most likely to be uninsured There are numerous gaps in service for the Trenton community Primarily these gaps have to do with the availability of and coordination of primary healthcare for all age groups, particularly the poor elderly and ethnic minorities The changing demographics of the community suggest language and cultural barriers, transportation limitations and cost of health care services are growing barriers to providing services There are 12 zip codes that comprise the Medical Center's primary service area, however the majority of the visits to the Medical Centers clinics were made by those living in only five zip codes including 08629, the hospital's zip code Access to primary care is a persistent need among the poor and indigent Through the Medical Clinics staffed by medical residents, a total of 4,467 took place in 2012 SFMC participated in a THT initiative to increase access to primary care services in our clinics Wait times for appointments were dramatically reduced and continuity of care between providers and patients was improved to 99 percent</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 5 St Francis Medical Center has partnered with Capital Health System, the City of Trenton and Henry J Austin Health Center to create a new 501(c)(3) organization called the Trenton Health Team Inc ("THT") SFMC has assumed a leadership position in the THT since its inception SFMC CEO, CFO, & EVP serve on the THT board and chair board committees THT board and committees involve a number of community members and organizations, including, Mercer Alliance to End Homelessness, Catholic Charities, Greater Trenton Behavioral Health, Mercer County Board of Social Services, Children's Futures, NJ Department of Health and Senior Services Over the last year that THT received over \$1.8 million dollars in grant funding for the creation of a Health Information Exchange The THT HIE is set to "go live" in late 2013 and will allow for the exchange of lab, radiology, medication, and problem lists for the residents of Trenton between the city hospitals, FQHC, and physician practices We are working closely with staff from the 4 largest mental health and substance abuse programs as well as Mercer County Board of Social Services in an effort to link patients with case management services so that they can get the help they need to secure housing and treatment for substance abuse We are now part of a new collaborative effort in Mercer County to help enroll homeless individuals on SSI/SSDI and secure additional social service and health care benefits using a nationally successful process known as SOAR SOAR is SSI/SSDI, outreach, assessment and recovery SOAR brings together a wide array of community services in an effort to provide coordinated case management with the intent of helping eligible individuals successfully apply for and receive SSI/SSDI The SOAR process began in November and we now have 48 individuals in various stages of the application process with 11 applicants who have received preliminary commitment letters St Francis Medical Center as part of the Collaborative has partnered with THT to submit grant applications to the Nicholson Foundation, Robert Wood Johnson Foundation and federal government SFMC Foundation and the THT received the RWJF Collaborating for Community Health Needs Assessment Grant The grant is a 2-year \$250,000 grant to enable 25 community organizations to collaboratively develop a unified community health needs assessment Funding that is secured will help the homeless and other vulnerable populations within the City of Trenton</p>
		<p>Part VI, Line 6 Mission, Strategic Vision, Core Values and Guiding Social Teachings St Francis Medical Center is a community of persons committed to being a transforming healing presence within the communities we serve The mission has continued throughout the 137 year history as a strong Catholic witness to the Gospel of Jesus through constant commitment to live out the core values of reverence for each person, community, justice, commitment to those who are poor, stewardship, courage and integrity Based on gospel values and guided by the Social Teaching of the Catholic faith, health services are delivered with a special focus on the needs of the poor and underserved Following the Ethical and Religious Directives for Catholic Health Care Organizations, the Catholic identity of the Medical Center is witnessed foremost by the delivery of healthcare with respect to treating the mind, body and spirit of the person History and Commitment to the Community Located in Trenton, the Capital of New Jersey, St Francis became Trenton's first hospital in 1874 Built at a time when the city was quickly becoming an industrial site, the hospital was embraced by the hard working citizens of the community and from its beginning, attracted physicians to the area In the first year, care was given to 98 patients regardless of their race, creed, nationality or ability to pay The hospital was made available to the aged and infirm In 1974, St Francis Hospital changed its name to St Francis Medical Center, reflecting its certification as a teaching hospital During the 137 years of its existence, the Medical Center has been the only Catholic Acute Care Hospital in central New Jersey, among the counties of Hunterdon, Mercer, Monmouth, Middlesex and Ocean The hospital is located on its original site of 601 Hamilton Avenue Sponsorship for St Francis Medical Center was provided by the Sisters of St Francis of Assisi of Philadelphia, through the Franciscan Health System During the mid 1990s, the Franciscan Health and two other religious systems joined to form Catholic Health Initiatives (CHI) In 2002, ownership of St Francis Medical Center was transferred to Catholic Health East (CHE) and sponsorship was transferred to Hope Ministries, located in Newtown Square, Pennsylvania There is a strong commitment to residents of all ages from the very youngest, through the CARES Program, to the elderly, through PACE (Program of All-Inclusive Care for the Elderly) program for Trentons frail, dual eligible seniors The Medical Center serves a community diverse in both culture and needs Each program developed, while it maintains a strong Catholic identity, is dedicated to meeting the poor and indigent on their terms The economic contribution that St Francis provides to the Trenton community is enormous With a workforce of approximately 850 plus employees, St Francis is one of Trentons largest employers Since the majority of employees live within the service area radius, the taxes they pay, the gas they buy, the purchases they make, the restaurants they frequent all contribute substantially to the health of the local economy Since 1874, St Francis Medical Center has played a significant role in anchoring the Chambersburg neighborhood, a diverse, unique and economically successful district in Trenton Strategic Vision SFMC went through a robust strategic repositioning process during 2011 along with the other ministries throughout CHE The following 5 strategic initiatives are focused initiatives to guide SFMC to meet the identified health needs in our community 1 Expand continuum of senior services 2 Expand ambulatory care scope and sites of service 3 Provider Alignment to create a clinically integrated network of services 4 Collaborate with Community partners 5 Improve clinical efficiency and effectiveness</p>

Identifier	ReturnReference	Explanation
List of States Receiving CHE's Community Benefit Report	Part VI, Line 7	AL, CT, DE, FL, GA, ME, MA, NJ, NY, NC, PA

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
St Francis Medical Center Trenton NJ

Employer identification number

22-3431049

Part I Questions Regarding Compensation

- 1a** Check the appropriate 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.
- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> 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

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?

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

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
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?
- b** Any related organization?

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?
- b** Any related organization?

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued 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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		No
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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
	Part I, Line 3	The organization relied on a related organization that used one or more of the methods described below to establish the top management official's compensation - Compensation committee - Independent compensation committee - Written employment contract - Compensation survey or study - Approval by the board or compensation committee
	Part I, Line 4b	Supplemental Executive Retirement Plan is provided to certain key executive employees. Contributions made to the plan on their behalf are vested and reflected in their compensation at the time of the contribution.

Software ID:
Software Version:
EIN: 22-3431049
Name: St Francis Medical Center Trenton NJ

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				
Gerard J Jablonowski	(i) 0 (ii) 310,314	0 76,115	0 110,371	0 11,250	0 26,302	0 534,352	0 0
Mark Kelly	(i) 204,816 (ii) 0	0 0	438 0	6,316 0	23,865 0	235,435 0	0 0
Christine Stephenson	(i) 227,595 (ii) 0	0 0	1,403 0	4,383 0	2,012 0	235,393 0	0 0
Judith Dibartolo	(i) 165,917 (ii) 0	0 0	615 0	7,731 0	13,308 0	187,571 0	0 0
Mary Anne Suttles	(i) 176,834 (ii) 0	0 0	1,024 0	4,680 0	13,402 0	195,940 0	0 0
Judith Rottkamp	(i) 159,171 (ii) 0	0 0	1,818 0	7,895 0	28,559 0	197,443 0	0 0
C James Romano MD	(i) 300,986 (ii) 0	0 0	2,005 0	7,319 0	14,750 0	325,060 0	0 0
Despina Terria MD	(i) 398,367 (ii) 0	0 0	1,832 0	7,500 0	17,319 0	425,018 0	0 0
Fredic Seinfeld MD	(i) 387,264 (ii) 0	0 0	2,024 0	2,500 0	25,102 0	416,890 0	0 0
Peter Benotti MD	(i) 377,136 (ii) 0	0 0	3,042 0	7,500 0	15,942 0	403,620 0	0 0
Charles Kososky MD	(i) 342,198 (ii) 0	0 0	2,288 0	2,500 0	8,131 0	355,117 0	0 0
Dennis Cleri MD	(i) 223,451 (ii) 0	0 0	1,899 0	8,021 0	19,169 0	252,540 0	0 0

**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 Francis Medical Center Trenton NJ

Employer identification number
22-3431049

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	NJ Healthcare Facilities Financing Authority	22-2845542	64579E8M1	06-20-2003	3,100,000	Capital Expenditures		X		X	X	
B	ST MARY HOSPITAL AUTHORITY - SERIES 2012 A		85230MCW2	06-27-2012	9,254,226	REFINANCE EXISTING DEBT - 1998A-3		X		X		X
C	ST MARY HOSPITAL AUTHORITY - SERIES 2010		85230MCA0	04-07-2010	8,290,376	REFINANCE EXISTING DEBT - 1998A-3		X		X		X

Part II Proceeds

	A	B	C	D				
1 Amount of bonds retired	1,800,000		1,856,436					
2 Amount of bonds legally defeased								
3 Total proceeds of issue	3,100,000	9,254,226	8,290,376					
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds	56,756	109,917	96,873					
8 Credit enhancement from proceeds	31,250							
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds	3,011,994	9,144,851	8,193,503					
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion	2004		2012		2010			
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X	X		X			
15 Were the bonds issued as part of an advance refunding issue?		X		X		X		
16 Has the final allocation of proceeds been made?	X		X		X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2 Are there any lease arrangements that may result in private business use of bond-financed property?		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							
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?	X							
c Are there any research agreements that may result in private business use of bond-financed property?		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								
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								
6 Total of lines 4 and 5								
7 Does the bond issue meet the private security or payment test?	X							
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?		X						
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						

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		X		
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X	X		X			
b Exception to rebate?		X		X		X		
c No rebate due?	X			X		X		
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		X		
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		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		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		X		
7 Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		

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?	X		X		X			

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

Identifier	Return Reference	Explanation
Schedule K Part IV, Arbitrage, Line 2c	Date Rebate Computation Performed	Issuer Name NJ Healthcare Facilities Financing Authority Date the Rebate Computation was Performed 02/13/2009
Schedule K Supplemental Information		Part III, Line 3A The organization has entered into various management and service contracts Collectively, these contracts do not constitute an amount of private business use that exceeds the prescribed percentage

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization St Francis Medical Center Trenton NJ

Employer identification number

22-3431049

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 \$
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Allergy & Pulmonary Associates	Owned by Dr Joseph R Steeger, Trustee	358,032	See below		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
		Sch L, Part IV, Business Transactions Involving Interested Persons (a) Name of Person Allergy & Pulmonary Associates (b) Relationship Between Interested Person and Organization Owed by Dr Joseph R Steeger, Trustee Dr Joseph R Steeger is an owner of Allergy & Pulmonary Associates and is a member of the Board of Trustees of St Francis Medical Center Trenton NJ Allergy & Pulmonary Associates provided medical professional services to the Medical Center The services performed by Allergy & Pulmonary Associates were performed by Dr Steeger's partner not by Dr Steeger himself

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.

2012

**Open to Public
Inspection**

Name of the organization
St Francis Medical Center Trenton NJ

Employer identification number

22-3431049

Identifier	Return Reference	Explanation
Program Service Statement	Form 990, Part III, Line 4a	<p>Background ===== St Francis Medical Center ("SFMC") is a general medical and surgical hospital SFMC is recognized by the IRS as an Internal Revenue Code section 501(c)(3) tax-exempt organization Pursuant to its charitable purposes, SFMC provides medically necessary health care services to all individuals in a non-discriminatory manner regardless of race, color, creed, sex, national origin or ability to pay Moreover, SFMC operates consistently with the following criteria in IRS Revenue Ruling 69-545 1) SFMC provides medically necessary health care services to all individual's regardless of their ability to pay, including charity care, self-pay, Medicare and Medicaid patients, 2) SFMC operates an active emergency room for all persons, which is open 24 hours a day, 7 days a week, 365 days per year, 3) SFMC maintains an open medical staff, with privileges available to all qualified physicians, and 4) Control of SFMC rests with its Board of Trustees, which is comprised of independent civic leaders and other prominent members of the community A teaching medical center established in 1874 by the Sisters of St Francis of Philadelphia, SFMC is sponsored by Hope Ministries and a member of Catholic Health East ("CHE") SFMC provides total healthcare - physical, emotional and spiritual health in one convenient location St Francis Heart Hospital is the only state recognized cardiac surgery program in Mercer County and is in the top ten percent of hospitals nationwide for overall cardiac care SFMC is dedicated to provided quality healthcare, personal service, convenience and education to meet the many different communities of the greater Trenton area Today, as part of CHE and sponsored by Hope Ministries, SFMC remains dedicated to a mission that values the sanctity of life and places the highest priority on treating every individual with dignity Patients have access to a full range of services and technology that support the health of the community, including quality medical care and holistic approaches to heal the mind, body and spirit The medical team of board certified physicians and nurses work closely together to ensure the provision of safe, high quality care Together with the leadership team and other professionals, they all share in a single-minded approach - to provide the highest quality compassionate care and service possible Patient Satisfaction ===== SFMC's goal is to provide the best environment for patients to receive care, physicians to practice medicine and employees to work SFMC prides itself on its values-based culture with an emphasis on excellence Consumer Reports ranks SFMC in the top ten in New Jersey for hospital safety, and #1 in Mercer County Mission Statement ===== As a member of CHE, under the sponsorship of Hope Ministries, and in accordance with the philosophy and tradition of its founders, the Sisters of St Francis of Philadelphia, SFMC is a community of persons committed to being a transforming, healing presence within the communities it serves Based on gospel values, SFMC provides quality health care in an environment that fosters the value of reverence for each person, community, justice, stewardship, courage, integrity, health care education, and a commitment to those who are poor In order to live out this mission, SFMC -</p> <ul style="list-style-type: none"> - Treats all persons with respect and compassion, - Creates an environment that recognizes the dignity of all those with whom it works, calling forth its fullest human potential, - Provides a range of services that support healthy communities, including quality medical care and holistic approaches to healing the mind, body and spirit, - Collaborates with others who share a common mission and vision, - Continually seeks innovative ways to assure access to services for persons most in need, and - Advocates for the principles of social justice that affect public policies and initiatives, particularly those in the area of health care that ensure quality of life for all <p>Mission and Ministry ----- For over 135 years, the mission of Sisters of St Francis of Philadelphia has remained constant, to serve and be responsive to the needs of others, especially the sick, the poor and the dying To help assure that this mission at SFMC would continue to be a motivational force in day-to-day activities of the institution, the division of mission and ministry was established in 1987 The division concentrates its efforts on building a corporate culture that reflects a Judaic-Christian philosophy and follows the ethical and religious directives for Catholic Health East organizations Mission effectiveness connects the Franciscan philosophy with its CHE mission and values This is accomplished by means of services that identify and strengthen the values that are fundamental to the operations of SFMC The values process is designed to help each person appreciate his or her unique giftedness and the value</p>

Identifier	Return Reference	Explanation
Program Service Statement	Form 990, Part III, Line 4a	<p> of what each one brings to the mission and life of the medical center. Mission effectiveness services include social accountability, mission and ministry committee, and institutional ethics. Spiritual care, under the direction of Russell Hansel and Sister Maureen Maguire, OSF, concretely expresses the SFMC's holistic approach to patient care where the patient is recognized as a spiritual being, as well as a physical being. It recognizes the person in terms of relationships to self, others and to God. Services focus on the spiritual, emotional, and social needs of patients and their families from a theological perspective, offering counseling in situations of crisis, ethical dilemmas, and grief. The spiritual care professional helps the sick and those who care for them discover a new sense of meaning in the midst of pain and suffering. Chaplain Sister Maureen Maguire, OSF, is available to address the spiritual needs of patients, families and employees. Father Carmen, a diocesan priest, is available to address the sacramental needs of our Catholic patients. Additionally, he ministers to the spiritual needs of patients from all faith traditions. All patients are visited by a Chaplain or Pastoral care volunteer. </p>

Identifier	Return Reference	Explanation
		<p>Affiliations ===== Catholic Health East ----- CHE is a multi-institutional Catholic health system, which is co-sponsored by fifteen religious congregations and Hope Ministries, a public juridic person within CHE. Based in Newtown Square, Pennsylvania, the system provides the means to ensure the continuation of the Catholic identity and operational strength of the sponsors' Health Ministries, which are located within eleven eastern states from Maine to Florida. The system includes 34 acute care hospitals, 25 freestanding and hospital-based long-term care facilities, 12 assisted living facilities, 4 continuing care retirement communities, 37 home health/hospice agencies and numerous ambulatory and community-based health services. CHE facilities employ approximately forty three thousand full-time employees as partners in ministry. In the U.S. it is the ninth largest health system ranked by net patient revenue, the fourth largest Catholic Health System ranked by acute care beds, and the third largest health system operating assisted living facilities ranked by residents. CHE is the largest not-for-profit home health system provider by visits. CHE was formed through the coming together of twelve religious sponsors and its three health systems. In May 1997, the Franciscan Sisters of Allegany, the Franciscan Sister of St. Joseph, nine regional communities of the Institute of the Sisters of Mercy of America, and the Sisters of Providence announced their intent to form a new co-sponsored system. In the fall of 1997, Allegany Health System, Eastern Mercy Health System, and Sisters of Providence Health System combined legally and operationally to create CHE. The formation of the system reflects the intention of the sponsors to strengthen the role and identity of the Catholic Health Ministry in the Eastern United States. It is grounded in the sponsors' historic commitment to the dignity of every individual, the sacredness of life, and special dedication to caring for the poor, the elderly, and disadvantaged. CHE is able to use its collective strength and resources to pioneer new and creative ways of responding to community health needs. CHE enables its religious sponsors and participating health care organizations to realize benefits in three primary areas:</p> <ol style="list-style-type: none"> 1 Sponsorship To create a stable vehicle for religious sponsors to maintain sponsorship and Catholic identity of its health ministry into the future, 2 Stewardship To enable more effective stewardship of collective resources to achieve maximum benefit for the communities served and the common good of the Catholic Health Ministry, and 3 Strategic Planning To use enhanced size and critical mass to strengthen the positioning of individual local health ministries and the CHE system as a whole. <p>CHE enables its religious sponsors and participating health care organizations to realize benefits in three primary areas: 1 Sponsorship To create a stable vehicle for religious sponsors to maintain sponsorship and Catholic identity of its health ministry into the future, 2 Stewardship To enable more effective stewardship of collective resources to achieve maximum benefit for the communities served and the common good of the Catholic Health Ministry, and 3 Strategic Planning To use enhanced size and critical mass to strengthen the positioning of individual local health ministries and the CHE system as a whole.</p> <p>Values ----- The core values articulated and affirmed by CHE's leadership and staff indicate the manner in which the system will achieve its mission. As faith-based healthcare ministry, it is vitally important that SFMC meets both of its challenges and opportunities in the context of - and in accordance with - its core values.</p> <p>Hope Ministries ----- Hope Ministries is a community of Catholic persons committed to extending and strengthening the healing ministry of Jesus Christ through sponsorship in the name of the Church and for the sake of those in need. SFMC accepts and carries out sponsorship of all ministerial works entrusted to them. It nurtures and honors the gifts and heritage of these works. They extend and strengthen the Catholic identity of these works, exercise accountability to the Church for its stewardship of these works, and identify and develop leaders in the ministry of sponsorship. The core values of Hope Ministries involved the reverence for each person, the community, to serve justice, a commitment to those who are poor, stewardship, courage and integrity. Since the early formation of CHE, the CHE Sponsors' Council has discussed the need for an alternative method of sponsorship that would ensure the future of the Ministries of CHE for three years. They studied, consulted and eventually designed a model that became Hope Ministries. The Sponsors' Council then petitioned the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life for the establishment of Hope Ministries.</p>

Identifier	Return Reference	Explanation
		<p>ries as a public juridic person of pontifical right On July 7, 2000, Hope Ministries was established by the congregation Hope Ministries is designed to serve as a sponsoring body for new organizations that join CHE and for those organizations whose sponsors may eventually need to transfer sponsorship to another public juridic person It will serve as a vehicle to strengthen the Ministry for the future It is an organization that will enable Ministries to continue its service as Catholic healthcare organizations and allow other-than-Catholic organizations to join CHE and develop an identity as Catholic</p>

Identifier	Return Reference	Explanation
		<p>Specialty Centers of Care ===== SFMC is well known for its specialty centers of care. While medical excellence and state-of-the-art technology are of utmost importance, so is SFMC's concern for the patient's total well-being. SFMC provides an extensive array of medically necessary health care services which include, but are not limited to, the following - Ambulatory surgery - Angiography - Bariatric surgery and non-interventional weight loss - Cancer care - Cardiology - Cardiac catheterization - Cardiac EP studies - Cardiac surgery - Cardiovascular diagnostics - Medical, surgical, & specialty clinics - Compassionate care (hospice) - Dialysis - Emergency department - Gastroenterology and pulmonary diagnostics - Laboratory - Mental health - Muscular dystrophy - Neuroscience - Nursing - Outpatient infusion (chemotherapy) - Physical therapy and rehabilitation - Pre-admission testing - Pulmonary testing - Radiation oncology - Radiology - Sleep lab - Sr. Hyacintha Program for the Homebound - Surgery - Women's health - Wound care center / hyperbaric oxygen therapy - Infectious disease center - Comprehensive care Clinical Centers of Excellence / Specialty Services</p> <p>===== Bariatric Surgery and Medical Nutrition Therapy -----</p> <p>----- Dedicated solely to the treatment of morbid obesity, the St. Francis Center for Advanced Weight Loss provides innovative, comprehensive and compassionate care for patients undergoing bariatric surgery. The bariatric treatment presents a combination of training, expertise and recognition unique and unparalleled in Mercer County and throughout the state of New Jersey. With a dedicated surgical staff and complete multidisciplinary approach, the Saint Francis Center for Advanced Weight Loss provides the best bariatric surgical care available. The bariatric program coordinator is the only bariatric certified nurse in Mercer County. Medical problems associated with obesity such as diabetes, high blood pressure, heart disease, sleep apnea and osteoarthritis can be improved or resolved after weight loss surgery. SFMC has developed a "patient-driven" support group that gives patients the opportunity to help others and discuss topics associated with their experiences.</p> <p>Cardiac Services ----- SFMC offers a wide range of cardiac services to the community including:</p> <ol style="list-style-type: none"> 1. Cardiology: SFMC has been the regional leader in providing high quality, compassionate cardiac care to the residents of Mercer County. SFMC involves the patient and family in the identification, treatment, rehabilitation and education through its attention and care to individual needs. With its highly trained physicians and staff, SFMC is able to provide state-of-the-art heart care to its patients with cardiovascular disease. SFMC prides itself in being the only regional heart center to offer a full spectrum of individualized services. SFMC offers diagnostic tests for cardiac patients including angiography, cardiopulmonary exercise stress test, doppler ultrasound, echocardiogram, electrocardiogram, holter monitor, muga scan, positron emission tomography, single photon emission computed tomography, and thallium stress tests. 2. Angiography: Angiography is just one of the many specialized cardiology services offered at SFMC. Angiography, also called a n angiogram, is a diagnostic tool during which a contrast dye is injected through a catheter into the heart. This enables an image of the coronary arteries to be displayed on a monitor. These images reveal the location and approximate size of any blockages that are found, and the pumping ability of the heart can also be obtained. Depending on the reason for this procedure, a second catheter may be inserted to record pressures in the heart's chambers and to obtain blood samples. 3. Cardiac Catheterization: A full service, state-of-the-art cardiac catheterization lab, which is managed through a partnership with central New Jersey Heart Services, is available at SFMC which provides diagnostic and advanced clinical procedures with the surgical back-up capabilities on site. They are equipped with two fully staffed interventional labs capable of the latest in cardiac interventional therapies. SFMC's volume allows them to perform state-of-the-art procedures only available at Mercer County's top hospital for cardiac care. SFMC is also the only hospital in the county with an open heart surgery team available at all times for back-up. Along with having the latest equipment including the newest in drug eluting stents, ivus, x-systor and imaging equipment, SFMC also has a highly qualified and caring staff of physicians, nurses and cardiovascular technicians. 4. Cardiac Electrophysiology: SFMC's brand new, state-of-the-art facility is the only lab in Mercer County to diagnose and treat conditions related to the heart's electrical system. Diagnostic tests offered through car

Identifier	Return Reference	Explanation
		<p>diac electrophysiology include the tilt table test, EP studies, EP with ablation, pacemaker insertion, defibrillator insertion, and cardiac resynchronization therapy</p> <p>5 Cardiovascular Diagnostics SFMC's cardiology department offers a full range of diagnostic tests to provide each individual with a picture of the heart's health. This assists the physician in determining the best treatment options. SFMC's fully certified team includes cardiologists, registered nurses, registered cardiac sonographers, and certified cardiology technicians, all with expertise and specialized training in the field of cardiology.</p> <p>Dialysis ----- SFMC dedicated an outpatient dialysis unit for the treatment of end-stage renal disease ("ESRD"). This unit - Renal Center of Trenton, LLC - was established and is managed in partnership with Renal Ventures Management, LLC. The Renal Center features 18 computerized hemodialysis stations, which include recliners, personal televisions and privacy curtains. The unit will also provide on-site training for patients in peritoneal, or home-based dialysis as well as a transplant referral program.</p>

Identifier	Return Reference	Explanation
		<p>Emergency Medicine ----- Since 1998, SFMC has been Mercer County's heart hospital with state of the art imaging and heart surgery SFMC's heart hospital team of certified physicians and nurses are accustomed to responding quickly and accurately to patients with life threatening cardiac problems The emergency department offers the following - A "no waiting" policy Patients who arrive at the emergency entrance requiring emergency care, receive prompt attention and triage by an experienced triage nurse, then are moved immediately into the main ED for care - SFMC believes that registration for emergencies should be done at the bedside, and have made that a convenience and a priority - The experienced emergency physicians are ready 24 hours a day, 7 days a week to meet your needs - The magnet nursing staff is certified in advanced life support and pediatric advanced life support - Each of the fourteen emergency beds has cardiac monitoring capability - Radiology services including x-ray, CT scan, MR, pet scan and ultrasound are located in close proximity to the emergency department for speed of service and patient convenience - For minor injuries and illnesses requiring urgent care, the "fast track" program provides quick attention by a specially trained nurse practitioner - Support services such as pastoral care, physical therapy and EKG - On-line connections to the national poison control center - Individualized information regarding diagnosis and instructions for after care upon discharge</p> <p>Cancer Center ----- The comforts of home become especially important in times of illness St Francis Regional Cancer Center offers a full array of cancer services to patients within the community Multidisciplinary diagnosis, pretreatment evaluation, inpatient care, counseling and support, and outpatient care are all available close to home The comprehensive breast program provides patients who may have found a lump in their breast or have an abnormal mammogram, a timely appointment with a breast specialist In an effort to decrease apprehension, if a biopsy is recommended most of the time it can be performed that day With the rapid diagnosis process many women will be made aware of the pathology results that same day The patient will leave the office with a plan of care in place In 2009, the St Francis Cancer Center was reaccredited by the American College of Surgeons Commission on Cancer The lung cancer treatment team is composed of a pulmonologist, surgeon, radiation oncologist and medical oncologists, review newly diagnosed lung cancer patients to develop the most comprehensive treatment plan to address this disease SFMC also offers workshops sponsored by the American Cancer Society for patients who are undergoing chemotherapy and radiation treatments</p> <p>Nursing ----- For over 130 years, SFMC has been Trenton's leading non-profit acute care teaching hospital The SFMC medical staff is a group of highly skilled and dedicated health care professionals who work side by side with their nurses Together, the caring physicians and nurses work each and every day to continue a proud history of providing the highest quality health care with compassion and respect</p> <p>Physical Therapy and Rehabilitation ----- The physical therapy department consists of a dynamic staff of physical therapists and physical therapist assistants who are active participants in a large multidisciplinary team In acute care setting they provide an array of services designed to restore, improve or maintain the patient's optimal level of function, self-care, self-responsibility, independence and quality of life The primary purpose of the physical therapy department is to provide services that will shorten hospital stay, convalescence and improve functional capacity for patients in need The physical therapists play a vital role in the care of the post-surgical cardiothoracic patients, neurosurgical and post-surgical orthopedic patients, post-surgical gastric-bypass patients, cardiac patients, arthritic patients, wound-care patients, pulmonary patients, ICU and CCU patients and general medical patients SFMC's physical therapists develop goals and comprehensive treatment plan upon a patient's initial evaluation The frequency and duration of the treatment is determined by a patient's level of functional and progression in his or her program The department also includes outpatient services with numerous subspecialties Outpatient therapists apply state-of-the-art techniques for the management of complex orthopedic, musculoskeletal neuromuscular conditions and wound care In addition, the department maintains a complete comprehensive program in the treatment of stroke victims SFMC's Speech Therapy Department provides quality care to inpatients and outpatients who have speech, language or swallowing disorders Diagnosis and treatment i</p>

Identifier	Return Reference	Explanation
		<p>s provided for disorders of speech, language, swallowing, voice and stuttering Video fluoroscopic swallowing studies provide valuable information for assessment and treatment of those disorders</p> <p>Stroke Center ----- ----- The Neuroscience Institute Stroke Program combines highly trained staff, advanced technology and concentration in patient education to bring quality and comprehensive stroke care to Mercer County The stroke team consists of neurologists, emergency room staff, nurses, primary care physicians as well as radiologists to provide rapid care to those affected by stroke At least one neurologist and nurse are on call 24 hours a day, 7 days a week, to respond quickly to stroke patients who are brought to SFMC The stroke team is active in distributing information regarding signs, treatment and prevention of strokes to SFMC employees, patients and the surrounding community Education related to stroke recognition and timely response is key to improved clinical outcomes In addition to responding to the emergent stroke patient, the neuroscience institute coordinates a number of clinical trials related to stroke intervention and thereby stroke outcome</p> <p>Women's Health ----- SFMC provides several services of particular interest to women and address a woman's changing needs Cancer prevention and care, mammograms, heart disease, osteoporosis, and menopause are among the many issues in which SFMC serves the community</p> <p>Infectious Disease Center ----- The Infectious Disease Center at SFMC (ID Center) opened its doors in 2010 to provide comprehensive medical care for people living with, or at risk for, the Human Immunodeficiency Virus (HIV) in and around the Mercer County, NJ area Patients are evaluated by Infectious Disease Specialist and followed at all times by one of the ID Center's physicians and/or nurses We will provide primary care and management of other healthcare issues in the HIV population, (i.e. cardiac issues, diabetes, hypertension, liver issues, etc.) The ID Center is proud to be a program of SFMC</p> <p>Services provided - HIV/AIDS Treatment - Case Management - Counseling and Testing Services - Gynecology Care - Mental Health - Community Outreach Programs - - On-site HIV-HCV Co-infection Care - Off-site Vision Care - Off-site dental care - Referrals to specialty services</p> <p>Comprehensive Care Program (CCP) ----- CCP is a transformative model of healthcare for SFMC CCP reaches outside of the walls of the hospital and connects Trenton's most vulnerable individuals with not only the healthcare they need but also assists each individual with their social and environmental needs CCP connects these individuals to community partner service organizations CCP health services are provided by a nurse practitioner in the Soup Kitchen and with individuals living in low income housing</p>

Identifier	Return Reference	Explanation
		<p>Community Benefit Programs and Activities ===== SFMC's community outreach programs serve children, seniors, the homeless, and the medically underserved SFMC takes pride in providing high-quality medical treatment and services to promote wellness and enhance the health of the community The dedicated and competent health care team consisting of doctors, nurses, nurse practitioners, and staff work together to further its mission of being a transforming healing presence within the communities they serve To fulfill its mission, SFMC offers many outreach services including, but not limited to, the following C A R E S ----- The C A R E S (Children Are Really Extra Special) program is an acute partial hospitalization program for children between the ages of 4 and 18 years who suffer from emotional and behavioral difficulties The program provides high quality mental health diagnosis and intensive psychiatric treatment for children who do not require inpatient care, but who cannot be managed by outpatient care alone HIV Case Management ----- Through a grant funded by the state of New Jersey, Department of Health and Senior Services, Division of AIDS prevention and control, SFMC is able to provide HIV case management services to individuals infected and affected living or working in the Mercer County area Specially trained case managers work diligently to assess the unique needs of each client in the program Referrals are then made to agencies that assist clients in obtaining housing, food, transportation, medical/dental care, medications, legal issues and entitlements Sister Hyacintha Program -----</p> <p>- With the aid of grants from the state of New Jersey and Mercer County's Departments of Health and Senior Services, St Francis provides medical care to the homebound since 1984 The physicians and nurses in this program specialize in home health care Their expertise in case management is coupled with the fact that the delivery of quality health care can be accomplished in the comfort of one's home and to give reprieve to the family member who typically gives care Cancer Screening Programs ----- SFMC's outpatient cancer screening programs funded through the Susan G Komen Foundation are designed to give access to individuals who do not have health insurance Experienced staff takes pride in educating each client as they personalize their care The breast cancer screening program will carefully guide each woman through her experience with mammography and will provide supportive case management for follow-up care Cervical cancer, prostate cancer, and colorectal cancer screening tests are also available Cervical Cancer ----- Annual PAP tests can detect changes in the cervix that can be treated before cancer develops When treated in early stages, cervical cancer is highly curable Prostate Cancer ----- Prostate cancer is the most common cancer in men, accounting for 30% of all male cancers SFMC's prostate screening program is based on individual medical conditions and health care needs With early detection of prostate cancer, men have more effective treatment options from which to choose The goal of SFMC's screening program is to provide that opportunity</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Catholic Health East is the sole member

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Catholic Health East approves the appointment of the members of the governing body

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	Catholic Health East has limited reserved powers to approve decisions of the governing body

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	Senior Management and Members of the Board of Trustees, including the Members of appropriate Subcommittees of the Board (Finance Committee) have been educated on the compliance requirements mandated by the IRS Form 990. The IRS Form 990 was reviewed by Senior Management and reviewed in detail with the Members of Finance Committee in a regular meeting. Any findings/issues with the IRS Form 990 were reported to the Board of Trustees by the Finance Committee. Every board member receives a copy and reviews the IRS Form 990 before it is filed.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	<p>St Francis Medical Center Trenton NJ has adopted Catholic Health East's Policy 103 which sets forth the organization's conflict-of-interest policy and processes. Annually, all those serving the organization in a fiduciary capacity, including directors, officers, and key employees receive a copy of the policy and annual disclosure statement to be completed. Disclosures of financial interest or other reportable circumstances as defined in the policy are submitted and reviewed by the CEO and Board Chairman. Summary information is reported to the entire board and available to the board throughout the year as business comes before the board or management for action. The policy contains a continuing affirmative obligation on all affected individuals to disclose compensation or other circumstances throughout the year which may rise to the level of an actual or apparent conflict. The determination of whether a disclosed financial or other interest constitutes a conflict of interest is made by the board or an appropriate committee thereof comprised of dis-interested persons and without the participation of the affected individual except to respond to questions about the disclosure. The policy further addresses the procedure for the board's further consideration of the proposed transaction/matter without the participation of the affected person and the documentation of the proceedings. Lastly, the policy addresses potential disciplinary action for violations of the policy. The policy is available to the public upon request.</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	<p>As set forth by Schedule J, Part III, the compensation for the top management official is determined by CHE. For other employees, St. Francis Medical Center Trenton NJ has adopted Catholic Health East's process for determining compensation includes the following: The board has an independent committee review and approve all elements of remuneration for all disqualified parties, as well as other key management. The board/committee has an established compensation philosophy which details the objectives of market positioning and pay elements. The committee engages with external consultants to provide market data comparing the organization's roles to similarly sized health systems utilizing both title and job content comparisons. The committee reviews the market analysis, approves any salary adjustments for the executive population, considers both reasonableness and effectiveness of all remunerative programs and establishes the detailed performance expectations which are incorporated into the incentive plan. All of these discussions and decisions are documented through the provision of meeting minutes.</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	Organizational articles of incorporation, corporate by-laws, governance policies believed to be of interest to the public, conflict-of-interest policy, annual community benefit report and IRS Form 990 are available to the public upon request

Identifier	Return Reference	Explanation
Other Fees	Form 990, Part IX, line 11g	Consultant Fees Program service expenses 1,403,077 Management and general expenses 155,897 Fundraising expenses 0 Total expenses 1,558,974 Contract Services Program service expenses 3,856,155 Management and general expenses 428,462 Fundraising expenses 0 Total expenses 4,284,617 Recruiting Program service expenses 40,376 Management and general expenses 4,486 Fundraising expenses 0 Total expenses 44,862 Ohter Purchased Services Program service expenses 15,070,321 Management and general expenses 1,674,480 Fundraising expenses 0 Total expenses 16,744,801

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Pension Adjustment 167,907 Transfers from Related Organizations 2,935,034 Increase in Market Value of Interest Rate Swaps 226,687

Identifier	Return Reference	Explanation
Explanation of Financial Statements	Form 990, Part XII, Line 2A & 2B	The financial statements of St Francis Medical Center were audited as part of the consolidated audit of Catholic Health East

Identifier	Return Reference	Explanation
		<p>Disclosure Statement Related to Form 5471 Filed by Catholic Health East and Saint Michael's Medical Center Under the constructive ownership rule of Internal Revenue Code Sections 318(a) and 958(b), the organization is required to file Form 5471, Information Return of U S Persons With Respect to Certain Foreign Corporations, as a Category 4 and/or Category 5 filer with respect to Stella Maris Insurance Company Limited and Chestnut Risk Services, LTD (collectively, the "foreign corporations") This filing requirement is, or will be, satisfied through the filing of Forms 5471 with respect to the foreign corporations on the organization's behalf by the U S organizations identified below</p> <p>Foreign Corporation Stella Maris Insurance Company U S Organization Catholic Health East Address 3805 West Chester Pike, Suite 100, Newtown Square, Pennsylvania 19073 Identifying Number of U S Tax Return with Which Form 5471 was filed 23-2929748 IRS Service Center Where U S Return Was Filed Ogden, UT Foreign Corporation Chestnut Risk Services, LTD U S Organization Saint Michael's Medical Center Address 111 Central Avenue, Newark, New Jersey 07102 Identifying Number of U S Tax Return with Which Form 5471 was filed 26-2616046 IRS Service Center Where U S Return Was Filed Ogden, UT</p>

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public
Inspection**

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
St Francis Medical Center Trenton NJ

Employer identification number

22-3431049

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) Seton Real Estate Holdings LLC 1300 Massachusetts Avenue Troy, NY 12180 32-0393870	Management Real Estate	NY			Seton Health System Inc

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	No
See Additional Data Table							

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) Disproportionate 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	
See Additional Data Table												

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	No
See Additional Data Table									

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

1 During the tax year, did the organization 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
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

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

	Yes	No
1a		No
1b		No
1c		No
1d	Yes	
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l	Yes	
1m		No
1n		No
1o		No
1p		No
1q	Yes	
1r		No
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
(1) St Francis Medical Center Foundation Inc	S	253,000	FMV
(2) Life St Francis Corporation Inc	D	6,156,491	FMV
(3) Life St Francis Corporation Inc	L	2,026,581	FMV
(4) Life St Francis Corporation Inc	Q	9,458,264	FMV

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust									
(a) Name, address, and EIN of related organization	(b) 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	No
Samaritan Medical Office Building Inc 2212 Burdett Avenue Troy, NY 12180 14-1607244	Real Estate	NY	N/A	C				Yes	
Affiliated Management Services Corporation Inc 1300 Massachusetts Avenue Troy, NY 12180 14-1668024	Real Estate	NY	N/A	C				Yes	
Catherine Horan Building Inc c/o SPHS 1221 Main Street Suite 108 Holyoke, MA 010400000 04-2938160	Building Management	MA	N/A	C				Yes	
Diversified Community Services Inc c/o SPHS 1221 Main Street Suite 108 Holyoke, MA 010400000 04-3128890	Medical Services	MA	N/A	C				Yes	
Mercy Inpatient Medical Associates Inc c/o SPHS 1221 Main Street Suite 108 Holyoke, MA 010400000 04-3029929	Medical Services	MA	N/A	C				Yes	
Providence Home Care Inc c/o SPHS 1221 Main Street Suite 108 Holyoke, MA 010400000 04-3317426	Health Care Services	MA	N/A	C				Yes	
System Coordinated Services Inc c/o SPHS 1221 Main Street Suite 108 Holyoke, MA 010400000 04-2938181	Lab Services	MA	N/A	C				Yes	
Physicians Medical Office Building Condominium Trust 1221 Main Street Room 108 Holyoke, MA 010400000 04-6608649	Property Management	MA	N/A	C				Yes	
SJM Properties Inc 411 Canisteo Street Hornell, NY 148482101 16-1294991	Property Holdings	NY	N/A	C				Yes	
Carbondale Area Physicians' Association PC 100 Lincoln Ave Carbondale, PA 18407 23-2801677	Medical Insurance Contracting	PA	N/A	C				Yes	
Carbondale Area Physicians' PHO Inc 100 Lincoln Ave Carbondale, PA 18407 23-2801676	Inactive	PA	N/A	C				Yes	
Carbondale Physicians' Services Inc 100 Lincoln Ave Carbondale, PA 18407 23-2365077	Pharmacy	PA	N/A	C				Yes	
Chestnut Risk Services Ltd 11 Victoria Street Hamilton BD	Insurance	BD	N/A	C				Yes	
LifeCare Physicians PC 601 Hamilton Avenue Trenton, NJ 086291986 26-1649038	Health Care Services	NJ	St Francis Medical Center Trenton NJ	C	-2,785,220	2,114,402	100 000 %	Yes	
Multicare Plus Inc 601 Hamilton Avenue Trenton, NJ 086291986 22-3435844	Inactive	NJ	St Francis Medical Center Trenton NJ	C			50 000 %	Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust									
(a) Name, address, and EIN of related organization	(b) 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	No
Langhorne Services II Inc 1201 Langhorne- Newtown Road Langhorne, PA 19047 25-3795549	General Partner of LMOB Partners, II	PA	N/A	C				Yes	
Langhorne Services Inc 1201 Langhorne- Newtown Road Langhorne, PA 19047 23-2625981	General Partner of LMOB Partners,	PA	N/A	C				Yes	
Gateway Health Plan Inc 600 Grant Street Pittsburgh, PA 15219 25-1505506	Health Care	PA	N/A	C				Yes	
Gateway Health Plan Inc of Ohio 600 Grant Street Pittsburgh, PA 15219 30-0282076	Health Care	PA	N/A	C				Yes	
MCMC Eastwick Inc c/o MHS One West Elm Street Conshohocken, PA 19428 23-2184261	Medical Office Buildings	PA	N/A	C				Yes	
Health Management Services Org Inc 500 Grove Street Suite 100 Haddon Heights, NJ 08035 22-3366580	Health Care Billing	NJ	N/A	C				Yes	
Lourdes Medecal Associates PA 500 Grove Street Suite 100 Haddon Heights, NJ 08035 22-3361862	Medical Services	NJ	N/A	C				Yes	
Jeannette Medical Providers 3805 West Chester Pike Newtown Square, PA 19073 25-1787334	Holding Company	PA	N/A	C				Yes	
Jeannette OBGYN Group 1 Inc 3805 West Chester Pike Newtown Square, PA 19073 23-2890748	Holding Company	PA	N/A	C				Yes	
Jeannette Primary Care Group 1 Inc 3805 West Chester Pike Newtown Square, PA 19073 23-2890743	Holding Company	PA	N/A	C				Yes	
Georgia Health Enterprises LLC 1230 Baxter Street Athens, GA 30606 54-1806329	Healthcare	GA	N/A	C				Yes	
St Mary's Highland Hills Village Inc 1660 Jennings Mill Pkly Bogart, GA 30622 58-2276801	Assisted Living	GA	N/A	C				Yes	
GHE Physicians PC 3500 Piedmont Road Atlanta, GA 30305 58-2277939	Practice Management	GA	N/A	C				Yes	
Nursing Network Inc 4725 North Federal Highway Fort Lauderdale Highwa, FL 333080000 59-1145192	Medical Services	FL	N/A	C				Yes	
Mercy Physician Group Inc 3663 South Miami Avenue Miami, FL 33133 20-2970015	Health Care	FL	N/A	C				Yes	

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

(a) Name, address, and EIN of related organization	(b) 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	No
Stella Maris Insurance Company Limited PO Box 69 Grand Cayman, Cayman Islands KY1-1102 CJ 98-0078266	Insurance	CJ	N/A	C				Yes	
Catholic Health East Senior Services 3805 West Chester Pike Suite 100 Newtown Square, PA 19073 37-1572595	Senior Services	PA	N/A	C				Yes	

Catholic Health East
Consolidated Financial Statements
December 31, 2012 and 2011

Catholic Health East
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December 31, 2012 and 2011

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Report of Independent Auditors

To the Board of Directors
Catholic Health East

We have audited the accompanying consolidated financial statements of Catholic Health East and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated entities which statements reflect net assets of \$59,001,000 and \$77,471,000 as of December 31, 2012 and 2011, respectively, and excess of revenues over expenses of \$21,530,000 and \$12,508,000 for the years then ended. In addition, we did not audit the financial statements of certain unconsolidated entities which are represented in the following consolidated financial statements for 2012 and 2011 as investments in unconsolidated organizations of \$1,575,944,000 and \$1,275,608,000 as of December 31, 2012 and 2011, respectively, and equity in earnings of unconsolidated organizations of \$161,808,000 and \$146,038,000 for the years then ended. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these entities, is based solely on the reports of the 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 consolidated financial statements are free from 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 our 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, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company'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 consolidated 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 audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2012 and 2011, the results of their operations and their cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The social accountability information and the consolidating information are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities, accordingly, we do not express an opinion on the financial position and results of operations of the individual entities. The social accountability information and the consolidating information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The social accountability information and consolidating information have 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 social accountability information and consolidating information are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

April 30, 2013

**Catholic Health East
Consolidated Balance Sheets
Years Ended December 31, 2012 and 2011**

(in thousands of dollars)

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$368,351	\$576,447
Investments	154,115	130,636
Marketable securities whose use is limited	18,106	10,218
Patient accounts receivable, net of estimated uncollectibles of \$319,035 and \$297,799 for 2012 and 2011, respectively	426,227	410,575
Collateral received on securities pledged	67,972	130,364
Other accounts receivable	118,744	106,512
Prepaid expenses and inventories	104,604	102,134
Assets held for sale	69,159	84,299
Total current assets	<u>1,327,278</u>	<u>1,551,185</u>
Marketable securities and investments whose use is limited		
Board-designated funds	300,328	340,757
Trustee-held funds	82,743	174,153
Donor-restricted funds	111,545	126,342
Investments	598,431	429,975
Total marketable securities and investments whose use is limited	<u>1,093,047</u>	<u>1,071,227</u>
Property and equipment, net	1,879,120	1,774,277
Equity investments in managed funds	334,721	246,270
Investments in unconsolidated organizations	1,616,988	1,450,068
Assets held for sale	267,203	389,174
Goodwill	32,852	10,470
Other assets	206,282	189,695
Total assets	<u>\$6,757,491</u>	<u>\$6,682,366</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt and capital lease obligations	\$97,365	\$60,422
Portion of variable rate demand obligations classified as current	29,325	10,492
Accounts payable and accrued expenses	453,969	433,708
Collateral due broker on securities pledged	67,972	130,364
Estimated third party payor settlements, net	102,096	104,453
Other	152,659	164,851
Liabilities held for sale	101,105	115,605
Total current liabilities	<u>1,004,491</u>	<u>1,019,895</u>
Long-term debt, net	1,151,590	1,223,524
Other liabilities	149,397	139,869
Pension liabilities	417,481	438,537
Insurance liabilities, net of current portion	284,966	299,960
Other liabilities related to assets held for sale	318,811	326,593
Deferred revenue from entrance fees	91,059	92,085
Total liabilities	<u>3,417,795</u>	<u>3,540,463</u>
Net assets		
Unrestricted	3,146,859	2,954,583
Temporarily restricted	143,010	140,614
Permanently restricted	49,827	46,706
Total net assets	<u>3,339,696</u>	<u>3,141,903</u>
Total liabilities and net assets	<u>\$6,757,491</u>	<u>\$6,682,366</u>

The accompanying notes are an integral part of the consolidated financial statements

Catholic Health East
Consolidated Statements of Operations
Years Ended December 31, 2012 and 2011

(in thousands of dollars)

	2012	2011
Unrestricted revenue, gains and other support		
Net patient service revenue, net of bad debt expense of \$234,952 and \$225,812 for 2012 and 2011, respectively	\$3,877,621	\$3,355,034
Other operating revenue, gains and other support	357,420	291,078
Total unrestricted revenue, gains and other support	<u>4,235,041</u>	<u>3,646,112</u>
Expenses		
Salaries, wages and benefits	2,298,084	1,954,805
Medical supplies	560,708	510,213
Purchased services, professional fees and other expenses	966,244	846,914
Depreciation and amortization	190,360	159,045
Interest	44,102	39,635
Insurance	57,066	45,451
Total expenses	<u>4,116,564</u>	<u>3,556,063</u>
Operating income before losses from St. Joseph's Health System	118,477	90,049
Losses from Saint Joseph's Health System	-	(31,249)
Operating income (including losses from St. Joseph's Health System)	<u>118,477</u>	<u>58,800</u>
Non-operating gains (losses)		
Investment returns, net	97,873	9,099
Equity in gains in earnings of unconsolidated organizations	135,405	90,258
Impairment losses	-	(4,571)
Gain on sale of assets	27,931	100,707
Unrestricted contribution income - St. Peter's Health Partners	-	322,947
Other non-operating losses	-	(474)
Loss on extinguishment of debt	(2,908)	(539)
Change in fair value of interest rate swaps	6,424	(1,232)
Total non-operating gains	<u>264,725</u>	<u>516,195</u>
Excess of revenue over expenses	<u>\$383,202</u>	<u>\$574,995</u>

The accompanying notes are an integral part of the consolidated financial statements

Catholic Health East
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2012 and 2011

(in thousands of dollars)

	2012	2011
Unrestricted net assets		
Excess of revenue over expenses	\$383,202	\$574,995
Change in unrealized gains (losses) on available-for-sale securities	3,553	(3,638)
Decrease in pension liability adjustment - consolidated organizations	(15,219)	(143,002)
Decrease in pension liability adjustment - unconsolidated organizations	(8,875)	(30,485)
Net assets released from restriction for capital expenditures	10,418	35,478
Other changes	<u>(9,032)</u>	<u>12,077</u>
Increase in unrestricted net assets before discontinued operations	364,047	445,425
Loss from discontinued operations	<u>(171,771)</u>	<u>(74,880)</u>
Increase in unrestricted net assets	<u>192,276</u>	<u>370,545</u>
Temporarily restricted net assets		
Contributions	22,078	24,838
Investment income	1,272	685
Change in unrealized gains (losses) on investments	4,800	(648)
Net assets released from restrictions	(25,000)	(42,720)
Temporarily restricted contribution income - St. Peter's Health Partners	-	33,202
Other changes	<u>(754)</u>	<u>(6,547)</u>
Increase in temporarily restricted net assets	<u>2,396</u>	<u>8,810</u>
Permanently restricted net assets		
Contributions	670	75
Change in realized and unrealized gains on investments	1,248	147
Permanently restricted contribution income - St. Peter's Health Partners	-	18,670
Other changes	<u>1,203</u>	<u>(656)</u>
Increase in permanently restricted net assets	<u>3,121</u>	<u>18,236</u>
Increase in net assets	197,793	397,591
Net assets		
Beginning of year	<u>3,141,903</u>	<u>2,744,312</u>
End of year	<u><u>\$3,339,696</u></u>	<u><u>\$3,141,903</u></u>

The accompanying notes are an integral part of the consolidated financial statements

Catholic Health East
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

(in thousands of dollars)

	2012	2011
Cash flows from operating activities		
Increase in net assets	\$197,793	\$397,591
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Loss from discontinued operations	171,771	74,880
Pension adjustment, including unconsolidated organizations	24,094	173,487
Loss on extinguishment of debt	2,908	539
Contribution income from contributed assets - St Peter's Health Partners	-	(374,819)
Depreciation and amortization	190,360	159,045
Amortization of deferred entrance fees	(5,912)	(6,309)
Net realized gains on investments	(16,745)	(32,497)
Net unrealized (gains) losses on investments	(70,113)	23,379
Equity in earnings of unconsolidated organizations	(183,469)	(158,028)
Provision for bad debts	234,952	225,812
(Increase) decrease in market value of interest rate swaps	(6,424)	1,232
Restricted contributions and investment income received	(24,020)	(25,098)
Gain on sale of assets	(27,931)	(100,707)
Return on investment in health plan equity interests	7,674	34,643
Entrance fees received, net of refunds	4,886	1,635
Change in certain assets and liabilities		
Accounts receivable	(250,604)	(203,814)
Other receivables	(12,231)	47,776
Prepaid expenses, inventories and other assets	(19,057)	(69,866)
Assets held for sale	32,110	(25,475)
Accounts payable, accrued expenses and other current liabilities	20,261	(17,232)
Third party payables	(2,357)	20,430
Insurance and other liabilities	(33,516)	25,508
Pension liability	(36,275)	(33,439)
Net cash used in operating activities of discontinued operations	(66,771)	(83,109)
Net cash provided by operating activities	<u>131,384</u>	<u>55,564</u>
Cash flows from investing activities		
Additions to property and equipment	(382,619)	(193,905)
Cash contributed to St Joseph's / Emory Healthcare Joint Operating Agreement	-	(57,117)
Cash received from St Peter's Health Partners transaction	-	123,441
Proceeds from sale of health plan equity interests	-	194,000
Proceeds from sale of assets - Mercy Miami and Mercy Medical	-	144,000
Physician practice and surgery center acquisitions, net of cash	(22,382)	(10,438)
Posted collateral on interest rate swaps	-	(753)
Decrease (increase) in collateral received on securities pledged	62,392	(95,260)
(Purchases) sales of investments, managed funds and marketable securities whose use is limited, net	(54,780)	111,999
Proceeds from sale of assets	40,524	-
Net cash provided by (used in) investing activities of discontinued operations	87,374	(1,934)
Net cash (used in) provided by investing activities	<u>(269,491)</u>	<u>214,033</u>
Cash flows from financing activities		
Proceeds from restricted contributions and investment income received	24,020	25,098
Proceeds from issuance of long-term debt	201,450	51,045
Change in variable rate demand obligations classified as current	18,833	(12,186)
Repayments of long-term debt	(245,651)	(166,953)
(Decrease) increase in payable under collateral received on securities pledged	(62,392)	95,260
Net cash (used in) provided by financing activities of discontinued operations	(6,249)	3,884
Net cash used in financing activities	<u>(69,989)</u>	<u>(3,852)</u>
(Decrease) increase in cash and cash equivalents	(208,096)	265,745
Cash and cash equivalents		
Beginning of year	576,447	310,702
End of year	<u><u>\$368,351</u></u>	<u><u>\$576,447</u></u>
 Supplemental disclosures of cash flow information		
Interest paid	\$46,683	\$44,127
Non-cash transaction	\$5,556	\$8,777

The accompanying notes are an integral part of the consolidated financial statements

Catholic Health East

Notes to the Consolidated Financial Statements

December 31, 2012 and 2011

1. Organization and Mission Basis of Presentation

Catholic Health East (“CHE”, the “System”, or the “Company”) was incorporated as a Pennsylvania nonprofit corporation on October 1, 1997. CHE is a catholic, multi-facility health system sponsored by seven religious congregations and Hope Ministries. Each sponsoring congregation appoints a representative to the Sponsors Council which maintains certain reserve powers, including the election of the CHE Board of Directors. CHE serves to carry out the health care ministries of the sponsoring congregations. The mission of CHE is to be a community of persons committed to being a transforming, healing presence within the communities it serves.

The consolidated financial statements of CHE include activities of its Regional Health Corporations (“RHCs”) and related component corporations all of which are wholly or majority owned. These RHCs are located throughout eleven states and the healthcare activities provided by these RHCs include, but are not limited to, general acute care hospitals, long-term care facilities, skilled nursing facilities, behavioral health, residential facilities for the elderly, physician services, home health, outpatient surgery, and other services. A list of the name and location of each RHC is provided below.

Mercy Health System of Maine Portland, Maine	Sisters of Providence Health System, Inc Springfield, Massachusetts
Mercy Community Health, Inc West Hartford, Connecticut	St. Peter’s Health Partners Albany, New York
St. James Mercy Health System, Inc Hornell, New York	St. Francis Medical Center Trenton, New Jersey
Saint Michael’s Medical Center Newark, New Jersey	Lourdes Health System Camden, New Jersey
St. Mary Medical Center Langhorne, Pennsylvania	Pittsburgh Mercy Health System, Inc Pittsburgh, Pennsylvania
Mercy Health System of Southeastern Pennsylvania Conshohocken, Pennsylvania	Saint Joseph of the Pines, Inc Southern Pines, North Carolina
St. Francis Hospital and Affiliates Wilmington, Delaware	Saint Joseph’s Health System, Inc Atlanta, Georgia
St. Mary’s Health Care System, Inc Athens, Georgia	Mercy Hospital, Inc Miami, Florida
Mercy Medical Corporation Daphne, Alabama	Holy Cross Hospital, Inc Fort Lauderdale, Florida

Catholic Health East

Notes to the Consolidated Financial Statements

December 31, 2012 and 2011

Catholic Health East and certain affiliated nonprofit corporations are generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code

CHE and its RHCs also participate in various joint ventures and partnerships, commonly referred to as joint operating agreements. These arrangements enable CHE to provide healthcare services to the broader community through involvement in larger healthcare organizations or systems.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of CHE include the financial information of the RHCs and component corporations, the System's wholly owned captive insurance company, various philanthropic foundations of which the System maintains control, and various other organizations or corporations. All significant inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates, and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. Management considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the consolidated financial statements including, but not limited to, recognition of net patient service revenue, which includes contractual allowances and provisions for bad debt, estimates for healthcare professional and general liabilities, determination of fair values of certain financial instruments, and assumptions for measurement of pension liabilities. Management relies on historical experience and other assumptions believed to be reasonable relative to the circumstances in making judgments and estimates. Actual results could differ materially from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include liquid investments with a maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value.

Investments and Investment Income

Investments in marketable equities with readily determinable fair market values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Equity investments in managed funds, private partnerships, and other investments are accounted for under the equity method, which approximates fair value. Realized gains and losses on investments, unrealized gains and losses on trading securities, interest income (net of investment-related expenses), and dividends are included in investment returns, net, as part of non-operating gains and (losses) in the excess of revenue over expenses. Investment income restricted by donors or law is reported as an increase in temporarily or permanently restricted net assets.

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The System's investments and marketable securities whose use is limited are invested and managed through the CHE Consolidated Investment Program (the "CIP Program"), and some investments are locally managed by the RHCs. Included in these investments are investments in managed funds, private partnerships, and other investments. The income (loss) from these managed funds is included in investment returns, net, in the accompanying consolidated statement of operations and change in net assets.

The System classifies all unrestricted investments as trading securities.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with these securities and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the consolidated balance sheets and statements of operations and change in net assets.

Marketable Securities and Investments Whose Use Is Limited

Marketable securities and investments whose use is limited primarily include marketable securities and investments designated by governance for future capital improvements and other purposes, in accordance with agreements with outside parties, by trustees under bond indenture agreements, self-insurance arrangements, and by donor restrictions.

Derivative Financial Instruments

The System recognizes all derivative instruments in the balance sheets at fair value. The change in the fair value of derivatives is recognized as a component of excess of revenues over expenses in the consolidated statements of operations for the years ended December 31, 2012 and 2011.

Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market, net of reserves for obsolescence.

Assets Held for Sale

CHE has classified certain long-lived assets as assets held for sale in the consolidated balance sheets when the assets have met applicable criteria for this classification. CHE has classified \$336,362,000 and \$473,473,000 as held for sale at December 31, 2012 and 2011, respectively. The Company has also classified \$419,916,000 and \$442,198,000 at December 31, 2012 and 2011, respectively, as liabilities related to assets held for sale.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is expensed over the estimated useful life of each class of depreciable assets and is computed using the straight-line method based on the following estimated useful lives:

Building and Improvements	5-40 years
Leasehold improvements	3-20 years
Equipment	3-20 years

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Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in the depreciation and amortization in the consolidated financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets. Repair and maintenance costs are expensed as incurred. When property, plant and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from 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.

Goodwill

CHE records as goodwill the excess of purchase price over the fair value of the identifiable net assets acquired. The Company's goodwill and other intangible assets with indefinite lives are not amortized, rather, they are tested for impairment, at least annually, through a process which first evaluates any triggering event associated with an impairment, and, second, an actual measurement of the impairment, if necessitated. The Company recorded goodwill additions of \$22,382,000 in 2012 related to acquisitions of physician practices and an ambulatory surgery center. The Company did not record any impairment to goodwill in 2011 or 2012.

Long-Lived Assets

CHE evaluates the carrying value of its long-lived assets for impairment when impairment indicators are identified. In the event that the carrying value of a long-lived asset is not supported by the fair value, the System will recognize an impairment loss for the difference. Fair value is based on the exchange price that would be received for an asset or paid to transfer a liability. In 2012, the System recorded an impairment loss of long-lived assets of \$105,000,000 related to Saint Michael's Medical Center. These assets are classified as held for sale as of December 31, 2012 and the impairment loss is included in losses from discontinued operations in the statement of operations and changes in net assets. The System recognized impairment losses of \$4,571,000 for the year ended December 31, 2011.

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations represent CHE investments in joint operating agreements, joint ventures, or partnerships. The equity method is used to account for these investments.

Deferred Revenue from Advance Fees

Certain RHCs operate residential facilities for the elderly. Fees paid by residents upon entering into continuing care contracts, net of the portion that is refundable to the resident, are recorded as deferred revenue and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident.

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Accrued Paid Time Off

CHE records a liability for amounts due to employees for future absences which are attributable to services performed in the current and prior periods

Deferred Debt Issuance Costs

Deferred debt issuance costs included in other assets at December 31, 2012 and 2011, totaling \$14,222,000 and \$18,240,000, respectively, are amortized using the straight-line method over the life of the related debt, which approximates the effective interest method

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

Third-party payors (Medicare, Medicaid, and commercial insurance payors) provide payments to the hospitals at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounts from established charges, and per diem payments. Net patient service revenue is the estimated amount to be realized for services rendered, including estimated retroactive adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Allowance for Doubtful Accounts

The System records an allowance for doubtful accounts for estimated losses resulting from non-payment for services from patients or payors. Management routinely evaluates patient account collection history in determining the sufficiency of the allowance for doubtful accounts and provision for bad debts. The allowance for doubtful accounts for those patients with third-party insurance is determined based on contractual agreements with payors. The provision for bad debts for uninsured patients is based on historical collection experience. Accounts receivable are written off against the allowance for doubtful accounts when management determines that recovery is unlikely and collection efforts cease.

Charity Care

CHE provides services to all patients regardless of ability to pay. In accordance with the System's policy, a patient is classified as a charity patient based on income eligibility criteria as established by the *Federal Poverty Guidelines*. Charges for services to patients who meet the System's guidelines for charity care are not reflected in the accompanying consolidated financial statements. The costs (direct and indirect) associated with these services for charity care provided by the System approximate \$435,914,000 and \$339,190,000 in 2012 and 2011, respectively. These amounts do not include bad debt expense totaling \$234,952,000 and \$225,812,000 in 2012 and 2011, respectively, which is reflected separately in the consolidated statements of operations. The costs and provisions for bad debts do not include amounts classified as discontinued operations. Charity care data for services provided is based on the cost of patient care services with costs being determined by application of the standard cost-to-charge ratio.

Other Operating Revenue

Other revenue is derived from services other than the provision of health care services or coverage to patients or residents. This revenue consists primarily of federal and state grants, unrestricted contributions, incentive payments received for meeting Federal and State Electronic Health Record meaningful use requirements, rental income, income from health plan operations, support services,

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parking garages, gift shop income, cafeteria income, maintenance fee income, foundation investment income, and other miscellaneous income

Non-Operating Gains (Losses)

Non-operating gains (losses) consist primarily of investment returns, which include investment income, dividends, net unrealized gains (losses) on trading securities, and realized gains and losses on trading securities, equity in earnings of unconsolidated organizations, restructuring expenses and impairment losses, losses on extinguishment of debt, contribution income for contributed assets, gains on the sale of assets, and the change in the fair value of interest rate swaps

Excess of Revenue over Expenses

The statements of operations include the excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses include unrealized gains and losses on available for sale investments of unconsolidated organizations, permanent transfers of assets to and from affiliates for other than goods and services, pension adjustments, the cumulative effect of change in accounting principle, discontinued operations, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated financial statements.

Income Taxes

Catholic Health East and certain affiliated nonprofit corporations are generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting guidance for income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. The guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. There was no impact from this guidance on CHE's consolidated financial statements during the years ended December 31, 2012 and 2011.

Adoption of Accounting Pronouncements

On January 1, 2012, the Company adopted FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, the Provision for Bad Debts, and Allowance for Doubtful Accounts*. This guidance requires the Company to modify the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, the guidance requires enhanced disclosure about the Company's policies for recognizing revenue and assessing bad debts, patient service revenue (net of

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contractual allowances and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement-Topic 820 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*, to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between US GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances disclosure requirements, particularly for Level 3 fair value measurements. ASU 2011-04 was effective during the fiscal year ended December 31, 2012 and is applied prospectively. The adoption of ASU 2011-04 did not have a material effect on CHE's financial statements.

On January 1, 2011, the Company adopted FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which prohibits the offsetting of conditional or unconditional liabilities with anticipated insurance recoveries from third parties. The adoption of this guidance did not have a significant impact on the consolidated financial statements.

On January 1, 2011, the Company adopted FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*, that requires health care entities to use cost as the measurement basis for charity care disclosures and defines cost as the direct and indirect costs of providing charity care. The accompanying notes to the consolidated financial statements reflect the amended disclosure requirements. The cost of caring for charity care patients is disclosed in the social accountability supplemental schedule. The cost of charity care provided to patients is disclosed in the supplementary financial information schedule that accompanies these financial statements. This guidance amended disclosure requirements only, therefore, there was no impact to the Company's consolidated financial statements upon adoption.

Reclassifications

Certain amounts have been reclassified in the prior year's financial statements to conform to the classifications used in the current year.

3. Net Patient Service Revenue

Net patient service revenue from the Medicare and Medicaid programs, exclusive of managed care, accounted for approximately 34.3% and 10.7%, respectively, of total net patient service revenues in 2012, and 29.0% and 9.6%, respectively, of total net patient service revenue in 2011. Compliance with 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.

Management believes that adequate provision has been made for adjustments that may result from reviews by third-party payors. Estimated net settlements related to Medicare and Medicaid, collectively, of \$70,327,000 and \$65,225,000 in 2012 and 2011, respectively, are included as a component of current liabilities in the accompanying consolidated balance sheets. The amounts recorded for these estimated settlements approximate their fair value.

Net patient service revenue includes approximately \$15,922,000 and \$4,170,000 in 2012 and 2011, respectively, related to favorable changes in estimates for prior year cost report reopenings, appeals, and tentative and final cost reports, of which some are still subject to audit, additional reopening, and/or appeals.

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The Company recognizes patient service revenue associated with services provided to patients who have third-party insurance based on contractual agreements with payers. For uninsured patients who do not qualify for charity care, the Company recognizes revenue based on a self pay discount policy. The Company records a provision for bad debts based on historical collection experience. The following summarizes net patient service revenue for the years ended December 31.

(in thousands of dollars)

	2012		2011	
	Gross Charges	Deductions	Gross Charges	Deductions
Medicare	\$5,618,273	\$4,310,978	\$5,007,959	\$3,908,977
Medicaid	1,335,423	911,835	1,365,156	1,027,660
Managed care and other	7,108,836	4,946,267	6,441,040	4,483,612
Uninsured	811,709	592,588	674,909	487,969
	<u>\$14,874,241</u>	<u>10,761,668</u>	<u>\$13,489,064</u>	<u>9,908,218</u>
Provision for bad debts		234,952		225,812
Net patient service revenue		<u>\$3,877,621</u>		<u>\$3,355,034</u>

4. Marketable Securities and Investments Whose Use Is Limited and Equity Investments in Managed Funds

The composition of investments at December 31 is as follows:

(in thousands of dollars)

	2012	2011
Reported at fair value		
Cash and cash equivalents	\$262,904	\$357,333
Marketable equity securities	552,529	452,084
Marketable debt securities	449,835	402,664
	<u>1,265,268</u>	<u>1,212,081</u>
Reported under the equity method		
Managed funds	334,721	246,270
	<u>\$1,599,989</u>	<u>\$1,458,351</u>

A portion of CHE's long-term investment assets are held in the CIP Program. The CIP Program is structured under a Program Participation Agreement (the "Agreement") between each participant RHC and CHE. All investments in the CIP Program are professionally managed under the administration of CHE.

Participants' investments held in the CIP Program are assigned a weighted value for the period of time the funds are invested in the CIP Program. Investment income from the CIP Program, including interest income, dividends, and realized gains and losses on sales of securities, and unrealized gains and losses are distributed to participants based on their weighted value of investment.

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The underlying fair value of investments in the CIP Program, which are traded on national exchanges (except for managed funds), is based on the final reported sales price on the last business day of the year. The fair value of investments traded in over-the-counter markets is based on the average of the last recorded bid and asked prices.

CHE participates in a securities lending program wherein some investments are loaned on an overnight basis to various brokers. CHE receives lending fees and earns interest and dividends on the loaned securities. These securities are returnable on demand and are collateralized by cash deposits and U.S. Treasury Obligations. Collateral received is at 100% of the fair value of the securities on loan. CHE is indemnified against borrower default by the financial institution acting as lending agent. At December 31, 2012 and 2011, securities with a fair market value of \$67,972,000 and \$130,634,000, respectively, were loaned under securities lending agreements.

Investment returns, net, is comprised of the following for the years ended December 31:

(in thousands of dollars)

	2012	2011
Unrestricted net assets		
Investment returns, net		
Interest and dividends	\$12,568	\$15,518
Net realized gains	15,192	16,960
Net unrealized gains (losses) on investments - trading securities	70,113	(23,379)
	<u>\$97,873</u>	<u>\$9,099</u>
Net change in unrealized gains on available for sale securities (held by unconsolidated organizations)	<u>\$3,553</u>	<u>(\$3,638)</u>
Temporarily restricted net assets		
Other changes in temporarily restricted net assets		
Investment income		
Interest and dividends	\$967	\$631
Net realized gains on investments	305	54
	<u>\$1,272</u>	<u>\$685</u>
Net unrealized gains (losses) on investments	<u>\$4,800</u>	<u>(\$648)</u>
Permanently restricted net assets		
Other changes in permanently restricted net assets		
Net realized and unrealized gains on investments	<u>\$1,248</u>	<u>\$147</u>

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The following managed fund investments are recorded under the equity method of accounting, which approximates the net asset value per share of the investments as of December 31

<i>(in thousands of dollars)</i>	2012			
	<u>Recorded Value</u>	<u>Unfunded Commitments</u>	<u>Commitment Term</u>	<u>Redemption Terms</u>
Fund of Hedge Funds	\$283,502	\$0	n/a	Quarterly, semiannually, or anniversary date
Real Estate	22,767	\$5,042	2-10 years	Redemption permitted upon expiration of commitment term
Private Equity	28,452	\$14,109	3-15 years	Redemption permitted upon expiration of commitment term
Total	<u>\$334,721</u>			

<i>(in thousands of dollars)</i>	2011			
	<u>Recorded Value</u>	<u>Unfunded Commitments</u>	<u>Commitment Term</u>	<u>Redemption Terms</u>
Fund of Hedge Funds	\$200,307	\$0	n/a	Quarterly, semiannually, or anniversary date
Real Estate	18,544	\$6,987	3-11 years	Redemption permitted upon expiration of commitment term
Private Equity	27,419	\$12,363	4-12 years	Redemption permitted upon expiration of commitment term
Total	<u>\$246,270</u>			

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5. Fair Value Measurements

The System adheres to applicable accounting guidance for fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America and requires certain disclosures about fair value measurements. Fair value is defined under the guidance as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

As a basis for considering assumptions, the guidance establishes a hierarchical framework for measuring fair value (the fair value hierarchy) as follows:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar instruments, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Financial instruments measured at fair value are based on one or more of the three valuation techniques noted in the fair value guidance. The three valuation techniques are as follows:

Market approach Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

Cost approach Amount that would be required to replace the service capacity of an asset (i.e., replacement cost)

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

The System measures its interest rate swaps at fair market value on a recurring basis. The fair market value of the interest rate swaps is determined based on financial models that consider current and future market interest rates and adjustments for non-performance risk.

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- (1) **Cash & cash equivalents** - The fair value of cash and cash equivalents, consisting primarily of cash and money market funds, is classified as Level 1, as these financial instruments are highly liquid. The fair value of certificates of deposit and commercial paper are classified as Level 2 Cash and Cash Equivalents because their valuations are based on multiple sources of information, including quoted prices from active and non-active markets, and amortized costs which approximates fair value.
- (2) **Marketable equity securities** – Equity securities include both domestic equity and international equity asset classes. Investments in certain equity securities represent investments in commingled funds consisting primarily of equity securities. These investments are classified as Level 2 because although they are traded in an active market for daily closing prices measured primarily on a NAV basis, their closing prices are not published or available on active exchanges. At December 31, 2012 and 2011, notice periods are generally three (3) business days, according to provisions of the respective investment agreements. Investments in other equity (common and preferred) securities that are not considered commingled funds are measured at fair value using quoted market prices on active exchanges. They are classified as Level 1 as they are traded in an active market for which daily closing stock prices are readily available.
- (3) **Marketable debt securities** – Investments in certain fixed income securities represent investments in registered investment companies consisting primarily of fixed income securities. These investments, as well as investments in U.S. Government securities, are classified as Level 1 because they are traded in an active market for which daily closing prices, measured primarily on a NAV basis, are available. Investments in other fixed income securities that are not considered registered investment companies or U.S. Government securities are comprised primarily of corporate debt instruments and mortgage-backed securities issued by government sponsored agencies. These fixed income securities are classified as Level 2 based on multiple sources of information, which may include quoted market prices from either markets that are not active or are for the same or similar assets in active markets. Investments in certain fixed securities represent investments in commingled funds consisting primarily of fixed securities. These investments are classified as Level 2 because although they are traded in an active market for daily closing prices measured primarily on a NAV basis, their closing prices are not published or available on active exchanges.
- (4) **Perpetual trusts** – Perpetual trusts are assessed a net asset value per share for these alternative investments that has been calculated in accordance with investment company rules, which among other requirements, indicates that the underlying investments be measured at fair value. They are classified as Level 3 because of the nature of the perpetual trust investment and its transparency to the underlying investments within the trust.
- (5) **Interest rate swaps** - The interest rate swap agreements are valued using a pricing service at net present value. These evaluated prices render these instruments Level 2. The volatility in the fair value of the swap agreements change as long-term interest rates change.

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6. Property and Equipment

The following summarizes property and equipment at December 31

<i>(in thousands of dollars)</i>	2012	2011
Land and improvements	\$110,573	\$102,496
Buildings and improvements	2,128,451	2,060,368
Equipment	<u>1,596,472</u>	<u>1,459,998</u>
	3,835,496	3,622,862
Less Accumulated depreciation and amortization	<u>(2,123,726)</u>	<u>(1,972,665)</u>
	1,711,770	1,650,197
Construction in progress	<u>167,350</u>	<u>124,080</u>
	<u><u>\$1,879,120</u></u>	<u><u>\$1,774,277</u></u>

At December 31, 2012 and 2011, approximately \$590,248,000 and \$567,791,000 of property and equipment, net, is pledged as collateral under various loan agreements. Interest cost, net of related interest income, totaling approximately \$1,939,000 and \$3,181,000 was capitalized to construction in progress during 2012 and 2011, respectively.

7. Investments in Unconsolidated Organizations

Catholic Health East has investments in unconsolidated organizations totaling \$1,616,988,000 and \$1,450,068,000 at December 31, 2012 and 2011, respectively. Several significant investments, which are accounted for under the equity method, comprise this balance including, but not limited to, the following:

BayCare Health System

CHE has a fifty percent interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation exempt from state and federal income taxes. BayCare was formed in 1997 pursuant to a Joint Operating Agreement ("JOA") among the not-for-profit, tax-exempt members of the Catholic Health East BayCare Participants, Morton Plant Mease Health Care, Inc. and South Florida Baptist Hospital, Inc. (collectively, the Members). BayCare consists of three community health alliances located in the Tampa Bay area of Florida including St. Joseph's-Baptist Healthcare Hospital, St. Anthony's Health Care, and Morton Plant Mease Health Care with an aggregate of approximately 2,900 acute care beds. CHE has the right to appoint nine of the twenty-one members of the Board of Directors of BayCare. At December 31, 2012 and 2011, CHE's recorded investment in BayCare totaled \$1,350,732,000 and \$1,138,120,000, excluding wholly owned subsidiaries and other beneficial interests.

Catholic Health System, Inc.

CHE has a one-third interest in Catholic Health System, Inc. and Subsidiaries ("CHS"). CHS, formed in 1998, is a not-for-profit integrated delivery healthcare system in Western New York jointly sponsored by the Sisters of Mercy, Ascension Health System, the Franciscan Sisters of St. Joseph, and the Diocese of Buffalo. CHE, Ascension Health System, and the Diocese of Buffalo are the corporate members of CHS. CHS operates several organizations, the largest of which are four acute care hospitals located in Buffalo, New York, Mercy Hospital of Buffalo, Kenmore Mercy Hospital, Sisters of Charity Hospital, and St. Joseph Hospital. At December 31, 2012 and 2011, CHE's recorded investment in CHS totaled \$12,116,000 and \$12,914,000, respectively.

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Emory Healthcare/St. Joseph's Health System

On December 31, 2011, CHE entered into a joint operating agreement with Emory Healthcare as described in Note 18, and retains a forty-nine percent equity interest in Emory Healthcare/St. Joseph's Health System ("EH/SJHS"). EH/SJHS operates several organizations, including two acute care hospitals, St. Joseph's Hospital of Atlanta, and John's Creek Hospital. At December 31, 2012 and 2011, CHE's recorded investment in EH/SJHS totaled \$60,519,000 and \$142,175,000, respectively.

Condensed consolidated balance sheets of BayCare, including wholly owned foundations and other beneficial interests, CHS and EH/SJHS as of December 31 are as follows:

(in thousands of dollars)

	Baycare		CHS		EH/SJHS	
	2012	2011	2012	2011	2012	2011
Assets	\$4,750,607	\$4,014,123	\$778,333	\$682,748	\$446,739	\$639,369
Liabilities	\$1,908,513	\$1,597,252	\$737,110	\$639,128	\$322,692	\$313,233
Net assets	\$2,842,094	\$2,416,871	\$41,223	\$43,620	\$124,047	\$326,136

The following amounts have been recognized in the accompanying consolidated statements of operations and changes in net assets related to the investments in BayCare, CHS and EH/SJHS for the years ended December 31:

(in thousands of dollars)

	Baycare		CHS		EH/SJHS
	2012	2011	2012	2011	2012
Equity in earnings of unconsolidated organizations	\$211,786	\$74,611	\$9,187	\$8,747	(\$84,873)
Net unrealized losses on investments	-	19	-	-	-
Other changes in unrestricted and restricted net assets	825	(7,965)	(9,986)	(20,356)	(4,006)
	<u>\$212,611</u>	<u>\$66,665</u>	<u>(\$799)</u>	<u>(\$11,609)</u>	<u>(\$88,879)</u>

Additionally, certain RHCs have investments in unconsolidated organizations, the most significant of which is an investment in a Medicaid HMO joint venture at Mercy Health System of Southeastern Pennsylvania ("Mercy SEPA"). These investments total \$193,621,000 and \$156,859,000 in 2012 and 2011, respectively. CHE's proportionate share of the income of these investments was \$34,050,000 and \$70,846,000 for the years ended December 31, 2012 and 2011, respectively.

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8. Long-Term Debt

At December 31, long-term debt consisted of the following

<i>(in thousands of dollars)</i>	2012	2011
Revenue bonds		
Catholic Health East Health System Revenue Bonds		
Various Fixed Rate Series issued from 1998 to 2012, coupon rates ranging from 2.25% to 7.375%, annual principal payments through 2040	\$870,596	\$912,292
Various Variable Rate Series issued from 1997 to 2008, rates ranging from 0.03% to 0.36%, annual principal payments through 2036	99,955	103,825
Various Variable Rate Series swapped to fixed rating ranging from 1.09% to 1.17%, annual principal payments through 2034	27,660	27,740
Taxable Rate Series issued 1999 with rate of 7.62%, annual principal payments through 2017	3,710	4,415
	<u>1,001,921</u>	<u>1,048,272</u>
Other issues under \$10,000	16,054	16,570
Less amortization and unamortized (discount) premium	13,524	789
Mortgages payable		
JP Morgan/Chase mortgage payable in monthly fixed principal installments of \$56, interest at Libor plus 150 basis points through May 2021	5,681	6,356
Rensselaer County Industrial Development Agency and Albany County Industrial Development Agency, bearing interest at a fixed rate ranging from 4.36% - 5.375%	4,749	10,680
Various HUD insured mortgages (5.56% to 5.64%) payable through January 2027	11,360	11,986
Other mortgages and notes payable under \$5,000, individually	4,365	4,921
Notes payable		
North Ridge VA Center, LTD (5.04%), semi-annual principal payments through 2023	32,320	34,601
Notes payable due at various dates through 2027, various rates	63,098	21,635
Revolving credit agreement, due in 2014	76,450	81,185
Capital lease obligations payable in various monthly amounts	48,758	57,443
Total long-term debt and obligations under capital leases	1,278,280	1,294,438
Less Current maturities of long term debt	(97,365)	(60,422)
Less Portion of variable rate demand obligations classified as current	(29,325)	(10,492)
Total long-term debt	<u>\$1,151,590</u>	<u>\$1,223,524</u>

Aggregate maturities of long-term debt and capital lease obligations as of December 31, 2012 are shown below

<i>(in thousands of dollars)</i>	
2013	\$126,690
2014	60,337
2015	56,405
2016	55,705
2017	128,195
Thereafter	837,424
Unamortized discount and imputed interest	13,524
	<u>\$1,278,280</u>

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The fair value of the System's long term debt is based on quoted market prices or estimates using discounted cash flow analyses, based on the participating facility's incremental borrowing rates for similar types of borrowing arrangements (Level 2) The fair value of the System's long-term debt at December 31, 2012 and 2011 was \$1,279,868,000 and \$1,343,421,000, respectively, compared to the carrying value of \$1,244,868,000 and \$1,214,421,000, respectively This excludes capital leases and mortgage notes

On June 1, 2012 CHE issued \$147,640,000 of Series 2012A Hospital Revenue Bonds through the Delaware County Authority (Pennsylvania) Health System, the City of Tampa, Florida Health, and North Carolina Medical Care Commission Health System The bonds were issued as fixed rate bonds with interest rates ranging from 4 0% to 5 25% The proceeds of this issue were used to refund and redeem certain of the outstanding Series 1998A Revenue Bonds issued previously and to pay the costs of issuance As part of this transaction, CHE recorded a loss on extinguishment of debt totaling \$2,908,000

On December 31, 2011, CHE transferred the outstanding debt of St Joseph's Hospital, including the Series 2007A Revenue Bonds of \$9,900,000, the Series 2009 Revenue Bonds of \$68,970,000, and the Series 2010 Revenue Bonds of \$40,135,000 to the St Joseph's/Emory Healthcare Joint Operating Agreement described in Note 18 Subsequent to the transfer date, the debt is guaranteed by Emory University and is no longer an obligation of the CHE Obligated Group

On June 1, 2011, CHE repaid the outstanding debt of Mercy Hospital, Miami, including the Series 1998 Hospital Revenue Bonds of \$10,000,000, the Series 2002 Hospital Revenue Bonds of \$35,000,000, the Series 2003C Hospital Revenue Bonds of \$14,000,000, the Series 2008 Hospital Revenue Bonds of \$31,900,000, and the Series 2009 Hospital Revenue Bonds of \$29,300,000 The debt was repaid with proceeds from the sale of certain entities of Mercy Hospital, Miami to HCA as described in Note 18

On February 3, 2011, St Peter's Health Care Services issued \$34,200,000 of Series 2011 Hospital Revenue Bonds through the City of Albany Capital Resource Corporation The bonds were issued as fixed rate bonds with interest rates ranging from 3 0% to 6 25% The proceeds of this issue were used for St Peter's Hospital Master Facilities Plan building and equipment projects, to fund a debt service reserve fund, to pay capitalized interest, and to pay the costs of issuance

Certain CHE constituent corporations are members of the CHE Obligated Group Under the Amended and Restated Master Trust Indenture dated January 1, 1998 and amended and restated as of September 30, 2006, Obligated Group members provide a revenue pledge and are joint and severally liable on all obligations outstanding under the Master Indenture Additionally, the Obligated Group has agreed to comply with certain covenants including the repayment of principal and interest, notification regarding admission or withdrawal of members of the Obligated Group, to deliver financial statements and other related information by specified due dates, to maintain insurance, and to maintain a long-term debt service coverage of at least 1 10 to 1 00

Pursuant to loan agreements between CHE and various RHCs, promissory notes have been executed by each RHC in amounts equal to the amount of proceeds necessary to defease previously existing debt and provide for capital projects

In prior years, CHE advance refunded certain of its bonds which are no longer reflected in the consolidated financial statements since CHE has legally satisfied its obligation through defeasance Funds are held in an irrevocable escrow with a trustee and are expected to be sufficient to satisfy the obligations

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CHE maintains a revolving credit loan facility which is structured through a consortium with five banks and extends through November 30, 2017. The credit facility totals \$300,000,000 with an option to increase the credit facility to \$350,000,000. At December 31, 2012 and 2011, approximately \$32,812,000 and \$43,697,000, respectively, of the total credit facility was obligated for standby letters of credit. Additionally, approximately \$101,300,000 and \$106,035,000 at December 31, 2012 and 2011, respectively, had been borrowed against the total credit facility. Borrowings under this agreement may be repaid at any time and are payable upon termination of the agreement. These borrowings were used to finance various capital projects at several of the RHCs. Use of the credit facility for standby letters of credit is limited to \$100,000,000 of the total credit facility.

Certain of the System's variable rate demand bonds are supported by irrevocable letters of credit with expiration dates in 2013 and 2014. CHE is the guarantor for these letters of credit. The letters of credit and dates of expiration are as follows:

<u>RHC</u>	<u>Associated Bond Issue</u>	<u>Expiration</u>
Mercy Medical Corporation	Series 1997	11/1/2013
St. Mary Medical Center	Series 1997	11/1/2013
Holy Cross Hospital	Series 1997	11/1/2013
Holy Cross Hospital	Series 2000	12/31/2014
St. Francis Medical Center	Series 2003	12/31/2014
St. Joseph of the Pines, Inc	Series 2008	4/23/2014

Blended Cost of Debt Program

CHE maintains a Blended Cost of Debt Program (the "Debt Program") to provide a uniform cost of debt for participating RHCs and to mitigate the interest rate risk of an RHC.

Under the Debt Program, all debt costs, excluding taxable debt, capitalized leases, and short-term borrowing, are blended. The calculation of the blended costs incorporates bond interest, both fixed and variable, debt-related fees, such as letters of credit, credit enhancement, remarketing, auction, as well as periodic rating agency, bond trustee, master trustee and issuing authority fees, net swap payments/receipts and put/guaranty receipts, along with other miscellaneous fees related to tax-exempt debt issued by CHE and its affiliates.

Participants in the Debt Program make periodic payments to CHE. Each participant's periodic payment is based on their respective percentage of total indebtedness included in the Debt Program. Principal payments are not blended. Participants make their scheduled principal payments to CHE in the month they are due.

9. Derivative Financial Instruments

CHE has entered into derivative transactions for the purpose of reducing interest rate volatility and to reduce interest expense. CHE has entered into fixed-to-floating interest rate swaps, total return swaps, basis swaps, and fixed-payor swaps.

At December 31, 2012 and 2011, fourteen *basis swap* transactions were outstanding in the CHE Debt Program with notional amounts totaling \$717,000,000 and maturity dates ranging from February 2023 to December 2028. In the basis swap transactions, CHE receives a floating taxable rate and pays a floating tax-exempt rate. CHE has elected not to designate these interest rate swap agreements as hedges for financial reporting purposes.

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At December 31, 2012 and 2011, four and six *fixed-to-floating interest rate swap* agreements, respectively, were outstanding in the CHE Debt Program. The fixed-to-floating swaps had notional amounts totaling \$95,000,000 and \$150,000,000 at December 31, 2012 and 2011, respectively, and maturity dates ranging from March 2014 to April 2017. These fixed-to-floating interest rate swap agreements effectively convert a portion of the System's fixed rate debt to a floating rate basis and are not designated as hedges for financial reporting purposes.

At December 31, 2012 and 2011, four *fixed-payor interest rate swap* agreements, were outstanding in the CHE Debt Program. The fixed-payor swaps had notional amounts totaling \$27,700,000 and maturity dates ranging from November 2032 to November 2034. Under these interest rate swap agreements CHE pays a fixed rate and receives a variable rate. Additionally, the cash flows from these interest rate swap agreements equal the rates on the bonds and therefore effectively convert the debt to a fixed rate. The notional amount of these interest rate swap agreements declines in relation to the annual principal payments on the hedged debt. CHE has elected not to designate these interest rate swap agreements as hedges for financial reporting purposes.

At December 31, 2012 and 2011, five and seven *total return swap* agreements, respectively, were outstanding in the CHE Debt Program. The total return swaps had notional amounts totaling \$85,525,000 and \$104,300,000 at December 31, 2012 and 2011, respectively, and maturity dates ranging from June 2013 to May 2014. Under these swap agreements, CHE receives a fixed rate on the amount corresponding to the par amount of the outstanding bonds, and pays the Securities Industry and Financial Markets Association ("SIFMA") index. CHE has elected not to designate these interest rate swap agreements as hedges for financial reporting purposes.

At December 31, 2012, three *fixed-to-floating interest rate swaps* were outstanding outside the CHE Debt Program with notional amounts totaling \$47,180,000 and maturity dates ranging from November 2013 to August 2033. These fixed-to-floating swaps were not outstanding as of December 31, 2011. In accordance with certain of these swap agreements a collateral account may be required as security for the swap.

The fair value of derivative instruments at December 31 is as follows:

(in thousands of dollars)

	2012		2011	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate contracts				
Basis	Other assets	\$5,938	Other liabilities	(\$6,344)
Fixed-to-floating	Other assets	\$1,314	Other assets	\$2,291
Fixed-payor	Other liabilities	(\$7,115)	Other liabilities	(\$6,231)
Total return	Other assets	\$7,130	Other assets	\$10,525
Fixed-to-floating, non CHE	Other liabilities	(\$5,715)	Other liabilities	(\$5,113)
		<u>\$1,552</u>		<u>(\$4,872)</u>

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The effects of derivative instruments on the consolidated statements of operations and changes in net assets for 2012 and 2011 are as follows

(in thousands of dollars)

	Location of Gain (Loss) Recognized in Statement of Operations	Amount of Gain (Loss) Recognized in Statement of Operations	
		2012	2011
Interest rate contracts			
Basis	Change in fair value of interest rate swaps	\$12,282	(\$9,984)
Fixed-to-floating	Change in fair value of interest rate swaps	(977)	1,058
Fixed-payor	Change in fair value of interest rate swaps	(884)	(2,777)
Total return	Change in fair value of interest rate swaps	(3,397)	10,526
Fixed-to-floating, non CHE	Change in fair value of interest rate swaps	(600)	(55)
Total		<u>\$6,424</u>	<u>(\$1,232)</u>

Certain of CHE's derivative instruments contain credit-risk-related provisions that require CHE and its counterparties to post collateral in varying amounts based on respective credit ratings. If CHE's debt were to fall below investment grade, the counterparties to the derivative instruments would require CHE to post collateral only if the aggregate position of all derivative instruments is negative. Based on CHE's current credit rating, the System was not required to post collateral as of December 31, 2012 or 2011. Locally held derivative instruments (non-CHE) required posted collateral at December 31, 2012 and 2011 in the amount of \$474,000 and \$753,000, respectively.

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Temporarily restricted net assets at December 31 are available for the following purposes:

(in thousands of dollars)

	2012	2011
Temporarily restricted net assets		
Education and research	\$5,746	\$5,397
Building and equipment	28,180	27,406
Patient care	14,916	16,480
Cancer Center/research	7,431	6,110
Other	86,737	85,221
	<u>\$143,010</u>	<u>\$140,614</u>

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Permanently restricted net assets at December 31 are restricted as follows

<i>(in thousands of dollars)</i>	2012	2011
Permanently restricted net assets		
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	\$37,897	\$36,272
Endowments requiring income to be added to the original gift	2,426	2,282
Other	9,504	8,152
	<u>\$49,827</u>	<u>\$46,706</u>

The System classifies the portions of donor-restricted endowment funds of perpetual duration as permanently restricted net assets. Permanently restricted net assets of the System are comprised of a) the original value of gifts donated to the System through a permanent endowment, b) the original value of subsequent gifts to the System through a permanent endowment, and c) accumulations to the permanent endowment in accordance with applicable donor gift instruments. Any portions of donor-restricted endowment funds that are not classified as permanently restricted are appropriated in accordance with donor intent.

The System considers the following factors in determining if donor-restricted endowment funds are accumulated or appropriated:

- 1) the duration and preservation of the fund
- 2) the purposes of the System's donor-restricted endowment funds
- 3) general economic conditions
- 4) effect of possible inflation or deflation
- 5) the expected total investment return and appreciation of investments
- 6) other resources of the System
- 7) investment policies of the System

The System's permanently restricted net assets consist of individual endowment accounts. Unless otherwise directed by the donor, gifts received for endowments are invested in accordance with the System's investment policy. Unless otherwise directed by the donor, the System annually appropriates a certain percentage of each endowment fund, which is then available for spending in accordance with the donor's intent. In order to preserve the real value of a donor's gift and to sustain funding consistent with donor intent, the annual appropriation rate is set to strike a reasonable balance between long-term objectives of preserving and growing each endowment fund for the future and providing stable, annual appropriations.

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The composition of endowment fund net assets, by type of fund, at December 31, 2012 and 2011 are as follows

(in thousands of dollars)

	2012		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	\$ -	\$82,466	\$49,827
Board-designated endowment funds	17,864	445	-
Total endowment funds	<u>\$17,864</u>	<u>\$82,911</u>	<u>\$49,827</u>

	2011		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	\$0	\$82,089	\$46,706
Board-designated endowment funds	17,635	809	-
Total endowment funds	<u>\$17,635</u>	<u>\$82,898</u>	<u>\$46,706</u>

Changes in the composition of endowment fund net assets as of December 31, 2012 and 2011 are as follows

(in thousands of dollars)

	2012		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment fund net assets, beginning of year	\$17,635	\$82,898	\$46,706
Investment return			
Realized investment income	31	425	755
Unrealized investment gains	183	4,825	518
Net appreciation	-	741	(25)
Total investment return	<u>214</u>	<u>5,991</u>	<u>1,248</u>
Other changes in endowment funds	15	(5,978)	1,873
Endowment fund net assets, end of year	<u>\$17,864</u>	<u>\$82,911</u>	<u>\$49,827</u>

	2011		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment fund net assets, beginning of year	\$17,517	\$67,810	\$27,972
Investment return			
Realized investment income	202	364	945
Unrealized investment losses	(94)	(480)	(768)
Net appreciation	-	341	(32)
Total investment return	<u>108</u>	<u>225</u>	<u>145</u>
Other changes in endowment funds	10	14,863	18,589
Endowment fund net assets, end of year	<u>\$17,635</u>	<u>\$82,898</u>	<u>\$46,706</u>

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11. Insurance

Professional and general liability risk is insured through Stella Maris Insurance Company, Ltd a wholly owned, captive insurance company, commercial insurance and reinsurance companies, and self-insured programs. Excess insurance over self-insured amounts and coverage provided by the captive has been purchased from the commercial insurance and reinsurance markets. The excess professional liability coverage is provided on a claims-made basis. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. CHE has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued malpractice losses have been discounted at a rate of 4.0% at December 31, 2012 and 2011, and in management's opinion provide an adequate reserve for loss contingencies.

CHE maintains a large deductible program for workers' compensation. Losses from asserted claims and from unasserted claims identified under CHE's incident reporting systems are accrued based on estimates that incorporate CHE's experience, relevant trends, and other factors. CHE has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses have been discounted at a rate of 4.0% at December 31, 2012 and 2011, and in management's opinion provide an adequate reserve for loss contingencies.

Total amounts accrued under these programs as current liabilities approximate \$19,642,000 and \$18,901,000 at December 31, 2012 and 2011, respectively. Total amounts accrued under these programs as long-term liabilities approximate \$284,966,000 and \$299,960,000 at December 31, 2012 and 2011, respectively.

Bank-administered trust and other accounts have been established for the purpose of segregating assets. These trusts are funded based on actuarial estimates and can only be used for payment of malpractice losses, related expenses, and administrative costs of the trusts. Assets of the trusts are included in marketable securities whose use is limited.

The total amount charged to expense under these self-insured programs was \$57,066,000 and \$45,451,000 in 2012 and 2011, respectively.

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12. Pension Plans

The System maintains non-contributory defined benefit pension plans that vary from one RHC to another, collectively, "the Plan". CHE has amended substantially all defined benefit pension plans to freeze service accruals.

The following table sets forth the change in benefit obligation and the change in fair value of plan assets based on the measurement date, and the amounts recognized in the consolidated financial statements at December 31.

<i>(in thousands of dollars)</i>	2012	2011
Changes in benefit obligation:		
Benefit obligation, beginning of year	\$1,261,197	\$1,031,184
Service cost	6,654	10,178
Interest cost	54,091	52,707
Actuarial loss	75,548	130,724
Benefits paid	(57,493)	(35,654)
Plan amendments	-	(28,278)
Plan mergers & divestitures	(1,647)	116,849
Curtailment	(3,285)	-
Other	-	(16,513)
Benefit obligation, end of year	<u>\$1,335,065</u>	<u>\$1,261,197</u>
Accumulated benefit obligation, end of year	\$1,316,982	\$1,227,766
Change in plan assets:		
Fair value of plan assets, beginning of year	\$822,660	\$740,648
Actual return on plan assets	91,941	567
Employer contributions	60,476	48,027
Benefits paid	(57,493)	(35,654)
Asset transfers	-	69,072
Fair value of plan assets, end of year	<u>\$917,584</u>	<u>\$822,660</u>
Funded status		
Fair value of plan assets	\$917,584	\$822,660
Projected benefit obligation	<u>(1,335,065)</u>	<u>(1,261,197)</u>
Funded status	<u>(417,481)</u>	<u>(438,537)</u>
Amount recognized, end of year	<u><u>(\$417,481)</u></u>	<u><u>(\$438,537)</u></u>
 Amounts recognized in unrestricted net assets		
Net actuarial gain	\$46,014	\$184,392
Amortization of actuarial loss	(13,573)	(9,039)
Prior service cost	4,606	(1,218)
Current year prior service cost	-	(44,790)
Curtailment charge	(3,090)	-
Plan mergers	-	22,894
Total	<u><u>\$33,957</u></u>	<u><u>\$152,239</u></u>

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The following table sets for the components of net periodic benefit cost for the applicable plan(s) at December 31

<i>(in thousands of dollars)</i>	2012	2011
Components of net periodic benefit cost:		
Service cost	\$6,654	\$10,178
Interest cost	54,091	52,707
Expected return on plan assets	(62,408)	(61,061)
Amortization of prior service costs	(4,606)	1,218
Amortization of actuarial loss	13,573	9,039
Other adjustments	(195)	-
Net periodic benefit cost	<u><u>\$7,109</u></u>	<u><u>\$12,081</u></u>

The net actuarial loss that will be amortized from unrestricted net assets in the net periodic benefit cost in 2013 is \$14,194,000

The assumptions used to determine the benefit obligation and periodic benefit cost at December 31 are as follows

	2012	2011
Assumptions used to determine the benefit obligation at December 31		
Weighted average discount rate	3.55% - 4.05%	4.15% - 5.00%
Weighted average rate of compensation increases	2.50%	3.75% - 4.25%
Weighted average expected long-term rate of return on plan assets	7.50%	7.5% - 8.50%
	2012	2011
Assumptions used to determine periodic benefit cost at December 31		
Weighted average discount rate	4.15% - 4.60%	4.90% - 5.55%
Weighted average rate of compensation increases	3.75% - 4.25%	3.75% - 4.25%
Weighted average expected long-term rate of return on plan assets	7.5% - 8.00%	7.5% - 8.50%

Investment Policy and Asset Allocations – In developing the assumption for the expected rate of return on assets, CHE evaluates historical returns, the level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected rate of return for each asset class is then weighted based on the target asset allocation to develop the assumption for the expected long-term rate of return on assets. For plans with frozen service accruals, the investment policy was modified to allow for asset allocation changes over time as the plans become more fully funded in order to de-risk the plans. This strategy utilizes a “glide path” approach, consisting of a series of target asset allocations for various funded ratio levels, reduces exposure to return seeking assets (marketable equity securities and managed funds) and increases exposure to the liability-hedging assets (cash and marketable debt securities) over time. The Company continually evaluates the asset allocation strategy relative to changing market conditions, pension assumptions, and overall funded status of the plans.

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The weighted average asset allocation for the plan at December 31 and the target allocation for calendar year 2012 and 2011, by asset category, are as follows

Asset category	Target Allocation 2012		Target Allocation 2011	
	From-To	2012	From-To	2011
Cash & marketable debt securities	18.8%-40.0%	21.6%	18.8%-40.0%	22.5%
Marketable equity securities & managed funds	60.0%-81.2%	78.4%	60.0%-81.2%	77.5%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The portfolio is diversified among a mix of assets including large and small cap, domestic and foreign equities, fixed income, managed funds, and cash. Asset mix is targeted to a specific allocation, either intermediate or long-term, that is established by evaluating expected return, standard deviation, and correlation of various assets against the plan's long-term objectives. Asset performance is monitored quarterly and rebalanced if asset classes exceed explicit ranges. The investment policy governs permitted types of investments, and outlines specific benchmarks and performance percentiles. The Investment Subcommittee of the Stewardship Committee of the CHE Board oversees the pension investment program and monitors investment performance. Risk is closely monitored through the evaluation of portfolio holdings and tracking the beta and standard deviation of the portfolio performance.

The following table presents the Plan's financial instruments as of December 31, 2012 measured at fair value on a recurring basis using the fair value hierarchy defined in Note 5. The investments are not included in the marketable securities whose use is limited in the accompanying consolidated balance sheet. These investments are maintained separately in a pension investment program that is controlled by a trustee.

(in thousands of dollars)

	2012				Valuation Technique
	Level 1	Level 2	Level 3	Total	
Pension investment program					
Cash and cash equivalents	\$109,534	\$8,422	\$-	\$117,956	Market
Marketable equity securities	260,093	306,215	-	566,308	Market
Marketable debt securities	42,197	107,988	-	150,185	Market
Managed funds	-	17,873	65,262	83,135	Market
Total pension investment program	<u>\$411,824</u>	<u>\$440,498</u>	<u>\$65,262</u>	<u>\$917,584</u>	

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	2011				<u>Valuation Technique</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Pension investment program					
Cash and cash equivalents	\$44,761	\$20,863	\$ -	\$65,624	Market
Marketable equity securities	471,063	36,297	-	507,360	Market
Marketable debt securities	66,446	91,456	-	157,902	Market
Managed funds	-	-	91,774	91,774	Market
Total pension investment program	<u>\$582,270</u>	<u>\$148,616</u>	<u>\$91,774</u>	<u>\$822,660</u>	

The fair value of these investments is offset against the projected benefit obligation of the associated defined benefit plans and the resulting unfunded liability is recorded by the System

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the Plan for the period from December 31, 2011 to December 31, 2012

(in thousands of dollars)

	2012	2011
Fair value January 1	\$91,774	\$75,493
Purchases	18,156	-
Realized gains	2,353	441
Unrealized losses	(126)	(2,950)
Other changes	(23,970)	21,479
Sales	(22,925)	(2,689)
Fair value December 31	<u>\$65,262</u>	<u>\$91,774</u>

There were no transfers in or out of levels 1 and 2 for the year ended December 31, 2012

Contributions – Expected contributions to the defined benefit plans in 2013 are approximately \$52,169,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

(in thousands of dollars)

2013	\$52,443
2014	55,254
2015	57,537
2016	62,221
2017	66,049
2018-2021	370,706
	<u>\$664,210</u>

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13. Concentration of Credit Risk

CHE grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 was as follows:

	2012	2011
Managed care	31.9 %	31.1 %
Medicare	24.0 %	23.8 %
Medicaid	9.5 %	11.0 %
Self-pay	11.9 %	11.3 %
Other third-party payors	11.9 %	14.4 %
Commercial	10.8 %	8.4 %
	<u>100.0 %</u>	<u>100.0 %</u>

In addition, CHE invests its cash and cash equivalents primarily with banks and financial institutions. These deposits may be in excess of federally insured limits. Management believes that the credit risk related to these deposits is minimal.

14. Commitments and Contingencies

The RHCs are defendants in various lawsuits relating primarily to rendering of health care services. In each instance, management of the respective RHCs is of the opinion that the liability, if any, resulting therefrom will be covered by insurance or will not have a material adverse impact on the consolidated financial statements of CHE. In addition, certain CHE entities have been contacted by governmental agencies regarding alleged violations of practices for certain services. Management of the respective RHCs has performed, with the advice and assistance of outside legal counsel, an evaluation of billing practices and compliance with related laws and regulations. In the opinion of management, after consultation with outside legal counsel, the ultimate outcome of these matters will not have a material adverse impact on the consolidated financial statements of CHE.

On March 29, 2013, the Company was notified that it is a defendant in a lawsuit which challenges the church plan status of the Company's defined benefit pension plans. The Company believes it will prevail in defense of this matter.

Catholic Health East
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011

15. Leases

The RHCs lease office space and certain equipment under noncancelable operating leases. Rental expense was approximately \$79,885,000 and \$79,211,000 in 2012 and 2011, respectively.

Future minimum lease payments for all noncancelable leases as of December 31, 2012 are as follows:

(in thousands of dollars)

2013	\$52,110
2014	43,479
2015	38,862
2016	33,380
2017	27,339
Thereafter	97,125
	<u>\$292,295</u>

16. Functional Expenses

CHE provides general health care services to residents within their geographic location including acute care, skilled nursing, outpatient care, home healthcare, physician practices, and behavioral services. Expenses related to providing these services at December 31 are as follows:

(in thousands of dollars)

	2012	2011
Health care services	\$3,314,936	\$2,885,340
General and administrative	801,628	670,723
	<u>\$4,116,564</u>	<u>\$3,556,063</u>

17. Assets Held for Sale and Discontinued Operations

On January 14, 2013, Mercy Health System of Maine (Mercy Maine) entered into a definitive agreement with Eastern Maine Health System (EMHS) under which EMHS would assume control over Mercy Maine and its component corporation. As of December 31, 2012 and 2011, Mercy Maine's assets and liabilities have been reclassified as held for sale. The operating results of Mercy Maine are reflected as discontinued operations in the consolidated statements of operations.

On February 8, 2013, Saint Michael's Medical Center entered into an asset purchase agreement (APA) under which the hospital would be acquired by another healthcare organization. Certain assets and liabilities of Saint Michael's Medical Center have been classified as held for sale on the consolidated balance sheets as of December 31, 2012 and 2011. The operating results of Saint Michael's Medical Center are reflected as discontinued operations in the consolidated statements of operations.

Additionally, the Boards of Directors at certain of the Company's RHCs have approved management plans to divest or otherwise exit certain services lines and asset groups. Service lines and asset groups subject to such management plans are collectively referred to as the Disposal Group.

Catholic Health East
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011

Details of the assets held for sale, the related liabilities, and discontinued operations of the Disposal Group at December 31 are provided below

<i>(in thousands of dollars)</i>	2012	2011
Assets Held for Sale and Related Liabilities		
Current assets	\$69,159	\$84,299
Property, plant, and equipment, net	267,203	389,174
Total assets	<u>\$336,362</u>	<u>\$473,473</u>
Current liabilities	\$101,105	\$115,605
Other long-term liabilities	318,811	326,593
Total liabilities	<u>\$419,916</u>	<u>\$442,198</u>
Discontinued Operations		
Unrestricted revenues, gains and other support		
Net patient service revenue	\$427,026	\$527,097
Other operating revenue	36,302	51,441
Total revenues	<u>463,328</u>	<u>578,538</u>
Expenses		
Salaries, wages and benefits	256,762	317,447
Medical supplies	70,573	93,816
Purchased services, professional fees, and other expenses	144,847	186,427
Depreciation and amortization	21,529	25,898
Interest	20,529	24,411
Insurance	5,985	8,733
Total expenses	<u>520,225</u>	<u>656,732</u>
Operating loss before impairment	(56,897)	(78,194)
Non-operating losses on sale of assets	(4,481)	(3,254)
Impairment costs and other non-operating charges	(110,393)	6,568
Operating loss	<u>(\$171,771)</u>	<u>(\$74,880)</u>

Saint Michael's Medical Center classified tax-exempt revenue bonds as Liabilities related to Assets Held for Sale totaling \$237,705,000 and \$241,700,000 at December 31, 2012 and 2011, respectively. The bonds are issued through and guaranteed by the New Jersey Health Care Facilities Financing Authority as fixed rate bonds with interest rates ranging from 5.0% to 5.5% and annual principal payments through 2038. The bonds are excluded from the CHE Obligated Group.

Catholic Health East
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011

Aggregate principal payments are as follows

(in thousands of dollars)

2013	\$4,435
2014	4,490
2015	4,900
2016	4,950
2017	5,425
Thereafter	213,505
	<u>\$237,705</u>

As a condition to closing of the transaction with the purchaser as described above, the New Jersey Health Care Facilities Financing Authority would agree to provide a release of Saint Michael's obligation on the tax-exempt bonds

18. Significant Events

Maxis Health System

On February 28, 2012, the Company closed Marian Community Hospital, which provided acute care and behavioral health services in the Carbondale, PA service area. The operations of Marian Community Hospital are classified as discontinued operations in the accompanying consolidated statements of operations and changes in net assets at December 31, 2011.

St Peter's Health Partners

On October 1, 2011, St Peter's Health Care Services ("SPHCS"), Northeast Health ("NEH"), and Seton Health ("Seton") contributed their net assets to form St Peter's Health Partners. In accordance with applicable accounting guidance on not-for-profit mergers and acquisitions, the Company recorded contribution income of \$374,819,000 reflecting the fair value of the contributed assets of NEH and Seton on the transaction date. Of this amount, \$322,947,000 represents unrestricted net assets and is included as a non-operating gain in the accompanying statement of operations and changes in net assets at December 31, 2011. Temporarily restricted net assets and permanently restricted net assets of \$33,201,000 and \$18,671,000, respectively, were recorded as restricted contribution income in the accompanying consolidated statement of changes in net assets.

The 2011 consolidated statement of operations reflects the activity of NEH and Seton from the date of the transaction (October 1, 2011) to December 31, 2011. No consideration was exchanged for the net assets contributed.

Catholic Health East
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011

The fair value of assets, liabilities, and net assets contributed by NEH and Seton at October 1, 2011 were as follows

<i>(in thousands of dollars)</i>	Total NEH & Seton
Assets	
Cash and cash equivalents	\$123,441
Assets limited as to use and investments	147,858
Patient accounts receivable, net	48,331
Property plant and equipment	307,167
Other assets	63,960
Total assets acquired	<u>\$690,757</u>
Liabilities	
Accounts payable and accrued expenses	\$44,927
Estimated amounts due to third party payers	16,094
Long-term debt	118,449
Accrued pension and post retirement benefits	38,438
Other liabilities	98,030
Total liabilities assumed	<u>315,938</u>
Net Assets	
Unrestricted	322,947
Temporarily restricted	33,201
Permanently restricted	18,671
Total net assets	<u>374,819</u>
Total liabilities and net assets	<u>\$690,757</u>

A summary of the financial results of NEH and Seton included in the consolidated statement of operations and changes in net assets from the period October 1, 2011 through December 31, 2011 is as follows

<i>(in thousands of dollars)</i>	Total NEH & Seton
Total operating revenues	<u>\$135,025</u>
Total operating expenses	<u>131,417</u>
Operating income	3,608
Non operating gains	<u>4,681</u>
Excess of revenues over expenses	<u>8,289</u>
Net assets released from restriction used for capital purchases	373
Pension adjustment	(6,209)
Other changes	<u>4,291</u>
Increase in unrestricted net assets	<u>\$6,744</u>

Catholic Health East
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011

A summary of the financial results of the Company for the year ended December 31, 2011, as if the transaction had occurred on January 1, 2011 is as follows (unaudited)

<i>(in thousands of dollars)</i>	CHE 2011
Total operating revenues	<u>\$4,048,326</u>
Total operating expenses	<u>3,946,563</u>
Operating income, before losses from St Joseph's Health System	101,763
Losses from Saint Joseph's Health System	<u>(31,249)</u>
Operating income (including losses from St Joseph's Health System)	70,514
Non-operating gains	<u>184,983</u>
Excess of revenues over expenses	<u>255,497</u>
Changes in unrestricted net assets	<u>(139,794)</u>
Increase in unrestricted net assets before discontinued operations	115,703
Loss from discontinued operations	<u>(38,527)</u>
Increase in unrestricted net assets	<u>\$77,176</u>

Saint Joseph's Health System

On December 31, 2011, the Company contributed certain assets and liabilities of St Joseph's Health System to a joint operating company ("JOC") with Emory Healthcare in exchange for a 49% non-controlling ownership interest. The entities contributed to the JOC include St Joseph's Hospital of Atlanta, Saint Joseph's Real Estate Corporation, Saint Joseph's Service Corporation, The Medical Group of Saint Joseph's, Saint Joseph's Translational Research Institute, and the International College of Robotic Surgery. An equity investment resulting from the transaction is included in investments in unconsolidated organizations in the accompanying consolidated balance sheets and is detailed further in Note 7. The related operating loss of \$31,249,000 at December 31, 2011 was classified separately within operating income on the consolidated statement of operations.

Mercy Health System of Southeastern Pennsylvania

On November 30, 2011, Mercy SEPA Mercy Health System of Southeastern Pennsylvania sold its equity ownership interests in certain Medicaid managed care organizations to Independence Blue Cross and Blue Cross/Blue Shield of Michigan. As consideration for the sale, Mercy Health System received a lump sum cash payment of \$194.0 million and a \$43.0 million pledge to the Mercy Health System Foundation to be paid over a seven (7) year period, which is included in other assets in the accompanying consolidated balance sheet at December 31, 2011. Mercy Health System recognized a gain on sale of \$94.9 million related to this transaction, which is included in the December 31, 2011 statement of operations and changes in net assets.

Catholic Health East

Notes to the Consolidated Financial Statements

December 31, 2012 and 2011

Mercy Hospital, Miami

On May 1, 2011, the Company sold certain entities of Mercy Hospital, Miami to Hospital Corporation of America ("HCA") The entities sold included Mercy Hospital, Sister Emmanuel Hospital for Continuing Care, Mercy Medical Development, and Mercy Physician Group The results of these operations are reflected as discontinued operations in the accompanying statement of operations and changes in net assets at December 31, 2011 Proceeds from the sale were used primarily to satisfy long-term debt obligations of Mercy Hospital, Miami

19. Subsequent Events

CHE evaluated the impact of subsequent events through April 30, 2013, representing the date at which the consolidated financial statements were issued

On January 16, 2013, the Company and Trinity Health, an Indiana non-profit corporation, entered into a Consolidation Agreement, subject to regulatory approval and other closing conditions, under which the Company and Trinity Health would consolidate into a new non-profit organization The transaction is expected to be completed in 2013

In January 2013, CHE issued \$39.1 million of Series 2012 Hospital Revenue Bonds through Green County (Georgia) Development Authority The bonds were issued as fixed rate bonds with interest rates ranging from 4.0% to 5.0% The proceeds of this issue will be used to fund the construction of a replacement facility for Good Samaritan Hospital in Greensboro, Georgia, and to pay the costs of issuance

In January 2013, CHE issued \$63.6 million of Series 2012B Hospital Revenue Bonds through the Saint Mary Hospital Financing Authority (Pennsylvania) The bonds were issued as variable rate bonds with an average annual interest rate 3.5% The proceeds of these bonds were used to finance certain qualifying electronic health record expenditures at CHE's System Office, Mercy SEPA, and St. Mary Langhorne, and to pay the costs of issuance

Supplemental Financial Information

Catholic Health East
Social Accountability Supplemental Schedule - Unaudited
December 31, 2012 and 2011

Social Accountability

In keeping with the mission and purpose of CHE, to carry out the health care ministries of the sponsoring congregations by serving as a community of persons committed to being a transforming, healing presence within the communities it serves, and in particular the needs of the poor, the System strives to maximize the provision of services in its communities and in collaboration with other organizations. A portion of CHE's overall operating expense relates to costs incurred in providing and meeting certain community needs for which CHE is not directly compensated.

A standard reporting and accountability process is utilized throughout CHE to estimate the net cost of these services, referred to as Social Accountability Costs, which provides a basis of accountability and reporting to the communities served for purposes of disclosing the utilization of resources. Costs reported are net of contributions or grants that have been provided to CHE and designated for these purposes.

The information presented below has been calculated and is presented in accordance with the Catholic Health Association's, *A Guide for Planning and Reporting Community Benefits*, Copyright 2012. Social accountability costs for the years ended December 31 are as follows:

<i>(in thousands of dollars)</i>	2012	2011
Cost of care for those who are poor	\$70,310	\$57,691
Cost of community benefit programs	76,175	73,788
Other public programs	11,425	9,786
Unpaid cost of Medicaid programs	<u>96,133</u>	<u>79,827</u>
Social accountability costs	<u>\$254,043</u>	<u>\$221,092</u>
Percentage of operating expenses	<u>5.5%</u>	<u>4.8%</u>
Unpaid cost of Medicare programs	<u>\$147,349</u>	<u>\$197,923</u>

The cost of care of the poor is based on the System's estimated net cost of providing services to those unable to pay. The cost of the community benefit programs reflects the costs to develop and provide programs that are developed and provided to meet special community needs that would not otherwise be available. Volunteer service reflects both internal and external services provided to support patient care activities and community programs. The difference between amounts reimbursed to the System under the Medicare and Medicaid programs and the estimated cost of providing care for these respective programs is reflected as an unpaid cost of the program.

Catholic Health East
Consolidating Balance Sheet
Year Ended December 31, 2012

		Sisters of							Our Lady of		
	Consolidated	Mercy Health System of Maine	Providence Health System, Inc	St Peter's Health Partners	St James Mercy Health System, Inc	Maxis Health System	Mercy Health System of SEPA	St Mary Medical Center	Our Lady of Health Care Services, Inc	Pittsburgh Mercy Health System, Inc	
<i>(in thousands of dollars)</i>											
Assets											
Current Assets											
Cash and cash equivalents	\$368,351	\$1,217	\$22,282	\$89,187	\$602	\$33	\$53,787	\$152,485	\$7,699	\$24,383	
Investments	154,115	-	-	149,121	1,042	581	285	-	-	-	
Marketable securities whose use is limited	18,106	-	-	251	-	8	-	-	-	-	
Patient accounts receivable, net of estimated uncollectibles	426,227	-	32,145	95,496	5,213	419	73,006	48,731	54,161	4,746	
Collateral received on securities pledged	67,972	-	-	-	-	-	-	-	-	-	
Other accounts receivable	118,744	-	2,659	28,596	566	8	5,886	6,770	22,445	16,100	
Prepaid expenses and inventories	104,604	-	5,513	16,870	1,903	-	14,926	12,504	12,334	1,409	
Assets held for sale	69,159	45,130	-	-	-	-	-	-	-	-	
Total Current Assets	1,327,278	46,347	62,599	379,521	9,326	1,049	147,890	220,490	96,639	46,638	
Marketable securities and investments whose use is limited											
Board-designated funds	300,328	-	3,422	152,589	6,308	3,733	10,000	-	1,957	87,095	
Trustee-held funds	82,743	-	2,665	38,568	-	1,525	3,897	10,380	-	230	
Donor-restricted funds	111,545	3,579	4,553	52,869	488	-	5,216	13,063	2,999	3,467	
Investments	598,431	-	-	27,799	1,151	-	126,281	75,364	1,665	-	
Total marketable securities and investments whose use is limited	1,093,047	3,579	10,640	271,825	7,947	5,258	145,394	98,807	6,621	90,792	
Property and equipment, net	1,879,120	-	90,124	675,020	15,258	183	175,216	207,920	150,946	10,383	
Equity investments in managed funds	334,721	-	-	-	-	-	-	-	-	-	
Investments in unconsolidated organizations	1,616,988	-	6,968	1,057	-	15	163,387	5,917	11,569	-	
Assets held for sale	267,203	162,334	2,743	-	158	3,200	-	-	-	-	
Goodwill	32,852	-	-	1,697	-	-	71	-	29,554	-	
Other assets	206,282	-	18,605	49,602	6,611	2,315	98,914	24,507	16,438	4,658	
Total assets	\$6,757,491	\$212,260	\$191,679	\$1,378,722	\$39,300	\$12,020	\$730,872	\$557,641	\$311,767	\$152,471	
Liabilities and Net Assets											
Current Liabilities											
Current portion of long-term debt and capital lease obligations	\$97,365	\$-	\$2,523	\$55,076	\$1,297	\$775	\$9,827	\$4,755	\$5,362	\$1,199	
Portion of variable rate demand obligations classified as current	29,325	-	-	-	-	-	-	3,395	-	-	
Accounts payable and accrued expenses	453,969	-	25,290	97,402	6,323	32,493	74,673	37,032	57,098	13,503	
Collateral due broker on securities pledged	67,972	-	-	-	-	-	-	-	-	-	
Estimated third party payor settlements, net	102,096	-	12,940	31,477	3,725	1,106	16,355	2,188	15,199	-	
Other	152,659	-	7,046	20,110	630	99	38,143	28,642	12,704	2,473	
Liabilities related to assets held for sale	101,105	51,943	-	-	-	-	-	-	-	-	
Total current liabilities	1,004,491	51,943	47,799	204,065	11,975	34,473	138,998	76,012	90,363	17,175	
Long-term debt, net											
Long-term debt, net	1,151,590	-	53,040	300,788	7,444	8,508	149,139	131,640	123,432	3,522	
Other liabilities	149,397	-	2,140	23,396	871	88	12,285	6,963	20,871	(2)	
Pension liabilities	417,481	-	11,787	33,623	-	6,972	127,953	12,644	21,917	20,699	
Insurance liabilities, net of current portion	284,966	-	18,376	44,505	8,631	2,216	96,879	24,901	19,351	1,748	
Other liabilities related to assets held for sale	318,811	82,143	-	-	-	-	-	-	-	-	
Deferred revenue from entrance fees	91,059	-	-	48,673	-	-	-	-	-	-	
Total liabilities	3,417,795	134,086	133,142	655,050	28,921	52,257	525,254	252,160	275,934	43,142	
Net assets											
Unrestricted	3,146,859	73,817	53,935	654,205	9,883	(40,237)	198,782	296,736	31,978	101,416	
Temporarily restricted	143,010	2,569	2,336	42,550	226	-	2,739	8,745	3,590	7,913	
Permanently restricted	49,827	1,788	2,266	26,917	270	-	4,097	-	265	-	
Total net assets	3,339,696	78,174	58,537	723,672	10,379	(40,237)	205,618	305,481	35,833	109,329	
Total liabilities and net assets	\$6,757,491	\$212,260	\$191,679	\$1,378,722	\$39,300	\$12,020	\$730,872	\$557,641	\$311,767	\$152,471	

Catholic Health East
Consolidating Balance Sheet
Year Ended December 31, 2012

	Saint Francis Healthcare	St Francis Medical Center	Saint Michael's Medical Center	Holy Cross Hospital, Inc	St Joseph's Health System, Inc	Mercy Hospital, Inc	St Mary's Health Care System, Inc	Mercy Medical Corporation	Mercy Community Health, Inc	St Joseph's of the Pines, Inc
<i>(in thousands of dollars)</i>										
Assets										
Current Assets										
Cash and cash equivalents	\$233	\$1,440	\$25,767	\$19,799	\$5,772	\$689	\$30,533	\$1,778	\$ -	\$1,972
Investments	-	-	-	-	2,174	853	-	-	-	-
Marketable securities whose use is limited	-	-	5,010	35	-	-	-	-	1,402	-
Patient accounts receivable, net of estimated uncollectibles	12,421	12,739	-	58,338	72	-	22,976	1,221	3,106	1,437
Collateral received on securities pledged	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	2,181	226	-	3,484	1,750	557	4,043	98	40	2,565
Prepaid expenses and inventories	4,388	3,188	-	13,524	340	5	4,840	285	624	223
Assets held for sale	-	-	24,029	-	-	-	-	-	-	-
Total Current Assets	19,223	17,593	54,806	95,180	10,108	2,104	62,392	3,382	5,172	6,197
Marketable securities and investments whose use is limited										
Board-designated funds	-	2,147	14,845	62,464	36,214	4,542	12,849	5,679	-	10,523
Trustee-held funds	1,819	-	8,691	10,394	-	-	3,324	-	1,250	-
Donor-restricted funds	362	1,269	-	14,426	-	1,619	7,327	31	277	-
Investments	-	-	-	-	201,106	4,509	15,582	122	-	4,995
Total marketable securities and investments whose use is limited	2,181	3,416	23,536	87,284	237,320	10,670	39,082	5,832	1,527	15,518
Property and equipment, net	54,555	45,421	-	241,048	11,203	3	83,752	3,890	26,143	69,186
Equity investments in managed funds	-	-	-	-	-	-	-	-	-	-
Investments in unconsolidated organizations	563	1,556	-	2,267	60,519	271	-	-	-	50
Assets held for sale	2,015	-	78,149	18,384	-	-	-	220	-	-
Goodwill	-	1,530	-	-	-	-	-	-	-	-
Other assets	5,390	2,482	34,288	24,706	59,528	6,588	4,564	2,303	895	1,573
Total assets	\$83,927	\$71,998	\$190,779	\$468,869	\$378,678	\$19,636	\$189,790	\$15,627	\$33,737	\$92,524
Liabilities and Net Assets										
Current Liabilities										
Current portion of long-term debt and capital lease obligations	\$1,786	\$998	\$1,213	\$6,841	\$ -	\$ -	\$1,166	\$ -	\$1,056	\$1,285
Portion of variable rate demand obligations classified as current	-	200	-	4,620	-	-	-	12,685	-	8,425
Accounts payable and accrued expenses	54,263	24,020	118,080	30,738	1,886	12,278	27,491	1,665	7,349	2,487
Collateral due broker on securities pledged	-	-	-	-	-	-	-	-	-	-
Estimated third party payor settlements, net	4,398	13,687	-	3,184	1,554	16,061	3,213	-	389	-
Other	6,237	3,652	-	15,484	2,667	6,434	3,374	219	2,417	911
Liabilities related to assets held for sale	-	-	30,312	18,850	-	-	-	-	-	-
Total current liabilities	66,684	42,557	149,605	79,717	6,107	34,773	35,244	14,569	11,211	13,108
Long-term debt, net	39,545	16,843	11,496	121,080	2,222	-	20,968	-	24,612	46,036
Other liabilities	350	666	-	11,772	1,008	-	165	1,405	1,383	7,608
Pension liabilities	12,375	9,598	-	67,858	62,995	-	21,558	-	622	77
Insurance liabilities, net of current portion	8,617	3,175	7,363	30,882	78	4,646	3,846	2,334	641	422
Other liabilities related to assets held for sale	-	-	236,668	-	-	-	-	-	-	-
Deferred revenue from entrance fees	-	-	-	-	-	-	-	-	15,041	27,345
Total liabilities	127,571	72,839	405,132	311,309	72,410	39,419	81,781	18,308	53,510	94,596
Net assets										
Unrestricted	(44,006)	(2,111)	(216,582)	140,728	286,924	(21,556)	107,583	(2,929)	(20,175)	(2,566)
Temporarily restricted	362	655	2,229	14,891	15,440	1,619	326	248	125	336
Permanently restricted	-	615	-	1,941	3,904	154	100	-	277	158
Total net assets	(43,644)	(841)	(214,353)	157,560	306,268	(19,783)	108,009	(2,681)	(19,773)	(2,072)
Total liabilities and net assets	\$83,927	\$71,998	\$190,779	\$468,869	\$378,678	\$19,636	\$189,790	\$15,627	\$33,737	\$92,524

**Catholic Health East
Consolidating Balance Sheet
Year Ended December 31, 2012**

	Mercy Uihlein Health Corp	Catholic Health System, Inc	Baycare Health System	Intracoastal	SJSA Foundation	Allegany Franciscan Ministries	CHE System Office	CHE Insurance Progmn On- Shore	Stella Maris	Global Health Ministries	Eliminations
<i>(in thousands of dollars)</i>											
Assets											
Current Assets											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$468	\$1,551	\$4,046	\$153,626	\$1,044	\$9,438	\$1,032	(\$242,512)
Investments	-	-	-	-	59	-	-	-	-	-	-
Marketable securities whose use is limited	-	-	-	-	-	-	11,400	-	-	-	-
Patient accounts receivable, net of estimated uncollectibles	-	-	-	-	-	-	-	-	-	-	-
Collateral received on securities pledged	-	-	-	-	-	-	-	-	-	-	67,972
Other accounts receivable	-	-	-	-	-	-	13,339	28,394	54,998	2	(75,963)
Prepaid expenses and inventories	-	-	-	-	1,501	10	30,499	-	6,462	1	(26,745)
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	-	-	-	468	3,111	4,056	208,864	29,438	70,898	1,035	(277,248)
Marketable securities and investments whose use is limited											
Board-designated funds	-	-	-	-	4,850	-	-	-	215,832	-	(334,721)
Trustee-held funds	-	-	-	-	-	-	-	-	-	-	-
Donor-restricted funds	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	19,143	120,649	65	-	-	-	-
Total marketable securities and investments whose use is limited	-	-	-	-	23,993	120,649	65	-	215,832	-	(334,721)
Property and equipment, net	-	-	-	-	41	17	18,811	-	-	-	-
Equity investments in managed funds	-	-	-	-	-	-	-	-	-	-	334,721
Investments in unconsolidated organizations	-	12,116	1,350,732	-	-	-	1	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-
Other assets	336	-	-	1,296	(908)	7	45,715	-	-	-	(204,131)
Total assets	\$336	\$12,116	\$1,350,732	\$1,764	\$26,237	\$124,729	\$273,456	\$29,438	\$286,730	\$1,035	(\$481,379)
Liabilities and Net Assets											
Current Liabilities											
Current portion of long-term debt and capital lease obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,206	\$ -	\$ -	\$ -	\$ -
Portion of variable rate demand obligations classified as current	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	323	-	-	-	101	10	89,249	139	215	27	(260,166)
Collateral due broker on securities pledged	-	-	-	-	-	-	-	-	-	-	67,972
Estimated third party payor settlements, net	-	-	-	-	-	-	-	-	-	-	(23,380)
Other	-	-	-	1,494	-	6,744	232	16,512	14,237	-	(37,802)
Liabilities related to assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	323	-	-	1,494	101	6,754	91,687	16,651	14,452	27	(253,376)
Long-term debt, net	-	-	-	-	-	-	118,725	-	-	-	(27,450)
Other liabilities	189	-	-	270	473	-	23,096	-	41,209	-	(6,809)
Pension liabilities	2,092	-	-	-	-	-	12,346	-	-	-	(7,635)
Insurance liabilities, net of current portion	336	-	-	-	-	-	458	19,607	172,068	-	(186,114)
Other liabilities related to assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue from entrance fees	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	2,940	-	-	1,764	574	6,754	246,312	36,258	227,729	27	(481,384)
Net assets											
Unrestricted	(2,604)	9,963	1,329,822	-	5,985	117,975	27,144	(6,820)	59,001	563	5
Temporarily restricted	-	2,099	15,072	-	18,495	-	-	-	-	445	-
Permanently restricted	-	54	5,838	-	1,183	-	-	-	-	-	-
Total net assets	(2,604)	12,116	1,350,732	-	25,663	117,975	27,144	(6,820)	59,001	1,008	5
Total liabilities and net assets	\$336	\$12,116	\$1,350,732	\$1,764	\$26,237	\$124,729	\$273,456	\$29,438	\$286,730	\$1,035	(\$481,379)

Catholic Health East
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

		Sisters of					Mercy Health	St Mary	Our Lady of	Pittsburgh
	Consolidated	Mercy Health System of Maine	Providence Health System, Inc	St Peter's Health Partners	St James Mercy Health System, Inc	Maxis Health System	Mercy Health System of SEPA	Medical Center	Lourdes Health Care Services, Inc	Mercy Health System, Inc
Unrestricted revenue, gains and other support										
Net patient service revenue, net of bad debt expense	\$3,877,621	\$ -	\$276,300	\$993,750	\$48,430	\$ -	\$680,798	\$436,638	\$455,841	\$34,942
Other operating revenue, gains and other support	357,420	-	27,785	75,877	1,723	3	69,251	13,133	25,430	59,054
Total unrestricted revenues, gains and other support	4,235,041	-	304,085	1,069,627	50,153	3	750,049	449,771	481,271	93,996
Expenses										
Salaries, wages and benefits	2,298,084	-	170,901	568,005	30,680	18	411,371	208,830	254,154	64,491
Medical supplies	560,708	-	33,040	158,326	4,742	-	70,687	68,738	64,362	-
Purchased services, professional fees and other expenses	966,244	-	65,957	218,986	14,987	23	208,752	106,070	130,407	24,702
Depreciation and amortization	190,360	-	11,240	61,851	2,391	12	26,332	18,517	17,846	562
Interest	44,102	-	1,952	16,474	164	2	4,913	5,089	3,825	-
Insurance	57,066	-	2,953	14,731	602	-	18,840	7,000	7,007	661
Total operating expenses	4,116,564	-	286,043	1,038,373	53,566	55	740,895	414,244	477,601	90,416
Operating income (loss)	118,477	-	18,042	31,254	(3,413)	(52)	9,154	35,527	3,670	3,580
Non-operating gains (losses)										
Investment returns, net	97,873	1,786	523	23,225	899	70	6,451	6,529	1,122	4,054
Equity in gains in earnings of unconsolidated organizations	135,405	-	1,316	-	-	-	581	474	454	-
Impairment losses	(90)	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	28,021	(146)	-	(627)	(63)	28	3,525	(43)	21,021	-
Loss on extinguishment of debt	(2,908)	-	-	-	-	-	(783)	(133)	-	-
Change in fair value of interest rate swaps	6,424	978	738	(415)	-	133	2,119	1,109	1,659	-
Total non-operating gains (losses)	264,725	2,618	2,577	22,183	836	231	11,893	7,936	24,256	4,054
Excess (deficit) of revenues over expenses	\$383,202	\$2,618	\$20,619	\$53,437	(\$2,577)	\$179	\$21,047	\$43,463	\$27,926	\$7,634

Catholic Health East
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Saint Francis Healthcare	St Francis Medical Center	Saint Michael's Medical Center	Holy Cross Hospital, Inc	St Joseph's Health System, Inc	Mercy Hospital, Inc	St Mary's Health Care System, Inc	Mercy Medical Corporation	Mercy Community Health, Inc	St Joseph's of the Pines
Unrestricted revenue, gains and other support										
Net patient service revenue, net of bad debt expense	\$124,608	\$144,661	\$ -	\$434,080	\$786	\$ -	\$185,539	\$11,081	\$29,442	\$20,725
Other operating revenue, gains and other support	7,018	6,283	-	13,901	17,155	548	5,164	1,142	12,117	17,776
Total unrestricted revenues, gains and other support	131,626	150,944	-	447,981	17,941	548	190,703	12,223	41,559	38,501
Expenses										
Salaries, wages and benefits	68,262	65,591	-	223,128	11,107	340	90,599	8,361	24,216	18,535
Medical supplies	16,014	23,444	-	82,578	453	4	34,934	1,131	488	1,767
Purchased services, professional fees and other expenses	37,860	50,078	-	92,451	4,630	278	47,106	5,403	11,594	14,380
Depreciation and amortization	5,834	5,719	-	19,512	807	1	9,772	496	2,367	4,411
Interest	1,178	585	-	4,779	91	-	901	388	1,239	1,973
Insurance	2,099	2,599	-	10,581	203	17	1,690	118	242	176
Total operating expenses	131,247	148,016	-	433,029	17,291	640	185,002	15,897	40,146	41,242
Operating income (loss)	379	2,928	-	14,952	650	(92)	5,701	(3,674)	1,413	(2,741)
Non-operating gains (losses)										
Investment returns, net	(99)	6	-	6,187	15,444	1,246	3,207	512	57	1,637
Equity in gains in earnings of unconsolidated organizations	58	142	-	235	(88,879)	51	-	-	-	-
Impairment losses	-	(104)	-	-	-	-	-	14	-	-
Gain (loss) on sale of assets	77	-	-	(35)	(246)	-	(62)	4,394	198	-
Loss on extinguishment of debt	(13)	(12)	-	(791)	-	-	-	-	-	(1,176)
Change in fair value of interest rate swaps	613	227	-	1,035	-	-	239	406	237	743
Total non-operating gains (losses)	636	259	-	6,631	(73,681)	1,297	3,384	5,326	492	1,204
Excess (deficit) of revenues over expenses	\$1,015	\$3,187	\$ -	\$21,583	(\$73,031)	\$1,205	\$9,085	\$1,652	\$1,905	(\$1,537)

Catholic Health East
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Mercy Uihlein Health Corp	Catholic Health System, Inc	Baycare Health System	SJSA Foundation	Allegany Franciscan Ministries	CHE System Office	CHE Insurance Progmn On- Shore	Stella Maris	Global Health Ministries	Eliminations
Unrestricted revenue, gains and other support										
Net patient service revenue, net of bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenue, gains and other support	-	-	-	2,839	8,252	142,026	-	37,444	715	(187,216)
Total unrestricted revenues, gains and other support	-	-	-	2,839	8,252	142,026	-	37,444	715	(187,216)
Expenses										
Salaries, wages and benefits	48	-	-	1,174	792	77,174	-	-	307	-
Medical supplies	-	-	-	-	-	-	-	-	-	-
Purchased services, professional fees and other expenses	-	-	-	673	7,434	63,233	-	1,359	257	(140,376)
Depreciation and amortization	-	-	-	5	6	2,679	-	-	-	-
Interest	-	-	-	-	-	551	-	-	(2)	-
Insurance	-	-	-	-	20	209	2,973	31,180	5	(46,840)
Total operating expenses	48	-	-	1,852	8,252	143,846	2,973	32,539	567	(187,216)
Operating income (loss)	(48)	-	-	987	-	(1,820)	(2,973)	4,905	148	-
Non-operating gains (losses)										
Investment returns, net	-	-	-	2,293	2,261	3,834	-	16,625	4	-
Equity in gains in earnings of unconsolidated organizations	-	9,187	211,786	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Change in fair value of interest rate swaps	-	-	-	-	-	(3,397)	-	-	-	-
Total non-operating gains (losses)	-	9,187	211,786	2,293	2,261	437	-	16,625	4	-
Excess (deficit) of revenues over expenses	(\$48)	\$9,187	\$211,786	\$3,280	\$2,261	(\$1,383)	(\$2,973)	\$21,530	\$152	\$ -

Catholic Health East
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

CHE	Sisters of					Mercy Health		Our Lady of		Pittsburg
Consolidated	Mercy Health	Providence	St Peter's	St James	Maxis Health	Mercy Health	St Mary	Lourdes	Health Care	Mercy Health
	System of	Health	Health	Mercy Health	System	System of	Medical	Health Care	Services, Inc	System, Inc
	Maine	System, Inc	Partners	System, Inc	System	SEPA	Center	Services, Inc	System, Inc	System, Inc
Unrestricted net assets										
Excess (deficit) of revenue over expenses	\$383,202	\$2,618	\$20,619	\$53,437	(\$2,577)	\$179	\$21,047	\$43,463	\$27,926	\$7,634
Change in unrealized gains on available-for-sale securities	3,553	-	-	-	-	-	3,553	-	-	-
(Decrease) increase in pension liability adjustment - consolidated organizations	(15,219)	-	97	1,312	-	(2,451)	(4,409)	2,138	(1,721)	(5,427)
(Decrease) increase in pension liability adjustment - unconsolidated organizations	(8,875)	-	-	-	-	-	-	-	-	-
Net assets released from restriction for capital expenditures	10,418	1,523	501	1,793	20	-	499	153	-	-
Other changes	(9,032)	133	(934)	285	227	6	(2,387)	(774)	(1,380)	769
Increase (decrease) in unrestricted net assets before discontinued operations	364,047	4,274	20,283	56,827	(2,330)	(2,266)	18,303	44,980	24,825	2,976
(Loss) income from discontinued operations	(171,771)	(9,234)	765	-	(907)	(3,868)	500	-	2,643	(1,609)
Increase (decrease) in unrestricted net assets	192,276	(4,960)	21,048	56,827	(3,237)	(6,134)	18,803	44,980	27,468	1,367
Temporarily restricted net assets										
Contributions	22,078	3,624	522	4,081	43	-	431	2,792	801	607
Investment income (loss)	1,272	11	36	713	-	-	3	-	466	25
Change in unrealized gains (losses) on investments	4,800	16	176	4,080	-	-	-	-	252	-
Net assets released from restrictions	(25,000)	(2,093)	(885)	(3,843)	(45)	-	(1,046)	(1,299)	(1,523)	(978)
Other changes	(754)	-	31	(2,337)	-	-	22	6	-	-
Increase (decrease) in temporarily restricted net assets	2,396	1,558	(120)	2,694	(2)	-	(590)	1,499	(4)	(346)
PERMANENTLY RESTRICTED NET ASSETS										
Contributions	670	656	-	12	-	-	-	-	-	-
Investment income	1,248	80	143	506	-	-	-	-	-	-
Other	1,203	-	-	1,091	-	-	130	-	-	-
Increase (decrease) in permanently restricted net assets	3,121	736	143	1,609	-	-	130	-	-	-
Increase in net assets	197,793	(2,666)	21,071	61,130	(3,239)	(6,134)	18,343	46,479	27,464	1,021
Net assets										
Beginning of the year	3,141,903	80,839	37,467	662,542	13,618	(34,103)	187,275	259,002	8,369	108,308
End of the year	\$3,339,696	\$78,173	\$58,538	\$723,672	\$10,379	(\$40,237)	\$205,618	\$305,481	\$35,833	\$109,329

Catholic Health East
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Saint Francis Healthcare	St Francis Medical Center	Saint Michael's Medical Center	Holy Cross Hospital, Inc	St Joseph's Health System, Inc	Mercy Hospital, Inc	St Mary's Health Care System, Inc	Mercy Medical Corporation	Mercy Community Health, Inc	St Joseph's of the Pines
Unrestricted net assets										
Excess (deficit) of revenue over expenses	\$1,015	\$3,187	\$ -	\$21,583	(\$73,031)	\$1,205	\$9,085	\$1,652	\$1,905	(\$1,537)
Change in unrealized gains on available-for-sale securities	-	-	-	-	-	-	-	-	-	-
(Decrease) increase in pension liability adjustment - consolidated organizations	(375)	168	-	(6,321)	(629)	-	(2,544)	-	-	-
(Decrease) increase in pension liability adjustment - unconsolidated organizations	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction for capital expenditures	131	14	-	4,722	539	-	-	110	413	-
Other changes	(493)	(556)	(1,364)	(2,359)	(9,100)	4	(510)	-	-	(24)
Increase (decrease) in unrestricted net assets before discontinued operations	278	2,813	(1,364)	17,625	(82,221)	1,209	6,031	1,762	2,318	(1,561)
(Loss) income from discontinued operations	(4,106)	-	(151,454)	(1,610)	(163)	(2,103)	-	(570)	-	-
Increase (decrease) in unrestricted net assets	(3,828)	2,813	(152,818)	16,015	(82,384)	(894)	6,031	1,192	2,318	(1,561)
Temporarily restricted net assets										
Contributions	964	65	-	4,299	240	-	-	342	35	162
Investment income (loss)	-	3	-	204	178	-	-	-	(1)	-
Change in unrealized gains (losses) on investments	-	3	-	(40)	-	-	-	-	65	-
Net assets released from restrictions	(836)	-	303	(6,847)	(1,323)	(369)	(230)	(290)	(282)	(75)
Other changes	-	24	769	(522)	1,194	-	-	-	(49)	-
Increase (decrease) in temporarily restricted net assets	128	95	1,072	(2,906)	289	(369)	(230)	52	(232)	87
PERMANENTLY RESTRICTED NET ASSETS										
Contributions	-	2	-	-	-	-	-	-	-	-
Investment income	-	3	-	-	-	-	-	-	-	-
Other	-	(118)	-	-	-	-	-	-	-	-
Increase (decrease) in permanently restricted net assets	-	(113)	-	-	-	-	-	-	-	-
Increase in net assets	(3,700)	2,795	(151,746)	13,109	(82,095)	(1,263)	5,801	1,244	2,086	(1,474)
Net assets										
Beginning of the year	(39,944)	(3,636)	(62,607)	144,451	388,363	(18,520)	102,208	(3,925)	(21,859)	(598)
End of the year	(\$43,644)	(\$841)	(\$214,353)	\$157,560	\$306,268	(\$19,783)	\$108,009	(\$2,681)	(\$19,773)	(\$2,072)

Catholic Health East
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Mercy Uihlein Health Corp	Catholic Health System, Inc	Baycare Health System	SJSA Foundation	Allegheny Franciscan Ministries	CHE System Office	CHE Insurance Progmn On- Shore	Stella Marris	Global Health Ministries	Eliminations
Unrestricted net assets										
Excess (deficit) of revenue over expenses	(\$48)	\$9,187	\$211,786	\$3,280	\$2,261	(\$1,383)	(\$2,973)	\$21,530	\$152	\$ -
Change in unrealized gains on available-for-sale securities	-	-	-	-	-	-	-	-	-	-
(Decrease) increase in pension liability adjustment - consolidated organizations	(396)	-	-	-	-	5,339	-	-	-	-
(Decrease) increase in pension liability adjustment - unconsolidated organizations	-	(9,981)	1,106	-	-	-	-	-	-	-
Net assets released from restriction for capital expenditures	-	-	-	-	-	-	-	-	-	-
Other changes	(1)	-	-	(737)	-	51,851	(1,688)	(40,000)	-	-
Increase (decrease) in unrestricted net assets before discontinued operations	(445)	(794)	212,892	2,543	2,261	55,807	(4,661)	(18,470)	152	-
(Loss) income from discontinued operations	(55)	-	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	(500)	(794)	212,892	2,543	2,261	55,807	(4,661)	(18,470)	152	-
Temporarily restricted net assets										
Contributions	-	141	414	2,515	-	-	-	-	-	-
Investment income (loss)	-	12	(381)	-	-	-	-	-	3	-
Change in unrealized gains (losses) on investments	-	-	-	248	-	-	-	-	-	-
Net assets released from restrictions	-	(260)	(829)	(1,882)	-	-	-	-	(368)	-
Other changes	-	103	-	-	-	-	-	-	-	5
Increase (decrease) in temporarily restricted net assets	-	(4)	(796)	881	-	-	-	-	(365)	5
PERMANENTLY RESTRICTED NET ASSETS										
Contributions	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	516	-	-	-	-	-	-	-
Other	-	-	-	100	-	-	-	-	-	-
Increase (decrease) in permanently restricted net assets	-	-	516	100	-	-	-	-	-	-
Increase in net assets	(500)	(798)	212,612	3,524	2,261	55,807	(4,661)	(18,470)	(213)	5
Net assets										
Beginning of the year	(2,104)	12,914	1,138,120	22,139	115,714	(28,663)	(2,159)	77,471	1,221	-
End of the year	(\$2,604)	\$12,116	\$1,350,732	\$25,663	\$117,975	\$27,144	(\$6,820)	\$59,001	\$1,008	\$5

**Mercy Health System of Maine
Consolidating Balance Sheet
December 31, 2012**

	Total Mercy Health System of Maine	MHSM Corporate Office	Mercy Hospital	VNA Home Health and Hospice
<i>(in thousands of dollars)</i>				
Assets				
Current assets				
Cash and cash equivalents	\$1,217	\$708	(\$2,840)	\$3,349
Assets held for sale	45,130	-	42,179	2,951
Total current assets	46,347	708	39,339	6,300
Marketable securities and investments whose use is limited				
Donor-restricted funds	3,579	-	3,525	54
Total marketable securities and investments whose use is limited	3,579	-	3,525	54
Assets held for sale				
	162,334	467	153,208	8,659
Total assets	<u>\$212,260</u>	<u>\$1,175</u>	<u>\$196,072</u>	<u>\$15,013</u>
Liabilities and Net Assets				
Current liabilities				
Liabilities related to assets held for sale	\$51,943	\$700	\$49,734	\$1,509
Total current liabilities	51,943	700	49,734	1,509
Other liabilities related to assets held for sale				
	82,143	467	81,676	-
Total liabilities	134,086	1,167	131,410	1,509
Net assets				
Unrestricted	73,817	8	60,359	13,450
Temporarily restricted	2,569	-	2,525	44
Permanently restricted	1,788	-	1,778	10
Total net assets	78,174	8	64,662	13,504
Total liabilities and net assets	<u>\$212,260</u>	<u>\$1,175</u>	<u>\$196,072</u>	<u>\$15,013</u>

Mercy Health System of Maine
Consolidating Statement of Operations and Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Total Mercy Health System of Maine	MHSM Corporate Office	Mercy Hospital	VNA Home Health and Hospice
Unrestricted non-operating gains (losses)				
Investment returns, net	\$1,786	\$ -	\$1,188	\$598
Loss on sale of assets	(146)	-	(146)	-
Change in fair value of interest rate swaps	978	-	978	-
Excess of revenues over expenses	2,618	-	2,020	598
Net assets released from restrictions for capital expenditures	1,523	-	1,523	-
Other changes	133	-	133	-
Increase in unrestricted net assets before discontinued operations	4,274	-	3,676	598
Loss from discontinued operations	(9,234)	-	(10,192)	958
(Decrease) increase in unrestricted net assets	(4,960)	-	(6,516)	1,556
Temporarily restricted net assets				
Contributions	3,624	-	3,591	33
Investment income	11	-	11	-
Change in unrealized gains on investments	16	-	16	-
Net assets released from restrictions	(2,093)	-	(2,067)	(26)
Increase in temporarily restricted net assets	1,558	-	1,551	7
Permanently restricted net assets				
Contributions	656	-	656	-
Net realized and unrealized losses on investments	80	-	79	1
Increase in permanently restricted net assets	736	-	735	1
(Decrease) increase in net assets	(2,666)	-	(4,230)	1,564
Net assets				
Beginning of year	80,839	7	68,892	11,940
End of year	<u>\$78,173</u>	<u>\$7</u>	<u>\$64,662</u>	<u>\$13,504</u>

**Sisters of Providence Health System
Consolidating Balance Sheet
December 31, 2012**

(in thousands of dollars)

	Sisters of Providence Health System Consolidated	Sisters of Providence Health System, Inc	Mercy Medical Center	Providence Behavioral Health Hospital	System Coordinated Services, Inc	Continuing Care Network	Mercy Specialist Physicians	Brightside, Inc	Pioneer Valley Cardiology Associates Inc	Mercy Oncology Services, Inc
Assets										
Current assets										
Cash and cash equivalents	\$22,282	(\$18,836)	\$130,341	(\$51,727)	(\$11,494)	(\$110)	(\$3,752)	(\$19,921)	(\$1,551)	(\$668)
Patient accounts receivable, net of estimated uncollectibles of \$10,831	32,145	-	22,025	3,370	2,555	2,417	295	354	959	170
Other accounts receivable	2,659	1,303	706	32	379	102	129	8	-	-
Prepaid expenses and inventories	5,513	461	4,237	230	507	57	5	5	4	7
Assets held for sale	2,743	-	-	-	-	2,743	-	-	-	-
Total current assets	65,342	(17,072)	157,309	(48,095)	(8,053)	5,209	(3,323)	(19,554)	(588)	(491)
Marketable securities and investments whose use is limited										
Board-designated funds	3,422	-	-	-	-	-	-	3,422	-	-
Trustee-held funds	2,665	-	-	2,265	-	293	-	107	-	-
Donor-restricted funds	4,553	283	1,790	279	-	1,785	-	416	-	-
Total marketable securities and investments whose use is limited	10,640	283	1,790	2,544	-	2,078	-	3,945	-	-
Property and equipment, net										
Investments in unconsolidated organizations	6,968	6,185	376	-	407	-	-	-	-	-
Other assets	18,605	17,232	778	294	(10)	129	-	182	-	-
Total assets	\$191,679	\$12,438	\$232,130	(\$38,466)	(\$4,690)	\$10,087	(\$3,314)	(\$15,427)	(\$588)	(\$491)
Liabilities and Net Assets										
Current liabilities										
Current portion of long-term debt and capital leases	\$2,523	\$8	\$1,185	\$663	\$342	\$269	\$-	\$56	\$-	\$-
Accounts payable and accrued expenses	25,290	3,446	12,857	2,627	2,979	2,662	169	195	170	185
Estimated third party payor settlements, net	12,940	-	11,878	424	638	-	-	-	-	-
Other	7,046	(2,681)	4,097	883	13	4,733	30	(50)	14	7
Total current liabilities	47,799	773	30,017	4,597	3,972	7,664	199	201	184	192
Long-term debt, net										
Other liabilities	53,040	155	22,144	22,297	623	6,307	-	1,514	-	-
Pension liabilities	2,140	3	786	1,143	130	68	-	10	-	-
Insurance liabilities, net of current portion	11,787	218	8,516	2,276	1,019	(280)	-	38	-	-
Total liabilities	18,376	15,417	1,717	435	152	249	208	198	-	-
Total liabilities	133,142	16,566	63,180	30,748	5,896	14,008	407	1,961	184	192
Net assets										
Unrestricted	53,935	(4,291)	167,077	(69,495)	(10,586)	(5,707)	(3,721)	(17,887)	(772)	(683)
Temporarily restricted	2,336	113	1,741	55	-	135	-	292	-	-
Permanently restricted	2,266	50	132	226	-	1,651	-	207	-	-
Total net assets	58,537	(4,128)	168,950	(69,214)	(10,586)	(3,921)	(3,721)	(17,388)	(772)	(683)
Total liabilities and net assets	\$191,679	\$12,438	\$232,130	(\$38,466)	(\$4,690)	\$10,087	(\$3,314)	(\$15,427)	(\$588)	(\$491)

**Sisters of Providence Health System
Consolidating Statement of Operations
December 31, 2012**

(in thousands of dollars)

	Sisters of Providence Health System Consolidated	Sisters of Providence Health System, Inc	Mercy Medical Center	Providence Behavioral Health Hospital	System Coordinated Services, Inc	Continuing Care Network	Mercy Specialist Physicians	Brightside, Inc	Pioneer Valley Cardiology Associates Inc	Mercy Oncology Services, Inc	Eliminations
Unrestricted revenue, gains and other support											
Net patient service revenue, net of provision for bad debts of \$8,905	\$276,300	\$ -	\$186,500	\$26,038	\$39,004	\$28,190	\$2,330	\$2,130	\$1,212	\$374	(\$9,478)
Other operating revenue, gains and other support	27,785	28,898	15,904	7,093	2,201	811	-	352	(7)	-	(27,467)
Total unrestricted revenue, gains and other support	304,085	28,898	202,404	33,131	41,205	29,001	2,330	2,482	1,205	374	(36,945)
Expenses											
Salaries, wages and benefits	170,901	13,537	80,842	26,973	26,666	18,180	2,506	1,866	256	75	-
Medical supplies	33,040	(58)	27,706	555	4,151	466	-	-	5	215	-
Purchased services, professional fees and other expenses	65,957	13,171	54,632	8,428	13,297	9,416	677	831	1,710	740	(36,945)
Depreciation and amortization	11,240	1,857	7,756	816	462	342	-	7	-	-	-
Interest	1,952	(350)	714	864	98	579	-	47	-	-	-
Insurance	2,953	386	1,735	303	317	124	48	9	5	26	-
Total operating expenses	286,043	28,543	173,385	37,939	44,991	29,107	3,231	2,760	1,976	1,056	(36,945)
Operating income (loss)	18,042	355	29,019	(4,808)	(3,786)	(106)	(901)	(278)	(771)	(682)	-
Non-operating gains (losses)											
Investment returns, net	523	(72)	601	(182)	(59)	60	(16)	193	(1)	(1)	-
Equity in gains in earnings of unconsolidated organizations	1,316	1,219	-	-	97	-	-	-	-	-	-
Change in fair value of interest rate swaps	738	4	547	70	-	102	-	15	-	-	-
Total non-operating gains (losses)	2,577	1,151	1,148	(112)	38	162	(16)	208	(1)	(1)	-
Excess (deficit) of revenues over expenses	\$20,619	\$1,506	\$30,167	(\$4,920)	(\$3,748)	\$56	(\$917)	(\$70)	(\$772)	(\$683)	\$ -

Sisters of Providence Health System
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Sisters of Providence Health System Consolidated	Sisters of Providence Health System, Inc	Mercy Medical Center	Providence Behavioral Health Hospital	System Coordinated Services, Inc	Continuing Care Network	Mercy Specialist Physicians	Brightside, Inc	Pioneer Valley Cardiology Associates Inc	Mercy Oncology Services, Inc
Unrestricted net assets										
Excess (deficit) of revenues over expenses	\$20,619	\$1,506	\$30,167	(\$4,920)	(\$3,748)	\$56	(\$917)	(\$70)	(\$772)	(\$683)
Increase (decrease) in pension liability adjustment	97	60	58	(10)	(89)	113	-	(35)	-	-
Net assets released from restrictions for capital expenditures	501	-	501	-	-	-	-	-	-	-
Other changes	(934)	(934)	100	-	(100)	-	-	-	-	-
Increase (decrease) in unrestricted net assets before discontinued operations	20,283	632	30,826	(4,930)	(3,937)	169	(917)	(105)	(772)	(683)
Loss from discontinued operations	765	-	-	-	-	765	-	-	-	-
Increase (decrease) in unrestricted net assets	21,048	632	30,826	(4,930)	(3,937)	934	(917)	(105)	(772)	(683)
Temporarily restricted net assets										
Contributions	522	28	245	9	-	239	-	1	-	-
Investment income (loss)	36	(1)	40	(1)	-	(1)	-	(1)	-	-
Change in unrealized gains on investments	176	12	106	25	-	6	-	27	-	-
Net assets released from restrictions	(885)	(94)	(545)	(10)	-	(220)	-	(16)	-	-
Other changes	31	-	29	-	-	-	-	2	-	-
(Decrease) increase in temporarily restricted net assets	(120)	(55)	(125)	23	-	24	-	13	-	-
Permanently restricted net assets										
Net realized and unrealized gains on investments	143	-	-	-	-	125	-	18	-	-
Increase in permanently restricted net assets	143	-	-	-	-	125	-	18	-	-
Increase (decrease) in net assets	21,071	577	30,701	(4,907)	(3,937)	1,083	(917)	(74)	(772)	(683)
Beginning of year	37,467	(4,704)	138,249	(64,307)	(6,649)	(5,004)	(2,804)	(17,314)	0	0
End of year	\$58,538	(\$4,127)	\$168,950	(\$69,214)	(\$10,586)	(\$3,921)	(\$3,721)	(\$17,388)	(\$772)	(\$683)

**St. Peter's Health Partners
Consolidating Balance Sheet
December 31, 2012**

<i>(in thousands of dollars)</i>	St. Peter's Health Partners	St. Peter's Health Care Services, Inc.	Northeast Health	Seton Health	St. Peter's Health Partners Medical Associates	St. Peter's Health Partners Corporate	St. Peter's Health Partners Eliminations
Assets							
Current assets							
Cash and cash equivalents	\$89,187	\$25,533	\$51,502	\$12,152	\$ -	\$ -	\$ -
Investments	149,121	34,666	69,666	44,789	-	-	-
Marketable securities whose use is limited	251	-	2	249	-	-	-
Patient accounts receivable, net of estimated uncollectibles of \$57,383	95,496	51,892	33,186	10,624	-	-	(206)
Other accounts receivable	28,596	7,112	16,421	2,183	4,257	1,907	(3,284)
Prepaid expenses and inventories	16,870	7,892	6,584	2,373	21	-	-
Total current assets	<u>379,521</u>	<u>127,095</u>	<u>177,361</u>	<u>72,370</u>	<u>4,278</u>	<u>1,907</u>	<u>(3,490)</u>
Marketable securities and investments whose use is limited							
Board-designated funds	152,589	66,085	58,590	27,914	-	-	-
Trustee-held funds	38,568	35,807	2,761	-	-	-	-
Donor-restricted funds	52,869	9,185	40,701	2,983	-	-	-
Investments	27,799	25,513	2,072	214	-	-	-
Total marketable securities and investments whose use is limited	<u>271,825</u>	<u>136,590</u>	<u>104,124</u>	<u>31,111</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	675,020	363,490	185,291	27,927	7,130	91,182	-
Goodwill	1,697	-	-	-	1,283	414	-
Investment in unconsolidated organizations	1,057	1,057	-	-	-	-	-
Other assets	49,602	27,022	18,194	5,837	698	(2,149)	-
Total assets	<u>\$1,378,722</u>	<u>\$655,254</u>	<u>\$484,970</u>	<u>\$137,245</u>	<u>\$13,389</u>	<u>\$91,354</u>	<u>(\$3,490)</u>
Liabilities and Net Assets							
Current liabilities							
Current portion of long-term debt and capital lease obligations	\$55,076	\$8,770	\$4,008	\$42,298	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	97,402	49,085	36,738	11,839	888	103	(1,251)
Estimated third party payor settlements, net	31,477	12,550	12,091	6,836	-	-	-
Other	20,110	6,040	11,689	2,150	127	2,343	(2,239)
Total current liabilities	<u>204,065</u>	<u>76,445</u>	<u>64,526</u>	<u>63,123</u>	<u>1,015</u>	<u>2,446</u>	<u>(3,490)</u>
Long-term debt, net	300,788	247,159	53,629	-	-	-	-
Other liabilities	23,396	9,292	9,553	4,551	-	-	-
Pension liabilities	33,623	(555)	33,514	664	-	-	-
Insurance liabilities, net of current portion	44,505	26,976	13,181	4,348	-	-	-
Deferred revenue from entrance fees	48,673	-	48,673	-	-	-	-
Total liabilities	<u>655,050</u>	<u>359,317</u>	<u>223,076</u>	<u>72,686</u>	<u>1,015</u>	<u>2,446</u>	<u>(3,490)</u>
Net assets							
Unrestricted	654,205	282,657	208,949	61,317	12,374	88,908	-
Temporarily restricted	42,550	6,167	33,662	2,721	-	-	-
Permanently restricted	26,917	7,113	19,283	521	-	-	-
Total net assets	<u>723,672</u>	<u>295,937</u>	<u>261,894</u>	<u>64,559</u>	<u>12,374</u>	<u>88,908</u>	<u>-</u>
Total liabilities and net assets	<u>\$1,378,722</u>	<u>\$655,254</u>	<u>\$484,970</u>	<u>\$137,245</u>	<u>\$13,389</u>	<u>\$91,354</u>	<u>(\$3,490)</u>

St. Peter's Health Partners
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	St. Peter's Health Partners	St. Peter's Health Care Services, Inc.	Northeast Health	Seton Health	Health Partners Medical Associates	St. Peter's Health Partners Corporate	St. Peter's Health Partners Eliminations
Unrestricted revenue, gains and other support							
Net patient service revenue, net of provision for bad debts of \$41,120	\$993,750	\$519,137	\$348,017	\$130,146	\$ -	\$ -	(\$3,550)
Other operating revenue, gains and other support	75,877	24,548	48,895	2,491	-	-	(57)
Total unrestricted revenues, gains and other support	1,069,627	543,685	396,912	132,637	-	-	(3,607)
Expenses							
Salaries, wages and benefits	568,005	254,632	231,337	81,327	709	-	-
Medical supplies	158,326	102,591	42,504	13,471	-	(240)	-
Purchased services, professional fees and other expenses	218,986	113,870	74,392	32,940	307	1,085	(3,608)
Depreciation and amortization	61,851	30,929	23,170	2,802	-	4,950	-
Interest	16,474	13,133	2,683	658	-	-	-
Insurance	14,731	4,743	8,212	1,776	-	-	-
Total operating expenses	1,038,373	519,898	382,298	132,974	1,016	5,795	(3,608)
Operating income (loss)	31,254	23,787	14,614	(337)	(1,016)	(5,795)	1
Non-operating gains (losses)							
Investment returns, net	23,225	6,716	10,078	6,431	-	-	-
(Loss) gain on sale of assets	(627)	42	(547)	(12)	-	(110)	-
Change in fair value of interest rate swaps	(415)	300	(715)	-	-	-	-
Total non-operating gains (losses)	22,183	7,058	8,816	6,419	-	(110)	-
Excess (deficit) of revenues over expenses	\$53,437	\$30,845	\$23,430	\$6,082	(\$1,016)	(\$5,905)	\$1

St. Peter's Health Partners
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	St. Peter's Health Partners	St. Peter's Health Care Services, Inc.	Northeast Health	Seton Health	St. Peter's Health Partners Corporate	St. Peter's Health Partners Corporate
Unrestricted net assets						
Excess (deficit) of revenues over expenses	\$53,437	\$30,845	\$23,430	\$6,082	(\$1,016)	(\$5,905)
Increase (decrease) in pension liability adjustment	1,312	171	(5,287)	6,428	-	-
Net assets released from restrictions for capital expenditures	1,793	1,353	395	45	-	-
Other changes	285	(18,015)	1,183	(66)	13,390	3,792
Increase (decrease) in unrestricted net assets	<u>56,827</u>	<u>14,354</u>	<u>19,721</u>	<u>12,489</u>	<u>12,374</u>	<u>(2,113)</u>
Temporarily restricted net assets						
Contributions	4,081	2,391	1,620	70	-	-
Investment income	713	174	539	-	-	-
Change in unrealized gains on investments	4,080	-	4,080	-	-	-
Net assets released from restrictions	(3,843)	(2,536)	(1,027)	(280)	-	-
Other changes	(2,337)	(19)	(2,286)	(32)	-	-
Increase (decrease) in temporarily restricted net assets	<u>2,694</u>	<u>10</u>	<u>2,926</u>	<u>(242)</u>	<u>-</u>	<u>-</u>
Permanently restricted net assets						
Contributions	12	-	12	-	-	-
Net realized and unrealized gains on investments	506	501	4	-	-	-
Other changes	1,091	-	1,092	-	-	-
Increase in permanently restricted net assets	<u>1,609</u>	<u>501</u>	<u>1,108</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	61,130	14,865	23,755	12,247	12,374	(2,113)
Beginning of year	<u>662,542</u>	<u>281,072</u>	<u>238,139</u>	<u>52,312</u>	<u>-</u>	<u>91,021</u>
End of year	<u>\$723,672</u>	<u>\$295,937</u>	<u>\$261,894</u>	<u>\$64,559</u>	<u>\$12,374</u>	<u>\$88,908</u>

St. James Mercy Health System
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	St. James Mercy Health System	Eliminations	Corporate Office	St. James Mercy Hospital	SJM Properties	St. James Mercy Foundation
Assets						
Current assets						
Cash and cash equivalents	\$602	\$ -	\$ -	\$39	\$397	\$166
Investments	1,042	-	-	738	304	-
Patient accounts receivable, net of estimated uncollectibles of \$2,403	5,213	-	-	5,213	-	-
Other accounts receivable	566	-	-	566	-	-
Prepaid expenses and inventories	1,903	-	-	1,821	80	2
Total current assets	<u>9,326</u>	<u>-</u>	<u>-</u>	<u>8,377</u>	<u>781</u>	<u>168</u>
Marketable securities and investments whose use is limited						
Board-designated funds	6,308	-	-	5,800	-	508
Donor-restricted funds	488	-	-	-	-	488
Investments	1,151	(10,371)	10,153	218	-	1,151
Total marketable securities and investments whose use is limited	<u>7,947</u>	<u>(10,371)</u>	<u>10,153</u>	<u>6,018</u>	<u>-</u>	<u>2,147</u>
Property and equipment, net	15,258	-	-	14,263	995	-
Assets held for sale	158	-	-	158	-	-
Other assets	6,611	(455)	-	7,066	-	-
Total assets	<u>\$39,300</u>	<u>(\$10,826)</u>	<u>\$10,153</u>	<u>\$35,882</u>	<u>\$1,776</u>	<u>\$2,315</u>
Liabilities and Net Assets						
Current liabilities						
Current portion of long-term debt and capital lease obligations	\$1,297	(\$31)	\$ -	\$1,274	\$54	\$ -
Accounts payable and accrued expenses	6,323	-	-	6,266	56	1
Estimated third party payor settlements, net	3,725	-	-	3,725	-	-
Other	630	-	-	630	-	-
Total current liabilities	<u>11,975</u>	<u>(31)</u>	<u>-</u>	<u>11,895</u>	<u>110</u>	<u>1</u>
Long-term debt, net	7,444	-	-	7,007	437	-
Other liabilities	871	(424)	-	871	362	62
Insurance liabilities, net of current portion	8,631	-	-	8,631	-	-
Total liabilities	<u>28,921</u>	<u>(455)</u>	<u>-</u>	<u>28,404</u>	<u>909</u>	<u>63</u>
Net assets						
Unrestricted	9,883	(9,883)	9,883	7,252	867	1,764
Temporarily restricted	226	(218)	-	226	-	218
Permanently restricted	270	(270)	270	-	-	270
Total net assets	<u>10,379</u>	<u>(10,371)</u>	<u>10,153</u>	<u>7,478</u>	<u>867</u>	<u>2,252</u>
Total liabilities and net assets	<u>\$39,300</u>	<u>(\$10,826)</u>	<u>\$10,153</u>	<u>\$35,882</u>	<u>\$1,776</u>	<u>\$2,315</u>

St. James Mercy Health System
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	St. James Mercy Health System	Eliminations	St. James Mercy Hospital	SJM Properties	St. James Mercy Foundation
Unrestricted revenue, gains and other support					
Net patient service revenue, net of provision for bad debts of \$1,801	\$48,430	\$ -	\$48,430	\$ -	\$ -
Other operating revenue, gains and other support	1,723	(510)	867	517	849
Total unrestricted revenue, gains and other support	<u>50,153</u>	<u>(510)</u>	<u>49,297</u>	<u>517</u>	<u>849</u>
Expenses					
Salaries, wages and benefits	30,680	-	30,455	60	165
Medical supplies	4,742	-	4,742	-	-
Purchased services, professional fees and other expenses	14,987	(530)	15,106	233	178
Depreciation and amortization	2,391	-	2,301	90	-
Interest	164	(18)	145	37	-
Insurance	602	-	596	6	-
Total operating expenses	<u>53,566</u>	<u>(548)</u>	<u>53,345</u>	<u>426</u>	<u>343</u>
Operating (loss) income	(3,413)	38	(4,048)	91	506
Non-operating gains (losses)					
Investment returns, net	899	(18)	734	2	181
Loss on sale of assets	(63)	-	(44)	-	(19)
Change in fair value of interest rate swaps	-	(18)	690	2	162
Total non-operating gains (losses)	<u>836</u>	<u>(18)</u>	<u>690</u>	<u>2</u>	<u>162</u>
(Deficit) excess of revenues over expenses	<u><u>(\$2,577)</u></u>	<u><u>\$20</u></u>	<u><u>(\$3,358)</u></u>	<u><u>\$93</u></u>	<u><u>\$668</u></u>

St. James Mercy Health System
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	St. James Mercy Health System	Corporate Office	St. James Mercy Hospital	SJM Properties	St. James Mercy Foundation	
	Eliminations					
Unrestricted net assets						
(Deficit) excess of revenue over expenses	(\$2,577)	\$20	\$ -	(\$3,358)	\$93	\$668
Net assets released from restrictions for capital expenditures	20	(20)	-	40	-	-
Other changes	227	3,237	(3,237)	227	-	-
(Decrease) increase in unrestricted net assets before discontinued operations	(2,330)	3,237	(3,237)	(3,091)	93	668
Loss from discontinued operations	(907)	-	-	(907)	-	-
(Decrease) increase in unrestricted net assets	(3,237)	3,237	(3,237)	(3,998)	93	668
Temporarily restricted net assets						
Contributions	43	(43)	-	43	-	43
Net assets released from restrictions	(45)	45	-	(45)	-	(45)
(Decrease) increase in temporarily restricted net assets	(2)	2	-	(2)	-	(2)
(Decrease) increase in net assets	(3,239)	3,239	(3,237)	(4,000)	93	666
Beginning of year	13,618	(13,610)	13,390	11,478	774	1,586
End of year	\$10,379	(\$10,371)	\$10,153	\$7,478	\$867	\$2,252

Maxis Health System
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Maxis Health System	Maxis Hlth System - Eliminations	Marian Community Hospital	Tri- CountyHuman Services Center, Inc.	Maxis Foundation	Maxis Medical Services
Assets						
Current assets						
Cash and cash equivalents	\$33	\$ -	\$ -	\$ -	\$18	\$15
Investments	581	-	311	-	270	-
Marketable securities whose use is limited	8	-	8	-	-	-
Patient accounts receivable, net of estimated uncollectibles of \$4	419	-	-	419	-	-
Other accounts receivable	8	(2)	10	-	-	-
Total current assets	<u>1,049</u>	<u>(2)</u>	<u>329</u>	<u>419</u>	<u>288</u>	<u>15</u>
Marketable securities and investments whose use is limited						
Board-designated funds	3,733	-	3,733	-	-	-
Trustee-held funds	1,525	-	1,525	-	-	-
Total marketable securities and investments whose use is limited	<u>5,258</u>	<u>-</u>	<u>5,258</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	183	-	-	-	183	-
Investments in unconsolidated organizations	15	-	15	-	-	-
Assets held for sale	3,200	-	3,200	-	-	-
Other assets	2,315	(665)	2,980	-	-	-
Total assets	<u>\$12,020</u>	<u>(\$667)</u>	<u>\$11,782</u>	<u>\$419</u>	<u>\$471</u>	<u>\$15</u>
Liabilities and Net Assets						
Current liabilities						
Current portion of long-term debt and capital leases	\$775	\$ -	\$775	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	32,493	(2)	32,495	-	-	-
Estimated third party payor settlements, net	1,106	-	1,106	-	-	-
Other	99	-	99	-	-	-
Total current liabilities	<u>34,473</u>	<u>(2)</u>	<u>34,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long-term debt, net	8,508	-	8,508	-	-	-
Other liabilities	88	-	88	-	-	-
Pension liabilities	6,972	-	6,972	-	-	-
Insurance liabilities, net of current portion	2,216	-	2,216	-	-	-
Total liabilities	<u>52,257</u>	<u>(2)</u>	<u>52,259</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets						
Unrestricted	(40,237)	-	(41,142)	419	471	15
Temporarily restricted	-	(665)	665	-	-	-
Total net assets	<u>(40,237)</u>	<u>(665)</u>	<u>(40,477)</u>	<u>419</u>	<u>471</u>	<u>15</u>
Total liabilities and net assets	<u>\$12,020</u>	<u>(\$667)</u>	<u>\$11,782</u>	<u>\$419</u>	<u>\$471</u>	<u>\$15</u>

Maxis Health System
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Maxis Health System	Marian Community Hospital	Maxis Foundation
Unrestricted revenue, gains and other support			
Other operating revenue, gains and other support	\$3	\$ -	\$3
Total unrestricted revenue, gains and other support	<u>3</u>	<u>-</u>	<u>3</u>
Expenses			
Salaries, wages and benefits	18	18	-
Purchased services, professional fees and other expenses	23	-	23
Depreciation and amortization	12	-	12
Interest	2	-	2
Total operating expenses	<u>55</u>	<u>18</u>	<u>37</u>
Operating loss	(52)	(18)	(34)
Non-operating gains			
Investment returns, net	70	70	-
Gain on sale of assets	28	-	28
Change in fair value of interest rate swaps	133	133	-
Total non-operating gains	<u>231</u>	<u>203</u>	<u>28</u>
Excess (deficit) of revenues over expenses	<u>\$179</u>	<u>\$185</u>	<u>(\$6)</u>

Maxis Health System
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

Unrestricted net assets

	Maxis Health System	Maxis Hlth System - Eliminations	Marian Community Hospital	Tri-County Human Services Center, Inc.	Maxis Medical Services	Maxis Medical Services
Excess (deficit) of revenue over expenses	\$179	\$ -	\$185	\$ -	(\$6)	\$ -
Decrease in pension liability adjustment	(2,451)	-	(2,451)	-	-	-
Other changes	6	-	218	300	(502)	(10)
(Decrease) increase in unrestricted net assets before discontinued operations	(2,266)	-	(2,048)	300	(508)	(10)
Loss from discontinued operations	(3,868)	-	(3,927)	123	-	(64)
(Decrease) increase in unrestricted net assets	(6,134)	-	(5,975)	423	(508)	(74)
(Decrease) increase in net assets	(6,134)	-	(5,975)	423	(508)	(74)
Beginning of year	(34,103)	(665)	(34,502)	(4)	979	89
End of year	<u>(\$40,237)</u>	<u>(\$665)</u>	<u>(\$40,477)</u>	<u>\$419</u>	<u>\$471</u>	<u>\$15</u>

Mercy Health System of SEPA
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Mercy Health System of SEPA	Mercy Catholic Medical Center	Mercy Suburban Hospital	E Norriton Phys Serv - Hospital Based	Nazareth Hospital	Nazareth Health Care Foundation	St Agnes Continuing Care Corp and Subs	St Agnes LIFE
Assets								
Current assets								
Cash and cash equivalents	\$53,787	(\$42,458)	(\$9,636)	\$886	\$15,386	\$1,777	(\$37,516)	\$15,403
Investments	285	-	285	-	-	-	-	-
Patient accounts receivable, net of estimated uncollectibles of \$116,843	73,006	32,425	12,314	202	14,102	-	-	690
Other accounts receivable	5,886	707	167	-	321	-	(16)	51
Prepaid expenses and inventories	14,926	5,394	2,852	-	4,034	-	26	232
Total current assets	147,890	(3,932)	5,982	1,088	33,843	1,777	(37,506)	16,376
Marketable securities and investments whose use is limited								
Board-designated funds	10,000	-	-	-	-	-	-	-
Trustee-held funds	3,897	2,085	1,361	-	-	-	-	-
Donor-restricted funds	5,216	3,404	285	-	-	1,029	21	3
Investments	126,281	-	-	-	-	-	-	-
Total marketable securities and investments whose use is limited	145,394	5,489	1,646	-	-	1,029	21	3
Property and equipment, net	175,216	75,457	50,887	-	33,868	-	-	419
Investments in unconsolidated organizations	163,387	37	802	-	2,220	-	858	-
Goodwill	71	-	-	-	-	-	-	-
Other assets	98,914	39,492	12,462	-	20,291	-	488	1,620
Total assets	\$730,872	\$116,543	\$71,779	\$1,088	\$90,222	\$2,806	(\$36,139)	\$18,418
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt and capital lease obligation	\$9,827	\$5,069	\$1,319	\$-	\$1,187	\$-	\$-	\$-
Accounts payable and accrued expenses	74,673	24,405	8,725	515	12,550	25	300	6,305
Estimated third party payor settlements, net	16,355	8,656	5,428	-	1,675	-	13	580
Other	38,143	(18,083)	(2,733)	11,130	(730)	448	575	960
Total current liabilities	138,998	20,047	12,739	11,645	14,682	473	888	7,845
Long-term debt, net	149,139	62,240	29,323	-	22,553	-	-	-
Other liabilities	12,285	334	192	-	1,679	-	(1)	2,518
Pension liabilities	127,953	54,228	19,859	-	21,421	-	8,444	-
Insurance liabilities, net of current portion	96,879	53,300	10,526	552	22,194	-	535	162
Total liabilities	525,254	190,149	72,639	12,197	82,529	473	9,866	10,525
Net assets								
Unrestricted	198,782	(77,010)	(1,145)	(11,109)	7,693	1,304	(46,026)	6,270
Temporarily restricted	2,739	927	285	-	-	1,029	21	3
Permanently restricted	4,097	2,477	-	-	-	-	-	1,620
Total net assets	205,618	(73,606)	(860)	(11,109)	7,693	2,333	(46,005)	7,893
Total liabilities and net assets	\$730,872	\$116,543	\$71,779	\$1,088	\$90,222	\$2,806	(\$36,139)	\$18,418

**Mercy Health System of SEPA
Consolidating Balance Sheet
December 31, 2012**

(in thousands of dollars)

	Mercy Health Plan	Mercy Home Health Services Consolidated	Mercy Management	Mercy Eastwick, Inc	Nazareth Physician Services	N E Physician Services, Inc	Mercy Health System Foundation	Mercy Home Office	Eliminations
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$20,192	(\$18,500)	(\$15,950)	(\$6,491)	(\$152)	\$8,007	\$122,839	\$ -
Investments	-	-	-	-	-	-	-	-	-
Patient accounts receivable, net of estimated uncollectibles of \$116,843	-	10,110	3,228	-	381	-	-	-	(446)
Other accounts receivable	3,445	14	172	73	(58)	-	1	1,009	-
Prepaid expenses and inventories	-	385	268	212	18	-	-	1,505	-
Total current assets	3,445	30,701	(14,832)	(15,665)	(6,150)	(152)	8,008	125,353	(446)
Marketable securities and investments whose use is limited									
Board-designated funds	-	-	-	-	-	-	-	10,000	-
Trustee-held funds	-	-	-	-	-	-	-	451	-
Donor-restricted funds	-	-	-	-	-	-	474	-	-
Investments	-	-	-	-	-	-	-	126,281	-
Total marketable securities and investments whose use is limited	-	-	-	-	-	-	474	136,732	-
Property and equipment, net									
Investments in unconsolidated organizations	152,577	-	3,721	760	-	-	-	2,412	-
Goodwill	-	-	13	-	58	-	-	-	-
Other assets	22,093	9	23	-	15	-	-	2,421	-
Total assets	\$178,115	\$31,499	(\$9,742)	(\$10,837)	(\$6,045)	(\$152)	\$8,482	\$275,281	(\$446)
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt and capital lease obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,252	\$ -
Accounts payable and accrued expenses	99	3,647	6,523	302	603	2	-	10,672	-
Estimated third party payor settlements, net	-	-	3	-	-	-	-	-	-
Other	735	2,660	58,334	15,070	1,685	1,135	-	(27,471)	(5,572)
Total current liabilities	834	6,307	64,860	15,372	2,288	1,137	-	(14,547)	(5,572)
Long-term debt, net									
Other liabilities	-	573	212	5,103	18	-	-	35,023	-
Pension liabilities	-	5,151	9,698	-	-	-	-	1,657	-
Insurance liabilities, net of current portion	-	-	7,226	-	-	-	-	2,384	-
Total liabilities	834	12,031	81,996	20,475	2,306	1,137	-	33,669	(5,572)
Net assets									
Unrestricted	177,281	19,468	(91,738)	(31,312)	(8,351)	(1,289)	8,008	241,612	5,126
Temporarily restricted	-	-	-	-	-	-	474	-	-
Permanently restricted	-	-	-	-	-	-	-	-	-
Total net assets	177,281	19,468	(91,738)	(31,312)	(8,351)	(1,289)	8,482	241,612	5,126
Total liabilities and net assets	\$178,115	\$31,499	(\$9,742)	(\$10,837)	(\$6,045)	(\$152)	\$8,482	\$275,281	(\$446)

Mercy Health System of SEPA
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Mercy Health System of SEPA	Mercy Catholic Medical Center	Mercy Suburban Hospital	E Norriton Phys Serv - Hospital Based	Nazareth Hospital	Nazareth Health Care Foundation	St Agnes Continuing Care Corp and Subs	St Agnes LIFE
Unrestricted revenue, gains and other support								
Net patient service revenue, net of provision for bad debts of \$83,166	\$680,798	\$302,908	\$99,887	\$1,714	\$142,158	\$ -	\$ -	\$34,818
Other operating revenue, gains and other support	69,251	16,425	2,888	2,442	6,164	171	2	71
Total unrestricted revenue, gains and other support	750,049	319,333	102,775	4,156	148,322	171	2	34,889
Expenses								
Salaries, wages and benefits	411,371	152,627	50,326	-	75,319	50	-	12,118
Medical supplies	70,687	35,112	13,229	-	17,666	-	-	2,613
Purchased services, professional fees and other expenses	208,752	109,642	39,685	4,056	44,560	43	-	19,447
Depreciation and amortization	26,332	11,492	5,510	-	5,302	-	-	135
Interest	4,913	2,135	910	-	710	-	-	-
Insurance	18,840	7,178	2,018	77	4,098	-	-	280
Total operating expenses	740,895	318,186	111,678	4,133	147,655	93	-	34,593
Operating income (loss)	9,154	1,147	(8,903)	23	667	78	2	296
Non-operating gains (losses)								
Investment returns, net	6,451	(296)	(7)	(24)	68	-	(176)	77
Equity in gains (losses) in earnings of unconsolidated organizations	581	4	9	-	230	-	89	-
Gain on sale of assets	3,525	1	149	-	-	-	-	-
Loss on extinguishment of debt	(783)	(474)	-	-	(19)	-	-	-
Change in fair value of interest rate swaps	2,119	-	-	-	-	-	-	-
Total non-operating gains (losses)	11,893	(765)	151	(24)	279	-	(87)	77
Excess (deficit) of revenues over expenses	\$21,047	\$382	(\$8,752)	(\$1)	\$946	\$78	(\$85)	\$373

Mercy Health System of SEPA
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Mercy Health Plan	Mercy Home Health Services Consolidated	Mercy Management	Mercy Eastwick, Inc	Nazareth Physician Services	N E Physician Services, Inc	Mercy Health System Foundation	Mercy Home Office	Eliminations
Unrestricted revenue, gains and other support									
Net patient service revenue, net of provision for bad debts of \$83,166	\$ -	\$56,200	\$39,777	\$ -	\$3,334	\$2	\$ -	\$ -	\$ -
Other operating revenue, gains and other support	29,714	38	18,583	1,537	1,042	-	2,921	126,173	(138,920)
Total unrestricted revenue, gains and other support	29,714	56,238	58,360	1,537	4,376	2	2,921	126,173	(138,920)
Expenses									
Salaries, wages and benefits	-	40,920	50,533	-	4,859	-	-	73,379	(48,760)
Medical supplies	-	867	1,113	-	87	-	-	-	-
Purchased services, professional fees and other expenses	(931)	6,002	17,493	1,929	2,236	2	-	54,747	(90,159)
Depreciation and amortization	-	161	196	281	9	-	-	3,246	-
Interest	-	-	-	-	-	-	-	1,158	-
Insurance	-	374	4,753	9	507	-	-	(454)	-
Total operating expenses	(931)	48,324	74,088	2,219	7,698	2	-	132,076	(138,919)
Operating income (loss)	30,645	7,914	(15,728)	(682)	(3,322)	-	2,921	(5,903)	(1)
Non-operating gains (losses)									
Investment returns, net	-	107	(199)	(81)	(48)	(2)	-	7,032	-
Equity in gains (losses) in earnings of unconsolidated organizations	-	-	39	-	-	-	-	249	(39)
Gain on sale of assets	3,375	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	-	-	(290)	-
Change in fair value of interest rate swaps	-	-	-	-	-	-	-	2,119	-
Total non-operating gains (losses)	3,375	107	(160)	(81)	(48)	(2)	-	9,110	(39)
Excess (deficit) of revenues over expenses	\$34,020	\$8,021	(\$15,888)	(\$763)	(\$3,370)	(\$2)	\$2,921	\$3,207	(\$40)

Mercy Health System of SEPA
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Mercy Health System of SEPA	Mercy Catholic Medical Center	Mercy Suburban Hospital	E Norriton Phys Serv - Hospital Based	Nazareth Hospital	Nazareth Health Care Foundation	St Agnes Continuing Care Corp and Subs	St Agnes LIFE
Unrestricted net assets								
Excess (deficit) of revenue over expenses	\$21,047	\$382	(\$8,752)	(\$1)	\$946	\$78	(\$85)	\$373
Change in unrealized gains on available-for-sale securities	3,553	-	-	-	-	-	-	-
(Decrease) increase in pension liability adjustment	(4,409)	(986)	140	-	(1,479)	-	(490)	-
Net assets released from restrictions for capital expenditures	499	424	55	-	17	-	-	-
Other changes	(2,387)	(1,101)	(553)	-	(3,053)	-	1	1
Increase (decrease) in unrestricted net assets before discontinued operations	18,303	(1,281)	(9,110)	(\$1)	(3,569)	78	(574)	374
Loss from discontinued operations	500	-	-	-	-	-	500	-
Increase (decrease) in unrestricted net assets	18,803	(1,281)	(9,110)	(1)	(3,569)	78	(74)	374
Temporarily restricted net assets								
Contributions	431	177	159	-	-	60	-	2
Investment income	3	-	-	-	-	-	-	-
Net assets released from restrictions	(1,046)	(668)	(67)	-	(211)	-	-	-
Other changes	22	23	(4)	-	210	(210)	-	-
(Decrease) increase in temporarily restricted net assets	(590)	(468)	88	-	(1)	(150)	-	2
Permanently restricted net assets								
Other changes	130	-	-	-	-	-	-	130
Increase in permanently restricted net assets	130	-	-	-	-	-	-	130
Increase (decrease) in net assets	18,343	(1,749)	(9,022)	(1)	(3,570)	(72)	(74)	506
Beginning of year	187,275	(71,857)	8,162	(11,108)	11,263	2,405	(45,931)	7,387
End of year	\$205,618	(\$73,606)	(\$860)	(\$11,109)	\$7,693	\$2,333	(\$46,005)	\$7,893

Mercy Health System of SEPA
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Mercy Health Plan	Mercy Home Health Services Consolidated	Mercy Management	Mercy Eastwick, Inc	Nazareth Physician Services	N E Physician Services, Inc	Mercy Health System Foundation	Mercy Home Office	Eliminations
Unrestricted net assets									
Excess (deficit) of revenue over expenses	\$34,020	\$8,021	(\$15,888)	(\$763)	(\$3,370)	(\$2)	\$2,921	\$3,207	(\$40)
Change in unrealized gains on available-for-sale securities	3,553	-	-	-	-	-	-	-	-
(Decrease) increase in pension liability adjustment	-	(405)	(771)	-	-	-	-	(418)	-
Net assets released from restrictions for capital expenditures	-	-	3	-	-	-	-	-	-
Other changes	(9,428)	4	4	-	-	-	3,587	8,151	-
Increase (decrease) in unrestricted net assets before discontinued operations	28,145	7,620	(16,652)	(763)	(\$3,370)	(\$2)	\$6,508	10,940	(40)
Loss from discontinued operations	-	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	28,145	7,620	(16,652)	(763)	(3,370)	(2)	6,508	10,940	(40)
Temporarily restricted net assets									
Contributions	-	33	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	3	-	-
Net assets released from restrictions	-	(33)	(3)	-	-	-	(64)	-	-
Other changes	-	-	3	-	-	-	0	-	-
(Decrease) increase in temporarily restricted net assets	-	-	-	-	-	-	(61)	-	-
Permanently restricted net assets									
Other changes	-	-	-	-	-	-	-	-	-
Increase in permanently restricted net assets	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets	28,145	7,620	(16,652)	(763)	(3,370)	(2)	6,447	10,940	(40)
Beginning of year	149,136	11,848	(75,086)	(30,549)	(4,981)	(1,287)	2,035	230,672	5,166
End of year	\$177,281	\$19,468	(\$91,738)	(\$31,312)	(\$8,351)	(\$1,289)	\$8,482	\$241,612	\$5,126

St Mary, Langhorne, PA Location
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	St Mary, Langhorne, PA Location	St Mary Medical Center	St Mary Foundation	Langhorne Services Inc	LIFE St Mary	Ambulatory Surgery Center at St Mary	Langhorne Physician Services	St Mary Eliminations
Assets								
Current assets								
Cash and cash equivalents	\$152,485	\$129,931	\$601	\$159	\$10,376	\$215	\$11,249	(\$46)
Patient accounts receivable, net of estimated uncollectibles of \$48,648	48,731	45,137	-	-	178	1,594	1,822	-
Other accounts receivable	6,770	77,528	(6,799)	(219)	108	-	(50,423)	(13,425)
Prepaid expenses and inventories	12,504	11,685	16	-	58	532	213	-
Total current assets	220,490	264,281	(6,182)	(60)	10,720	2,341	(37,139)	(13,471)
Marketable securities and investments whose use is limited								
Trustee-held funds	10,380	10,380	-	-	-	-	-	-
Donor-restricted funds	13,063	-	13,063	-	-	-	-	-
Investments	75,364	74,182	1,182	-	-	-	-	-
Total marketable securities and investments whose use is limited	98,807	84,562	14,245	-	-	-	-	-
Property and equipment, net	207,920	200,202	15	-	1,223	4,196	2,284	-
Investments in unconsolidated organizations	5,917	5,750	-	143	-	24	-	-
Other assets	24,507	24,786	981	-	-	15	-	(1,275)
Total assets	\$557,641	\$579,581	\$9,059	\$83	\$11,943	\$6,576	(\$34,855)	(\$14,746)
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt and capital lease obligations	\$4,755	\$3,181	\$-	\$-	\$-	\$1,574	\$-	\$-
Portion of variable rate demand obligations classified as current	3,395	3,395	-	-	-	-	-	-
Accounts payable and accrued expenses	37,032	29,660	4,404	-	1,214	334	1,420	-
Estimated third party payor settlements, net	2,188	2,188	-	-	-	-	-	-
Other	28,642	18,006	1,539	142	14,380	44	8,002	(13,471)
Total current liabilities	76,012	56,430	5,943	142	15,594	1,952	9,422	(13,471)
Long-term debt, net	131,640	126,939	-	-	1,275	4,701	-	(1,275)
Other liabilities	6,963	6,696	-	-	-	10	-	257
Pension liabilities	12,644	12,644	-	-	-	-	-	-
Insurance liabilities, net of current portion	24,901	24,901	-	-	-	-	-	-
Total liabilities	252,160	227,610	5,943	142	16,869	6,663	9,422	(14,489)
Net assets								
Unrestricted	296,736	351,971	(5,629)	(59)	(4,926)	(87)	(44,277)	(257)
Temporarily restricted	8,745	-	8,745	-	-	-	-	-
Total net assets	305,481	351,971	3,116	(59)	(4,926)	(87)	(44,277)	(257)
Total liabilities and net assets	\$557,641	\$579,581	\$9,059	\$83	\$11,943	\$6,576	(\$34,855)	(\$14,746)

St Mary, Langhorne, PA Location
Consolidating Statement of Operations
December 31, 2012

<i>(in thousands of dollars)</i>	St Mary, Langhorne, PA Location	St Mary Medical Center	St Mary Foundation	Langhorne Services Inc	LIFE St Mary	Ambulatory Surgery Center at St Mary	Langhorne Physician Services	St Mary Eliminations
Unrestricted revenue, gains and other support								
Net patient service revenue, net of provision for bad debts of \$19,149	\$436,638	\$403,690	\$ -	\$ -	\$11,399	\$7,290	\$14,259	\$ -
Other operating revenue, gains and other support	13,133	11,922	1,042	34	16	18	6,282	(6,181)
Total unrestricted revenue, gains and other support	449,771	415,612	1,042	34	11,415	7,308	20,541	(6,181)
Expenses								
Salaries, wages and benefits	208,830	180,140	1,260	-	4,557	2,006	20,867	-
Medical supplies	68,738	65,641	-	-	1,122	1,510	465	-
Purchased services, professional fees and other expenses	106,070	98,383	1,456	53	6,087	1,130	5,142	(6,181)
Depreciation and amortization	18,517	17,095	6	-	222	721	473	-
Interest	5,089	4,724	-	-	-	365	-	-
Insurance	7,000	5,128	-	17	132	22	1,701	-
Total operating expenses	414,244	371,111	2,722	70	12,120	5,754	28,648	(6,181)
Operating income (loss)	35,527	44,501	(1,680)	(36)	(705)	1,554	(8,107)	-
Non-operating gains (losses)								
Investment returns, net	6,529	6,438	18	-	39	-	34	-
Equity in gains (losses) in earnings of unconsolidated organizations	474	1,019	-	43	-	(588)	-	-
Loss on sale of assets	(43)	(43)	-	-	-	-	-	-
Loss on extinguishment of debt	(133)	(133)	-	-	-	-	-	-
Change in fair value of interest rate swaps	1,109	1,109	-	-	-	-	-	-
Total non-operating gains (losses)	7,936	8,390	18	43	39	(588)	34	-
Excess (deficit) of revenues over expenses	\$43,463	\$52,891	(\$1,662)	\$7	(\$666)	\$966	(\$8,073)	\$ -

St Mary, Langhorne, PA Location
Consolidating Statement of Changes in Net Assets
December 31, 2012

<i>(in thousands of dollars)</i>	St Mary, Langhorne, PA Location	St Mary Medical Center	St Mary Foundation	Langhorne Services Inc	LIFE St Mary	Ambulatory Surgery Center at St Mary	Langhorne Physician Services	St Mary Eliminations
Unrestricted net assets								
Excess (deficit) of revenue over expenses	\$43,463	\$52,891	(\$1,662)	\$7	(\$666)	\$966	(\$8,073)	\$ -
Increase in pension liability adjustment	2,138	2,138	-	-	-	-	-	-
Net assets released from restrictions for capital expenditures	153	153	-	-	-	-	-	-
Other changes	(774)	(1,535)	-	-	-	-	-	761
Increase (decrease) in unrestricted net assets	<u>44,980</u>	<u>53,647</u>	<u>(1,662)</u>	<u>7</u>	<u>(666)</u>	<u>966</u>	<u>(8,073)</u>	<u>761</u>
Temporarily restricted net assets								
Contributions	2,792	-	2,792	-	-	-	-	-
Net assets released from restrictions	(1,299)	-	(1,299)	-	-	-	-	-
Other changes	6	-	6	-	-	-	-	-
Increase in temporarily restricted net assets	<u>1,499</u>	<u>-</u>	<u>1,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	46,479	53,647	(163)	7	(666)	966	(8,073)	761
Beginning of year	<u>259,002</u>	<u>298,324</u>	<u>3,279</u>	<u>(66)</u>	<u>(4,260)</u>	<u>(1,053)</u>	<u>(36,204)</u>	<u>(1,018)</u>
End of year	<u><u>\$305,481</u></u>	<u><u>\$351,971</u></u>	<u><u>\$3,116</u></u>	<u><u>(\$59)</u></u>	<u><u>(\$4,926)</u></u>	<u><u>(\$87)</u></u>	<u><u>(\$44,277)</u></u>	<u><u>(\$257)</u></u>

Our Lady of Lourdes Health Care Services
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Our Lady of Lourdes Health Care Services	Eliminations	Lourdes Dialysis at Innova Inc	Health Care Services	Our LOL Medical Center	Lourdes Med Center of Burlington County	Our LOL Assoc Foundation, Inc	LIFE at Lourdes	Lourdes Ancillary Services Combined
Assets									
Current assets									
Cash and cash equivalents	\$7,699	\$ -	\$16	\$ -	\$4,085	\$856	\$11	\$2,463	\$268
Patient accounts receivable, net of estimated uncollectibles of \$31,654	54,161	-	(14)	-	34,160	14,002	-	145	5,868
Other accounts receivable	22,445	(225,363)	4,909	47,032	131,527	6,278	1,110	25	56,927
Prepaid expenses and inventories	12,334	-	39	416	8,350	2,383	4	107	1,035
Total current assets	96,639	(225,363)	4,950	47,448	178,122	23,519	1,125	2,740	64,098
Marketable securities and investments whose use is limited									
Board-designated funds	1,957	-	-	-	-	-	1,957	-	-
Donor-restricted funds	2,999	-	-	-	2,999	-	-	-	-
Investments	1,665	-	267	-	1,398	-	-	-	-
Total marketable securities and investments whose use is limited	6,621	-	267	-	4,397	-	1,957	-	-
Property and equipment, net	150,946	-	-	4,590	95,613	42,009	5	2,006	6,723
Investments in unconsolidated organizations	11,569	-	-	-	(266)	71	-	-	11,764
Goodwill	29,554	-	-	-	10,438	-	-	-	19,116
Other assets	16,438	-	-	-	11,320	4,766	-	-	352
Total assets	\$311,767	(\$225,363)	\$5,217	\$52,038	\$299,624	\$70,365	\$3,087	\$4,746	\$102,053
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt and capital lease obligations	\$5,362	\$ -	\$ -	\$ -	\$3,450	\$1,180	\$ -	\$153	\$579
Accounts payable and accrued expenses	57,098	-	13	1,874	16,952	8,753	359	2,427	26,720
Estimated third party payor settlements, net	15,199	-	-	-	9,816	5,383	-	-	-
Other	12,704	(217,793)	10	50,164	11,462	48,848	645	449	118,919
Total current liabilities	90,363	(217,793)	23	52,038	41,680	64,164	1,004	3,029	146,218
Long-term debt, net	123,432	(6,700)	1,696	-	73,150	55,024	-	201	61
Other liabilities	20,871	-	-	-	10,571	741	-	-	9,559
Pension liabilities	21,917	-	15	-	15,321	6,173	46	87	275
Insurance liabilities, net of current portion	19,351	-	-	-	12,981	6,370	-	-	-
Total liabilities	275,934	(224,493)	1,734	52,038	153,703	132,472	1,050	3,317	156,113
Net assets									
Unrestricted	31,978	-	3,482	-	142,449	(62,527)	1,214	1,428	(54,068)
Temporarily restricted	3,590	(870)	1	-	3,217	420	813	1	8
Permanently restricted	265	-	-	-	255	-	10	-	-
Total net assets	35,833	(870)	3,483	-	145,921	(62,107)	2,037	1,429	(54,060)
Total liabilities and net assets	\$311,767	(\$225,363)	\$5,217	\$52,038	\$299,624	\$70,365	\$3,087	\$4,746	\$102,053

Our Lady of Lourdes Health Care Services
Consolidating Statement of Operations
December 31, 2012

<i>(in thousands of dollars)</i>	Our Lady of Lourdes Health Care Services	Eliminations	Lourdes Dialysis at Innova Inc	Our LOL Medical Center	Lourdes Med Center of Burlington County	Our LOL Assoc Foundation, Inc	LIFE at Lourdes	Lourdes Ancillary Services Combined
Unrestricted revenue, gains and other support								
Net patient service revenue, net of provision for bad debts of \$23,751	\$455,841	\$ -	\$ -	\$273,049	\$112,301	\$ -	\$19,542	\$50,949
Other operating revenue, gains and other support	25,430	(21,996)	-	10,605	4,351	3,754	389	28,327
Total unrestricted revenue, gains and other support	481,271	(21,996)	-	283,654	116,652	3,754	19,931	79,276
Expenses								
Salaries, wages and benefits	254,154	-	-	122,532	52,399	2,677	5,138	71,408
Medical supplies	64,362	-	-	48,541	13,188	253	96	2,284
Purchased services, professional fees and other expenses	130,407	(20,279)	-	72,905	34,822	887	12,836	29,236
Depreciation and amortization	17,846	-	-	12,335	4,226	1	267	1,017
Interest	3,825	(2,019)	-	2,420	1,785	-	12	1,627
Insurance	7,007	-	-	2,894	1,380	1	131	2,601
Total operating expenses	477,601	(22,298)	-	261,627	107,800	3,819	18,480	108,173
Operating income (loss)	3,670	302	-	22,027	8,852	(65)	1,451	(28,897)
Non-operating gains (losses)								
Investment returns, net	1,122	(302)	18	1,102	102	197	13	(8)
Equity in losses in earning of unconsolidated organizations	454	-	-	9	8	-	-	437
Gain on sale of assets	21,021	-	4,775	16,232	7	-	-	7
Change in fair value of interest rate swaps	1,659	-	-	1,028	631	-	-	-
Total non-operating gains (losses)	24,256	(302)	4,793	18,371	748	197	13	436
Excess (deficit) of revenues over expenses	\$27,926	\$ -	\$4,793	\$40,398	\$9,600	\$132	\$1,464	(\$28,461)

Our Lady of Lourdes Health Care Services
Consolidating Statement of Changes in Net Assets
December 31, 2012

<i>(in thousands of dollars)</i>	Our Lady of Lourdes Health Care Services	Eliminations	Lourdes Dialysis at Innova Inc	Our LOL Medical Center	Lourdes Med Center of Burlington County	Our LOL Assoc Foundation, Inc	LIFE at Lourdes	Lourdes Ancillary Services Combined
Unrestricted net assets								
Excess (deficit) of revenue over expenses	\$27,926	\$ -	\$4,793	\$40,398	\$9,600	\$132	\$1,464	(\$28,461)
Decrease in pension liability adjustment	(1,721)	-	-	(1,291)	(430)	-	-	-
Increase (decrease) in unrestricted net assets before discontinued operations	24,825	-	4,793	27,427	9,170	132	1,464	(18,161)
Loss from discontinued operations	2,643	-	(67)	2,710	-	-	-	-
Increase (decrease) in unrestricted net assets	27,468	-	4,726	30,137	9,170	132	1,464	(18,161)
Temporarily restricted net assets								
Contributions	801	-	-	76	137	588	-	-
Investment income	466	-	-	466	-	-	-	-
Change in unrealized gains on investments	252	-	1	230	12	-	1	8
Net assets released from restrictions	(1,523)	(153)	-	(890)	(42)	(438)	-	-
(Decrease) increase in temporarily restricted net assets	(4)	(153)	1	(118)	107	150	1	8
Increase (decrease) in net assets	27,464	(153)	4,727	30,019	9,277	282	1,465	(18,153)
Beginning of year	8,369	(717)	(1,244)	115,902	(71,384)	1,755	(36)	(35,907)
End of year	\$35,833	(\$870)	\$3,483	\$145,921	(\$62,107)	\$2,037	\$1,429	(\$54,060)

Pittsburgh Mercy Health System
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Pittsburgh Mercy Health System	Pittsburgh Mercy Health System	McAuley Ministries	Mercy Life Center Corp (Behav)	Mercy Jeannette Hospital	Jeannette Medical Practices
Assets						
Current assets						
Cash and cash equivalents	\$24,383	\$1,491	\$3,106	\$19,786	\$ -	\$ -
Patient accounts receivable	4,746	-	-	4,746	-	-
Other accounts receivable	16,100	430	4,387	11,283	-	-
Prepaid expenses and inventories	1,409	-	-	1,409	-	-
Total current assets	46,638	1,921	7,493	37,224	-	-
Marketable securities and investments whose use is limited						
Board-designated funds	87,095	21,173	65,922	-	-	-
Trustee-held funds	230	-	-	-	230	-
Donor-restricted funds	3,467	3,467	-	-	-	-
Total marketable securities and investments whose use is limited	90,792	24,640	65,922	-	230	-
Property and equipment, net	10,383	-	-	10,383	-	-
Other assets	4,658	262	3,952	444	-	-
Total assets	\$152,471	\$26,823	\$77,367	\$48,051	\$230	\$ -
Liabilities and Net Assets						
Current liabilities						
Current portion of long-term debt and capital lease obligations	\$1,199	\$ -	\$ -	\$1,199	\$ -	\$ -
Accounts payable and accrued expenses	13,503	368	672	8,745	3,718	-
Other	2,473	263	-	2,178	32	-
Total current liabilities	17,175	631	672	12,122	3,750	-
Long-term debt, net	3,522	-	-	3,522	-	-
Other liabilities	(2)	-	-	(2)	-	-
Pension liabilities	20,699	-	-	-	20,699	-
Insurance liabilities, net of current portion	1,748	262	-	530	753	203
Total liabilities	43,142	893	672	16,172	25,202	203
Net assets						
Unrestricted	101,416	21,755	76,695	30,108	(26,939)	(203)
Temporarily restricted	7,913	4,175	-	1,771	1,967	-
Total net assets	109,329	25,930	76,695	31,879	(24,972)	(203)
Total liabilities and net assets	\$152,471	\$26,823	\$77,367	\$48,051	\$230	\$ -

Pittsburgh Mercy Health System
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Pittsburgh Mercy Health System	Pittsburgh Mercy Health System	McAuley Ministries	Mercy Life Center Corp (Behav)	Mercy Jeannette Hospital
Unrestricted revenue, gains and other support					
Net patient service revenue	\$34,942	\$ -	\$ -	\$34,942	\$ -
Other operating revenue, gains and other support	59,054	184	3,381	55,489	-
Total unrestricted revenue, gains and other support	<u>93,996</u>	<u>184</u>	<u>3,381</u>	<u>90,431</u>	<u>-</u>
Expenses					
Salaries, wages and benefits	64,491	3,434	253	60,548	256
Purchased services, professional fees and other expenses	24,702	(2,987)	2,402	25,287	-
Depreciation and amortization	562	-	-	562	-
Insurance	661	-	-	661	-
Total operating expenses	<u>90,416</u>	<u>447</u>	<u>2,655</u>	<u>87,058</u>	<u>256</u>
Operating income (loss)	3,580	(263)	726	3,373	(256)
Non-operating gains					
Investment returns, net	4,054	1,657	2,397	-	-
Total non-operating gains	<u>4,054</u>	<u>1,657</u>	<u>2,397</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over expenses	<u><u>\$7,634</u></u>	<u><u>\$1,394</u></u>	<u><u>\$3,123</u></u>	<u><u>\$3,373</u></u>	<u><u>(\$256)</u></u>

Pittsburgh Mercy Health System
Consolidating Statement of Changes in Net Assets
December 31, 2012

<i>(in thousands of dollars)</i>	Pittsburgh Mercy Health System	Pittsburgh Mercy Health System	McAuley Ministries	Mercy Life Center Corp (Behav)	Mercy Jeannette Hospital	Jeannette Medical Practices
Unrestricted net assets						
Excess (deficit) of revenue over expenses	\$7,634	\$1,394	\$3,123	\$3,373	(\$256)	\$ -
(Decrease) increase in pension liability adjustment	(5,427)	-	-	10	(5,437)	-
Other changes	769	-	-	769	-	-
Increase (decrease) in unrestricted net assets before discontinued operations	2,976	1,394	3,123	4,152	(5,693)	-
(Loss) income from discontinued operations	(1,609)	-	-	(1,983)	374	-
Increase (decrease) in unrestricted net assets	1,367	1,394	3,123	2,169	(5,319)	-
Temporarily restricted net assets						
Contributions	607	607	-	-	-	-
Investment income	25	25	-	-	-	-
Net assets released from restrictions	(978)	(978)	-	-	-	-
Decrease in temporarily restricted net assets	(346)	(346)	-	-	-	-
Increase (decrease) in net assets	1,021	1,048	3,123	2,169	(5,319)	-
Beginning of year	108,308	24,882	73,572	29,710	(19,653)	(203)
End of year	\$109,329	\$25,930	\$76,695	\$31,879	(\$24,972)	(\$203)

Saint Francis Healthcare
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	<u>Saint Francis Healthcare</u>	<u>Saint Francis Hospital</u>	<u>Saint Francis Foundation</u>	<u>Franciscan ElderCare Corporation</u>	<u>Life at Saint Francis Healthcare</u>
Assets					
Current assets					
Cash and cash equivalents	\$233	\$16	\$41	\$76	\$100
Patient accounts receivable, net of estimated uncollectibles of \$8,691	12,421	11,647	-	774	-
Other accounts receivable	2,181	2,101	53	27	-
Prepaid expenses and inventories	4,388	4,323	-	39	26
Total current assets	<u>19,223</u>	<u>18,087</u>	<u>94</u>	<u>916</u>	<u>126</u>
Marketable securities and investments whose use is limited					
Trustee-held funds	1,819	1,819	-	-	-
Donor-restricted funds	362	26	336	-	-
Total marketable securities and investments whose use is limited	<u>2,181</u>	<u>1,845</u>	<u>336</u>	<u>-</u>	<u>-</u>
Property and equipment, net	54,555	51,938	-	385	2,232
Investments in unconsolidated organizations	563	563	0	0	0
Assets held for sale	2,015	0	-	2,015	-
Other assets	5,390	5,072	-	318	-
Total assets	<u>\$83,927</u>	<u>\$77,505</u>	<u>\$430</u>	<u>\$3,634</u>	<u>\$2,358</u>
Liabilities and Net Assets					
Current liabilities					
Current portion of long-term debt and capital lease obligations	\$1,786	\$1,675	\$ -	\$111	\$ -
Accounts payable and accrued expenses	54,263	50,032	2	834	3,395
Estimated third party payor settlements, net	4,398	4,398	-	-	-
Other	6,237	5,574	217	446	-
Total current liabilities	<u>66,684</u>	<u>61,679</u>	<u>219</u>	<u>1,391</u>	<u>3,395</u>
Long-term debt, net	39,545	36,707	-	2,838	-
Other liabilities	350	350	-	-	-
Pension liabilities	12,375	12,237	-	132	6
Insurance liabilities, net of current portion	8,617	8,056	-	561	-
Total liabilities	<u>127,571</u>	<u>119,029</u>	<u>219</u>	<u>4,922</u>	<u>3,401</u>
Net assets					
Unrestricted	(44,006)	(41,550)	(125)	(1,288)	(1,043)
Temporarily restricted	362	26	336	-	-
Total net assets	<u>(43,644)</u>	<u>(41,524)</u>	<u>211</u>	<u>(1,288)</u>	<u>(1,043)</u>
Total liabilities and net assets	<u>\$83,927</u>	<u>\$77,505</u>	<u>\$430</u>	<u>\$3,634</u>	<u>\$2,358</u>

Saint Francis Healthcare
Consolidating Statement of Operations
December 31, 2012

<i>(in thousands of dollars)</i>	Saint Francis Healthcare	Saint Francis Hospital	Saint Francis Foundation	Franciscan ElderCare Corporation	Life at Saint Francis Healthcare
Unrestricted revenue, gains and other support					
Net patient service revenue, net of provision for bad debts of \$8,834	\$124,608	\$124,608	\$ -	\$ -	\$ -
Other operating revenue, gains and other support	7,018	6,845	173	-	-
Total unrestricted revenue, gains and other support	<u>131,626</u>	<u>131,453</u>	<u>173</u>	<u>-</u>	<u>-</u>
Expenses					
Salaries, wages and benefits	68,262	67,438	195	-	629
Medical supplies	16,014	16,011	-	-	3
Purchased services, professional fees and other expenses	37,860	37,364	194	-	302
Depreciation and amortization	5,834	5,749	-	-	85
Interest	1,178	1,177	1	-	-
Insurance	2,099	2,097	2	-	-
Total operating expenses	<u>131,247</u>	<u>129,836</u>	<u>392</u>	<u>-</u>	<u>1,019</u>
Operating income (loss)	379	1,617	(219)	-	(1,019)
Non-operating gains (losses)					
Investment returns, net	(99)	(110)	-	11	-
Equity in gains in earnings of unconsolidated organizations	58	58	-	-	-
Gain on sale of assets	77	77	-	-	-
Loss on extinguishment of debt	(13)	(13)	-	-	-
Change in fair value of interest rate swaps	613	613	-	-	-
Total non-operating gains (losses)	<u>636</u>	<u>625</u>	<u>-</u>	<u>11</u>	<u>-</u>
Excess (deficit) of revenues over expenses	<u>\$1,015</u>	<u>\$2,242</u>	<u>(\$219)</u>	<u>\$11</u>	<u>(\$1,019)</u>

Saint Francis Healthcare
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Saint Francis Healthcare	Saint Francis Hospital	Saint Francis Foundation	Franciscan ElderCare Corporation	Life at Saint Francis Healthcare
Unrestricted net assets					
Excess (deficit) of revenue over expenses	\$1,015	\$2,242	(\$219)	\$11	(\$1,019)
Decrease in pension liability adjustment	(375)	(375)	-	-	-
Net assets released from restrictions for capital expenditures	131	131	-	-	-
Other changes	(493)	(1,393)	-	900	-
Increase (decrease) in unrestricted net assets before discontinued operations	278	605	(219)	911	(1,019)
Loss from discontinued operations	(4,106)	(2,609)	-	(1,497)	-
Decrease in unrestricted net assets	(3,828)	(2,004)	(219)	(586)	(1,019)
Temporarily restricted net assets					
Contributions	964	1	963	-	-
Net assets released from restrictions	(836)	(5)	(831)	-	-
(Decrease) increase in temporarily restricted net assets	128	(4)	132	-	-
(Decrease) increase in net assets	(3,700)	(2,008)	(87)	(586)	(1,019)
Beginning of year	(39,944)	(39,516)	298	(702)	(24)
End of year	(\$43,644)	(\$41,524)	\$211	(\$1,288)	(\$1,043)

St. Francis Medical Center
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	St. Francis Medical Center	St. Francis Medical Center	LIFE St. Francis	St. Francis Medical Center Foundation	Central New Jersey Heart Services, Inc	Life Care Physicians	St. Francis Eliminations
Assets							
Current assets							
Cash and cash equivalents	\$1,440	(\$4,959)	\$3,417	\$100	\$1,909	\$973	\$ -
Patient accounts receivable, net of estimated uncollectibles of \$11,546	12,739	12,466	273	-	-	-	-
Other accounts receivable	226	16,197	(4,942)	(540)	78	(10,567)	-
Prepaid expenses and inventories	3,188	2,941	18	4	225	-	-
Total current assets	<u>17,593</u>	<u>26,645</u>	<u>(1,234)</u>	<u>(436)</u>	<u>2,212</u>	<u>(9,594)</u>	<u>-</u>
Marketable securities and investments whose use is limited							
Board-designated funds	2,147	250	-	1,897	-	-	-
Donor-restricted funds	1,269	-	-	1,269	-	-	-
Total marketable securities and investments whose use is limited	<u>3,416</u>	<u>250</u>	<u>-</u>	<u>3,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	45,421	40,685	2,555	-	1,049	1,132	-
Investments in unconsolidated organizations	1,556	2,586	-	-	-	-	(1,030)
Goodwill	1,530	1,530	-	-	-	-	-
Other assets	2,482	4,933	-	-	-	4	(2,455)
Total assets	<u>\$71,998</u>	<u>\$76,629</u>	<u>\$1,321</u>	<u>\$2,730</u>	<u>\$3,261</u>	<u>(\$8,458)</u>	<u>(\$3,485)</u>
Liabilities and Net Assets							
Current liabilities							
Current portion of long-term debt and capital lease obligations	\$998	\$640	\$ -	\$ -	\$358	\$ -	\$ -
Portion of variable rate demand obligations classified as current	200	200	-	-	-	-	-
Accounts payable and accrued expenses	24,020	21,968	1,548	3	370	131	-
Estimated third party payor settlements, net	13,687	13,687	-	-	-	-	-
Other	3,652	2,973	8	104	-	-	567
Total current liabilities	<u>42,557</u>	<u>39,468</u>	<u>1,556</u>	<u>107</u>	<u>728</u>	<u>131</u>	<u>567</u>
Long-term debt, net	16,843	16,057	-	-	761	25	-
Other liabilities	666	646	-	-	-	20	-
Pension liabilities	9,598	9,598	-	-	-	-	-
Insurance liabilities, net of current portion	3,175	3,081	94	-	-	-	-
Total liabilities	<u>72,839</u>	<u>68,850</u>	<u>1,650</u>	<u>107</u>	<u>1,489</u>	<u>176</u>	<u>567</u>
Net assets							
Unrestricted	(2,111)	6,743	(329)	1,353	1,772	(8,634)	(3,016)
Temporarily restricted	655	476	-	655	-	-	(476)
Permanently restricted	615	560	-	615	-	-	(560)
Total net assets	<u>(841)</u>	<u>7,779</u>	<u>(329)</u>	<u>2,623</u>	<u>1,772</u>	<u>(8,634)</u>	<u>(4,052)</u>
Total liabilities and net assets	<u>\$71,998</u>	<u>\$76,629</u>	<u>\$1,321</u>	<u>\$2,730</u>	<u>\$3,261</u>	<u>(\$8,458)</u>	<u>(\$3,485)</u>

St. Francis Medical Center
Consolidating Statement of Operations
December 31, 2012

<i>(in thousands of dollars)</i>	St. Francis Medical Center	St. Francis Medical Center	LIFE St. Francis	St. Francis Medical Center Foundation	Central New Jersey Heart Services, Inc	Life Care Physicians	St. Francis Eliminations
Unrestricted revenue, gains and other support							
Net patient service revenue, net of provision for bad debts of \$4,075	\$144,661	\$123,468	\$19,878	\$ -	\$7,084	\$1,316	(\$7,085)
Other operating revenue, gains and other support	6,283	6,356	277	599	998	6	(1,953)
Total unrestricted revenue, gains and other support	<u>150,944</u>	<u>129,824</u>	<u>20,155</u>	<u>599</u>	<u>8,082</u>	<u>1,322</u>	<u>(9,038)</u>
Expenses							
Salaries, wages and benefits	65,591	56,431	5,688	201	449	2,822	-
Medical supplies	23,444	18,690	2,148	-	2,534	72	-
Purchased services, professional fees and other expenses	50,078	46,272	9,501	238	595	993	(7,521)
Depreciation and amortization	5,719	4,961	192	-	478	88	-
Interest	585	482	-	-	100	3	-
Insurance	2,599	2,357	127	-	23	92	-
Total operating expenses	<u>148,016</u>	<u>129,193</u>	<u>17,656</u>	<u>439</u>	<u>4,179</u>	<u>4,070</u>	<u>(7,521)</u>
Operating income (loss)	2,928	631	2,499	160	3,903	(2,748)	(1,517)
Non-operating gains (losses)							
Investment returns, net	6	(28)	34	-	-	-	-
Equity in gains in earnings from unconsolidated organizations	142	142	-	-	-	-	-
Impairment losses	(104)	-	-	-	-	(104)	-
Loss on extinguishment of debt	(12)	(12)	-	-	-	-	-
Change in fair value of interest rate swaps	227	227	-	-	-	-	-
Total non-operating gains (losses)	<u>259</u>	<u>329</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>-</u>
Excess (deficit) of revenues over expenses	<u>\$3,187</u>	<u>\$960</u>	<u>\$2,533</u>	<u>\$160</u>	<u>\$3,903</u>	<u>(\$2,852)</u>	<u>(\$1,517)</u>

St. Francis Medical Center
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	St. Francis Medical Center	St. Francis Medical Center	LIFE St. Francis	St. Francis Medical Center Foundation	Central New Jersey Heart Services, Inc	Life Care Physicians	St. Francis Eliminations
Unrestricted net assets							
Excess (deficit) of revenues over expenses	\$3,187	\$960	\$2,533	\$160	\$3,903	(\$2,852)	(\$1,517)
Increase in pension liability adjustment	168	168	-	-	-	-	-
Net assets released from restrictions for capital expenditures	14	14	-	-	-	-	-
Other changes	(556)	2,935	-	(252)	(5,246)	-	2,007
Increase (decrease) in unrestricted net assets	<u>2,813</u>	<u>4,077</u>	<u>2,533</u>	<u>(92)</u>	<u>(1,343)</u>	<u>(2,852)</u>	<u>490</u>
Temporarily restricted net assets							
Contributions	65	-	-	65	-	-	-
Investment income	3	-	-	3	-	-	-
Change in unrealized gains on investments	3	-	-	3	-	-	-
Other changes	24	-	-	24	-	-	-
Increase in temporarily restricted net assets	<u>95</u>	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>
Permanently restricted net assets							
Contributions	2	-	-	2	-	-	-
Net realized and unrealized gains on investments	3	-	-	3	-	-	-
Other changes	(118)	-	-	(118)	-	-	-
Decrease in permanently restricted net assets	<u>(113)</u>	<u>-</u>	<u>-</u>	<u>(113)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>2,795</u>	<u>4,077</u>	<u>2,533</u>	<u>(110)</u>	<u>(1,343)</u>	<u>(2,852)</u>	<u>490</u>
Beginning of year	<u>(3,636)</u>	<u>3,702</u>	<u>(2,862)</u>	<u>2,733</u>	<u>3,115</u>	<u>(5,782)</u>	<u>(4,542)</u>
End of year	<u>(\$841)</u>	<u>\$7,779</u>	<u>(\$329)</u>	<u>\$2,623</u>	<u>\$1,772</u>	<u>(\$8,634)</u>	<u>(\$4,052)</u>

Saint Michael's Medical Center
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Saint Michael's Medical Center	Saint Michael's Medical Center- Hospital	Chestnut Risk Offshore Insurance Co	University Heights Management Company	Saint Michael's Foundation	Saint Michael's Elimination Company	Columbus Care Corp	St James Care Corp
Assets								
Current assets								
Cash and cash equivalents	\$25,767	\$19,054	\$3	\$526	\$5,691	\$ -	\$91	\$402
Marketable securities whose use is limited	5,010	-	5,010	-	-	-	-	-
Assets held for sale	24,029	24,552	6,122	-	29	(6,758)	84	-
Total current assets	54,806	43,606	11,135	526	5,720	(6,758)	175	402
Marketable securities and investments whose use is limited								
Board-designated funds	14,845	14,845	-	-	-	-	-	-
Trustee-held funds	8,691	8,691	-	-	-	-	-	-
Investments	-	1,340	-	-	-	(1,340)	-	-
Total marketable securities and investments whose use is limited	23,536	24,876	-	-	-	(1,340)	-	-
Assets held for sale	78,149	73,091	-	5,058	-	-	-	-
Other assets	34,288	34,288	-	-	-	-	-	-
Total assets	\$190,779	\$175,861	\$11,135	\$5,584	\$5,720	(\$8,098)	\$175	\$402
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt and capital lease obligations	\$1,213	\$1,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	118,080	118,080	-	-	-	-	-	-
Liabilities related to assets held for sale	30,312	36,315	85	93	-	(6,758)	175	402
Total current liabilities	149,605	155,608	85	93	-	(6,758)	175	402
Long-term debt, net	11,496	11,496	-	-	-	-	-	-
Insurance liabilities, net of current portion	7,363	2,999	4,364	-	-	-	-	-
Liabilities related to assets held for sale	236,668	236,668	-	-	-	-	-	-
Total liabilities	405,132	406,771	4,449	93	-	(6,758)	175	402
Net assets								
Unrestricted	(216,582)	(231,322)	5,886	5,491	3,903	(540)	-	-
Temporarily restricted	2,229	412	-	-	1,817	-	-	-
Permanently restricted	-	-	800	-	-	(800)	-	-
Total net assets	(214,353)	(230,910)	6,686	5,491	5,720	(1,340)	-	-
Total liabilities and net assets	\$190,779	\$175,861	\$11,135	\$5,584	\$5,720	(\$8,098)	\$175	\$402

Saint Michael's Medical Center
Consolidating Statement of Operations and Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Saint Michael's Medical Center	Saint Michael's Medical Center- Hospital	Chestnut Risk - Offshore Insurance Co.	University Heights Management Company	Saint Michael's Foundation	Saint Michael's Elimination Company
Unrestricted net assets						
Other changes	(\$1,364)	(\$3,134)	\$ -	\$2,240	(\$470)	\$ -
(Decrease) increase in unrestricted net assets before discontinued operations	(1,364)	(3,134)	-	2,240	(470)	-
Loss from discontinued operations	(151,454)	(148,054)	746	(4,039)	(107)	-
(Decrease) increase in unrestricted net assets	(152,818)	(151,188)	746	(1,799)	(577)	-
Temporarily restricted net assets						
Net assets released from restrictions	303	-	-	-	303	-
Other changes	769	769	-	-	-	-
Increase in temporarily restricted net assets	1,072	769	-	-	303	-
(Decrease) increase in net assets	(151,746)	(150,419)	746	(1,799)	(274)	-
Beginning of period	(62,607)	(80,491)	5,940	7,290	5,994	(1,340)
End of period	(\$214,353)	(\$230,910)	\$6,686	\$5,491	\$5,720	(\$1,340)

Holy Cross Hospital, Inc.
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Holy Cross Hospital, Inc.	Nursing Network, Inc.	Holy Cross Medical Properties, Inc.	Holy Cross Physician Partners	Physicians Outpatient Surgery Center, LLC	Holy Cross Hospital
Assets						
Current assets						
Cash and cash equivalents	\$19,799	\$18	\$83	\$18	\$1,966	\$17,714
Marketable securities whose use is limited	35	-	-	-	-	35
Patient accounts receivable, net of estimated uncollectibles of \$14,475	58,338	-	-	-	695	57,643
Other accounts receivable	3,484	-	2	-	-	3,482
Prepaid expenses and inventories	13,524	4	-	-	478	13,042
Total current assets	<u>95,180</u>	<u>22</u>	<u>85</u>	<u>18</u>	<u>3,139</u>	<u>91,916</u>
Marketable securities and investments whose use is limited						
Board-designated funds	62,464	-	-	-	-	62,464
Trustee-held funds	10,394	-	-	-	-	10,394
Donor-restricted funds	14,426	-	-	-	-	14,426
Total marketable securities and investments whose use is limited	<u>87,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,284</u>
Property and equipment, net	241,048	179	10,857	-	292	229,720
Investments in unconsolidated organizations	2,267	-	-	-	-	2,267
Assets held for sale	18,384	-	-	-	-	18,384
Other assets	24,706	-	2	-	-	24,704
Total assets	<u>\$468,869</u>	<u>\$201</u>	<u>\$10,944</u>	<u>\$18</u>	<u>\$3,431</u>	<u>\$454,275</u>
Liabilities and Net Assets						
Current liabilities						
Current portion of long-term debt and capital lease obligations	\$6,841	\$ -	\$ -	\$ -	\$ -	\$6,841
Portion of variable rate demand obligations classified as current	4,620	-	-	-	-	4,620
Accounts payable and accrued expenses	30,738	-	33	3	272	30,430
Estimated third-party payor settlements, net	3,184	-	-	-	-	3,184
Other	15,484	24	61	-	500	14,899
Liabilities related to assets held for sale	18,850	-	-	-	-	18,850
Total current liabilities	<u>79,717</u>	<u>24</u>	<u>94</u>	<u>3</u>	<u>772</u>	<u>78,824</u>
Long-term debt, net	121,080	-	-	-	-	121,080
Other liabilities	11,772	-	-	-	-	11,772
Pension liabilities	67,858	-	-	-	-	67,858
Insurance liabilities, net of current portion	30,882	-	-	-	-	30,882
Total liabilities	<u>311,309</u>	<u>24</u>	<u>94</u>	<u>3</u>	<u>772</u>	<u>310,416</u>
Net assets						
Unrestricted	140,728	177	10,850	15	2,659	127,027
Temporarily restricted	14,891	-	-	-	-	14,891
Permanently restricted	1,941	-	-	-	-	1,941
Total net assets	<u>157,560</u>	<u>177</u>	<u>10,850</u>	<u>15</u>	<u>2,659</u>	<u>143,859</u>
Total liabilities and net assets	<u>\$468,869</u>	<u>\$201</u>	<u>\$10,944</u>	<u>\$18</u>	<u>\$3,431</u>	<u>\$454,275</u>

Holy Cross Hospital, Inc.
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Holy Cross Hospital, Inc.	Nursing Network, Inc.	Holy Cross Medical Properties, Inc.	Holy Cross Physician Partners	Physicians Outpatient Surgery Center, LLC	Holy Cross Hospital
Unrestricted revenues, gains and other support						
Net patient service revenue, net of provision for bad debts of \$30,498	\$434,080	\$ -	\$ -	\$0	\$7,450	\$426,630
Other operating revenue, gains and other support	13,901	360	1,324	56	4	12,157
Total unrestricted revenues, gains and other support	<u>447,981</u>	<u>360</u>	<u>1,324</u>	<u>56</u>	<u>7,454</u>	<u>438,787</u>
Expenses						
Salaries, wages and benefits	223,128	-	-	418	-	222,710
Medical supplies	82,578	-	-	-	2,381	80,197
Purchased services, professional fees and other expenses	92,451	256	752	616	3,563	87,264
Depreciation and amortization	19,512	18	498	-	224	18,772
Interest	4,779	-	-	-	1	4,778
Insurance	10,581	-	-	-	27	10,554
Total operating expenses	<u>433,029</u>	<u>274</u>	<u>1,250</u>	<u>1,034</u>	<u>6,196</u>	<u>424,275</u>
Operating income	14,952	86	74	(978)	1,258	14,512
Non-operating gains (losses)						
Investment returns, net	6,187	-	-	-	-	6,187
Equity in gains in earnings of unconsolidated organizations	235	-	-	-	-	235
Gain on sale of assets	(35)	-	-	-	-	(35)
Loss on extinguishment of debt	(791)	-	-	-	-	(791)
Change in fair value of interest rate swaps	1,035	-	-	-	-	1,035
Total non-operating gains (losses)	<u>6,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,631</u>
Excess of revenue over expenses	<u>\$21,583</u>	<u>\$86</u>	<u>\$74</u>	<u>(\$978)</u>	<u>\$1,258</u>	<u>\$21,143</u>

Holy Cross Hospital, Inc
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Holy Cross Hospital, Inc	Nursing Network, Inc	Holy Cross Long Term Care, Inc	Holy Cross Medical Properties, Inc	Holy Cross Physician Partners	Physicians Outpatient Surgery Center, LLC	Holy Cross Hospital
Unrestricted net assets							
Excess of revenue over expenses	\$21,583	\$86	\$ -	\$74	(\$978)	\$1,258	\$21,143
Decrease in pension liability adjustment	(6,321)	-	-	-	-	-	(6,321)
Net assets released from restrictions for capital expenditures	4,722	-	-	-	-	-	4,722
Other changes	(2,359)	(101)	(2)	(500)	993	(869)	(1,880)
Increase (decrease) in unrestricted net assets before discontinued operations	17,625	(15)	(2)	(426)	15	389	17,664
Loss from discontinued operations	(1,610)	-	-	-	-	-	(1,610)
Increase (decrease) in unrestricted net assets	16,015	(15)	(2)	(426)	15	389	16,054
Temporarily restricted net assets							
Contributions	4,299	-	-	-	-	-	4,299
Investment income	204	-	-	-	-	-	204
Change in unrealized losses on investments	(40)	-	-	-	-	-	(40)
Net assets released from restrictions	(6,847)	-	-	-	-	-	(6,847)
Other changes	(522)	-	-	-	-	-	(522)
Decrease in temporarily restricted net assets	(2,906)	-	-	-	-	-	(2,906)
Increase (decrease) in net assets	13,109	(15)	(2)	(426)	15	389	13,148
Beginning of year	144,451	192	2	11,276	-	2,270	130,711
End of year	\$157,560	\$177	\$ -	\$10,850	\$15	\$2,659	\$143,859

Saint Joseph's Health System, Inc
Consolidating Balance Sheet
December 31, 2012

<i>(in thousands of dollars)</i>	Saint Joseph's Health System, Inc	Saint Joseph's Health System Corporate	Saint Joseph's Mercy Found , Inc	Mercy Services Downtown	Mercy Care Svc's, Inc	Mercy Senior Care, Inc	SJHS, Adjustments	Saint Joseph's J O C
Assets								
Current assets								
Cash and cash equivalents	\$5,772	\$756	\$2,680	\$793	\$1,319	\$224	\$ -	\$ -
Investments	2,174	-	2,174	-	-	-	-	-
Patient accounts receivable, net of estimated uncollectibles of \$9	72	-	-	-	36	36	-	-
Other accounts receivable	1,750	770	656	-	456	80	(212)	-
Prepaid expenses and inventories	340	126	10	-	201	3	-	-
Total current assets	<u>10,108</u>	<u>1,652</u>	<u>5,520</u>	<u>793</u>	<u>2,012</u>	<u>343</u>	<u>(212)</u>	<u>-</u>
Marketable securities and investments whose use is limited								
Board-designated funds	36,214	34,270	1,944	-	-	-	-	-
Investments	201,106	136,801	56,936	-	7,369	-	-	-
Total marketables securities and investments whose use is limited	<u>237,320</u>	<u>171,071</u>	<u>58,880</u>	<u>-</u>	<u>7,369</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	11,203	101	5	6,465	3,506	1,126	-	-
Investments in unconsolidated organizations	60,519	-	-	-	6,534	-	(6,534)	60,519
Other assets	59,528	-	5,967	-	-	-	(5,778)	59,339
Total assets	<u>\$378,678</u>	<u>\$172,824</u>	<u>\$70,372</u>	<u>\$7,258</u>	<u>\$19,421</u>	<u>\$1,469</u>	<u>(\$12,524)</u>	<u>\$119,858</u>
Liabilities and Net Assets								
Current liabilities								
Accounts payable and accrued expenses	\$1,886	\$369	\$312	\$ -	\$1,096	\$109	\$ -	\$ -
Estimated third party payor settlements, net	1,554	1,554	-	-	-	-	-	-
Other	2,667	212	1,837	-	781	49	(212)	-
Total current liabilities	<u>6,107</u>	<u>2,135</u>	<u>2,149</u>	<u>-</u>	<u>1,877</u>	<u>158</u>	<u>(212)</u>	<u>-</u>
Long-term debt, net	2,222	-	-	8,000	-	-	(5,778)	-
Other liabilities	1,008	-	1,008	-	-	-	-	-
Pension liabilities	62,995	784	174	-	2,502	196	-	59,339
Insurance liabilities, net of current portion	78	-	2	-	61	15	-	-
Total liabilities	<u>72,410</u>	<u>2,919</u>	<u>3,333</u>	<u>8,000</u>	<u>4,440</u>	<u>369</u>	<u>(5,990)</u>	<u>59,339</u>
Net assets								
Unrestricted	286,924	169,895	55,669	(742)	4,984	1,082	-	56,036
Temporarily restricted	15,440	10	10,835	-	6,628	18	(6,534)	4,483
Permanently restricted	3,904	-	535	-	3,369	-	-	-
Total net assets	<u>306,268</u>	<u>169,905</u>	<u>67,039</u>	<u>(742)</u>	<u>14,981</u>	<u>1,100</u>	<u>(6,534)</u>	<u>60,519</u>
Total liabilities and net assets	<u>\$378,678</u>	<u>\$172,824</u>	<u>\$70,372</u>	<u>\$7,258</u>	<u>\$19,421</u>	<u>\$1,469</u>	<u>(\$12,524)</u>	<u>\$119,858</u>

Saint Joseph's Health System, Inc.
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Saint Joseph's Health System, Inc.	Saint Joseph's Health System Corporate	Saint Joseph's Mercy Found., Inc.	Mercy Services Downtown	Mercy Care Svc's, Inc.	Mercy Senior Care, Inc.	SJHS, Adjustments	Saint Joseph's J.O.C.
Unrestricted revenue, gains and other support								
Net patient service revenue, net of provision for bad debts of \$49	\$786	\$ -	\$ -	\$ -	\$683	\$103	\$ -	\$ -
Other operating revenue, gains and other support	17,155	1,335	2,693	80	12,634	984	(571)	-
Total unrestricted revenue, gains and other support	<u>17,941</u>	<u>1,335</u>	<u>2,693</u>	<u>80</u>	<u>13,317</u>	<u>1,087</u>	<u>(571)</u>	<u>-</u>
Expenses								
Salaries, wages and benefits	11,107	277	955	-	8,912	963	-	-
Medical supplies	453	-	-	-	448	5	-	-
Purchased services, professional fees and other expenses	4,630	948	1,827	24	2,107	295	(571)	-
Depreciation and amortization	807	190	1	313	274	29	-	-
Interest	91	11	-	80	-	-	-	-
Insurance	203	34	27	8	114	20	-	-
Total operating expenses	<u>17,291</u>	<u>1,460</u>	<u>2,810</u>	<u>425</u>	<u>11,855</u>	<u>1,312</u>	<u>(571)</u>	<u>-</u>
Operating income (loss)	650	(125)	(117)	(345)	1,462	(225)	-	-
Non-operating (losses) gains								
Investment returns, net	15,444	9,735	4,502	-	1,207	-	-	-
Equity in losses of unconsolidated organizations	(88,879)	-	-	-	-	-	-	(88,879)
Loss on sale of assets	(246)	(246)	-	-	-	-	-	-
Total non-operating (losses) gains	<u>(73,681)</u>	<u>9,489</u>	<u>4,502</u>	<u>-</u>	<u>1,207</u>	<u>-</u>	<u>-</u>	<u>(88,879)</u>
(Deficit) excess of revenues over expenses	<u>(\$73,031)</u>	<u>\$9,364</u>	<u>\$4,385</u>	<u>(\$345)</u>	<u>\$2,669</u>	<u>(\$225)</u>	<u>\$ -</u>	<u>(\$88,879)</u>

Saint Joseph's Health System, Inc
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Saint Joseph's Health System, Inc	Saint Joseph's Health System at East Georgia	Saint Joseph's Health System Corporate	Saint Joseph's Mercy Found , Inc	Mercy Services Downtown	Mercy Care Svcs, Inc	Mercy Senior Care, Inc	SJHS, Adjustments	Saint Joseph's J O C
Unrestricted net assets									
(Deficit) excess of revenue over expenses	(\$73,031)	\$-	\$9,364	\$4,385	(\$345)	\$2,669	(\$225)	\$-	(\$88,879)
Decrease in pension liability adjustment	(629)	-	(94)	(21)	-	(478)	(36)	-	-
Net assets released from restrictions for capital expenditures	539	-	-	-	-	36	503	-	-
Other changes	(9,100)	(3,594)	(3,609)	345	5	(1,546)	319	-	(1,020)
(Decrease) increase in unrestricted net assets before discontinued operations	(82,221)	(3,594)	5,661	4,709	(340)	681	561	-	(89,899)
Loss from discontinued operations	(163)	-	(163)	-	-	-	-	-	-
(Decrease) increase in unrestricted net assets	(82,384)	(3,594)	5,498	4,709	(340)	681	561	-	(89,899)
Temporarily restricted net assets									
Contributions	240	-	-	185	-	45	10	-	-
Investment income	178	-	-	178	-	-	-	-	-
Net assets released from restrictions	(1,323)	-	-	(1,172)	-	(151)	-	-	-
Other changes	1,194	(36)	-	(7,015)	-	(283)	-	4,045	4,483
Increase (decrease) in temporarily restricted net assets	289	(36)	-	(7,824)	-	(389)	10	4,045	4,483
(Decrease) increase in net assets	(82,095)	(3,630)	5,498	(3,115)	(340)	292	571	4,045	(85,416)
Beginning of year	388,363	3,630	164,407	70,154	(402)	14,689	529	(10,579)	145,935
End of year	\$306,268	\$0	\$169,905	\$67,039	(\$742)	\$14,981	\$1,100	(\$6,534)	\$60,519

Mercy Hospital (Miami) & Subs.
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Mercy Hospital (Miami) & Subsidiaries	Mercy Hospital (Miami)	Mercy Foundation, Inc.	Sister Emmanuel Hospital	Mercy Medical Development, Inc.	Mercy Mission Services
Assets						
Current assets						
Cash and cash equivalents	\$689	\$639	33	\$ -	\$ -	\$17
Investments	853	-	853	-	-	-
Other accounts receivable	557	562	(21)	-	-	16
Prepaid expenses and inventories	5	2	3	-	-	-
Total current assets	<u>2,104</u>	<u>1,203</u>	<u>868</u>	<u>-</u>	<u>-</u>	<u>33</u>
Marketable securities and investments whose use is limited						
Board-designated funds	4,542	4,381	161	-	-	-
Donor-restricted funds	1,619	-	1,619	-	-	-
Investments	4,509	-	4,509	-	-	-
Total marketable securities and investments whose use is limited	<u>10,670</u>	<u>4,381</u>	<u>6,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	3	-	-	-	-	3
Investments in unconsolidated organizations	271	271	-	-	-	-
Other assets	6,588	6,251	337	-	-	-
Total assets	<u>\$19,636</u>	<u>\$12,106</u>	<u>\$7,494</u>	<u>\$0</u>	<u>\$ -</u>	<u>\$36</u>
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	\$12,278	\$12,230	\$27	\$ -	\$8	\$13
Estimated third-party payor settlements, net	16,061	11,949	-	(138)	4,250	-
Other	6,434	6,393	-	41	-	-
Total current liabilities	<u>34,773</u>	<u>30,572</u>	<u>27</u>	<u>(97)</u>	<u>4,258</u>	<u>13</u>
Insurance liabilities, net of current portion	4,646	4,646	-	-	-	-
Total liabilities	<u>39,419</u>	<u>35,218</u>	<u>27</u>	<u>(97)</u>	<u>4,258</u>	<u>13</u>
Net assets						
Unrestricted	(21,556)	(23,112)	5,694	97	(4,258)	23
Temporarily restricted	1,619	-	1,619	-	-	-
Permanently restricted	154	-	154	-	-	-
Total net assets	<u>(19,783)</u>	<u>(23,112)</u>	<u>7,467</u>	<u>97</u>	<u>(4,258)</u>	<u>23</u>
Total liabilities and net assets	<u>\$19,636</u>	<u>\$12,106</u>	<u>\$7,494</u>	<u>\$0</u>	<u>\$ -</u>	<u>\$36</u>

Mercy Hospital (Miami) & Subs.
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Mercy Hospital (Miami) & Subsidiaries	Mercy Hospital (Miami)	Mercy Foundation, Inc.	Sister Emmanuel Hospital	Mercy Mission Services	Mercy Eliminations
Unrestricted revenue, gains and other support						
Other operating revenue, gains and other support	\$548	\$ -	\$548	\$ -	\$378	(\$378)
Total revenue, gains, and other support	<u>548</u>	<u>-</u>	<u>548</u>	<u>-</u>	<u>378</u>	<u>(378)</u>
Expenses						
Salaries, wages and benefits	340	-	33	-	307	-
Medical supplies	4	-	-	-	4	-
Purchased services, professional fees and other expenses	278	-	582	-	74	(378)
Depreciation and amortization	1	-	-	-	1	-
Insurance	17	-	16	-	1	-
Total operating expenses	<u>640</u>	<u>-</u>	<u>631</u>	<u>-</u>	<u>387</u>	<u>(378)</u>
Operating loss	(92)	-	(83)	-	(9)	-
Non-operating gains						
Investment returns, net	1,246	597	649	-	-	-
Equity in losses in earnings from unconsolidated organizations	51	51	-	-	-	-
Total non-operating gains	<u>1,297</u>	<u>648</u>	<u>649</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenue over expenses	<u>\$1,205</u>	<u>\$648</u>	<u>\$566</u>	<u>\$ -</u>	<u>(\$9)</u>	<u>\$ -</u>

Mercy Hospital (Miami) & Subs.
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Mercy Hospital (Miami) & Subsidiaries	Mercy Hospital (Miami)	Mercy Foundation, Inc.	Sister Emmanuel Hospital	Mercy Medical Development, Inc.	Mercy Mission Services
Unrestricted net assets						
Excess (deficit) of revenue over expenses	\$1,205	\$648	\$566	\$ -	\$ -	(\$9)
Other changes	4	1,540	-	(1,705)	169	-
Increase (decrease) in unrestricted net assets before discontinued operations	1,209	2,188	566	(1,705)	169	(9)
Loss on discontinued operations	(2,103)	(2,592)	-	460	29	-
(Decrease) increase in unrestricted net assets	(894)	(404)	566	(1,245)	198	(9)
Temporarily restricted net assets						
Net assets released from restrictions	(369)	-	(369)	-	-	-
Decrease in temporarily restricted net assets	(369)	-	(369)	-	-	-
(Decrease) increase in net assets	(1,263)	(404)	197	(1,245)	198	(9)
Beginning of year	(18,520)	(22,708)	7,270	1,342	(4,456)	32
End of year	<u>(\$19,783)</u>	<u>(\$23,112)</u>	<u>\$7,467</u>	<u>\$97</u>	<u>(\$4,258)</u>	<u>\$23</u>

St Mary's Health Care System, Inc
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	St Mary's Health Care System, Inc	St Mary's Hospital Combined	Good Samaritan Hospital	St Mary's Foundation, Inc	Georgia Health Enterprise, LLC	GHE Physicians, P C	St Mary's Highland Hills Inc	St Mary's Medical Group	Eliminations
Assets									
Current assets									
Cash and cash equivalents	\$30,533	\$28,670	\$26	\$1,826	\$ -	\$ -	\$24	(\$13)	\$ -
Patient accounts receivable, net of estimated uncollectibles of \$14,134	22,976	20,987	1,428	-	-	-	46	515	-
Other accounts receivable	4,043	30,514	(1,919)	(1,018)	-	-	(5,867)	(17,689)	22
Prepaid expenses and inventories	4,840	4,336	374	-	-	-	31	99	-
Total current assets	62,392	84,507	(91)	808	-	-	(5,766)	(17,088)	22
Marketable securities and investments whose use is limited									
Board-designated funds	12,849	12,849	-	-	-	-	-	-	-
Trustee-held funds	3,324	3,324	-	-	-	-	-	-	-
Donor-restricted funds	7,327	-	-	7,327	-	-	-	-	-
Investments	15,582	14,907	-	-	-	-	675	-	-
Total marketable securities and investments whose use is limited	39,082	31,080	-	7,327	-	-	675	-	-
Property and equipment, net	83,752	63,827	6,478	12	-	-	10,453	2,982	-
Other assets	4,564	10,440	40	102	6,198	(6,198)	-	152	(6,170)
Total assets	\$189,790	\$189,854	\$6,427	\$8,249	\$6,198	(\$6,198)	\$5,362	(\$13,954)	(\$6,148)
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt and capital lease obligations	\$1,166	\$1,008	\$ -	\$ -	\$ -	\$ -	\$158	\$ -	\$ -
Accounts payable and accrued expenses	27,491	24,435	1,808	234	-	-	253	739	22
Estimated third party payor settlements, net	3,213	3,213	-	-	-	-	-	-	-
Other	3,374	2,758	616	-	-	-	-	-	-
Total current liabilities	35,244	31,414	2,424	234	-	-	411	739	22
Long-term debt, net	20,968	17,429	-	-	-	-	3,539	-	-
Other liabilities	165	165	-	-	-	-	-	-	-
Pension liabilities	21,558	21,558	-	-	-	-	-	-	-
Insurance liabilities, net of current portion	3,846	3,729	117	-	-	-	-	-	-
Total liabilities	81,781	74,295	2,541	234	-	-	3,950	739	22
Net assets									
Unrestricted	107,583	116,442	3,886	6,706	6,198	(6,198)	1,412	(14,693)	(6,170)
Temporarily restricted	326	(883)	-	1,209	-	-	-	-	-
Permanently restricted	100	-	-	100	-	-	-	-	-
Total net assets	108,009	115,559	3,886	8,015	6,198	(6,198)	1,412	(14,693)	(6,170)
Total liabilities and net assets	\$189,790	\$189,854	\$6,427	\$8,249	\$6,198	(\$6,198)	\$5,362	(\$13,954)	(\$6,148)

St. Mary's Health Care System, Inc.
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	St. Mary's Health Care System, Inc.	St. Mary's Hospital Combined	Good Samaritan Hospital	St. Mary's Foundation, Inc.	St. Mary's Highland Hills Inc.	St. Mary's Medical Group
Unrestricted revenue, gains and other support						
Net patient service revenue, net of provision for bad debts of \$13,112	\$185,539	\$162,006	\$12,072	\$ -	\$3,838	\$7,623
Other operating revenue, gains and other support	5,164	2,836	592	1,643	15	78
Total unrestricted revenue, gains and other support	190,703	164,842	12,664	1,643	3,853	7,701
Expenses						
Salaries, wages and benefits	90,599	71,881	6,808	245	1,570	10,095
Medical supplies	34,934	33,940	873	-	9	112
Purchased services, professional fees and other expenses	47,106	40,023	4,312	259	1,009	1,503
Depreciation and amortization	9,772	8,419	394	2	589	368
Interest	901	659	6	-	236	-
Insurance	1,690	1,584	8	-	-	98
Total operating expenses	185,002	156,506	12,401	506	3,413	12,176
Operating income (loss)	5,701	8,336	263	1,137	440	(4,475)
Non-operating gains (losses)						
Investment returns, net	3,207	2,678	-	470	59	-
Loss on sale of assets	(62)	(55)	(7)	-	-	-
Change in fair value of interest rate swaps	239	239	-	-	-	-
Total non-operating gains (losses)	3,384	2,862	(7)	470	59	-
Excess (deficit) of revenues over expenses	\$9,085	\$11,198	\$256	\$1,607	\$499	(\$4,475)

St. Mary's Health Care System, Inc.
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	St. Mary's Health Care System, Inc.	St. Mary's Hospital Combined	Good Samaritan Hospital	St. Mary's Foundation, Inc.	Georgia Health Enterprise, LLC	GHE Physicians, P.C.	St. Mary's Highland Hills Inc.	St. Mary's Medical Group	Eliminations
Unrestricted net assets									
Excess (deficit) of revenue over expenses	\$9,085	\$11,198	\$256	\$1,607	\$ -	\$ -	\$499	(\$4,475)	\$ -
Decrease in pension liability adjustment	(2,544)	(2,544)	-	-	-	-	-	-	-
Other changes	(510)	(4,140)	3,630	0	-	-	-	-	-
Increase (decrease) in unrestricted net assets	6,031	4,514	3,886	1,607	-	-	499	(4,475)	-
Temporarily restricted net assets									
Net assets released from restrictions	(230)	(230)	-	-	-	-	-	-	-
Decrease in temporarily restricted net assets	(230)	(230)	-	-	-	-	-	-	-
Increase (decrease) in net assets	5,801	4,284	3,886	1,607	-	-	499	(4,475)	-
Beginning of year	102,208	111,275	-	6,408	6,198	(6,198)	913	(10,218)	(6,170)
End of year	<u>\$108,009</u>	<u>\$115,559</u>	<u>\$3,886</u>	<u>\$8,015</u>	<u>\$6,198</u>	<u>(\$6,198)</u>	<u>\$1,412</u>	<u>(\$14,693)</u>	<u>(\$6,170)</u>

Mercy Medical, A Corporation
Consolidating Balance Sheet
December 31, 2012

<i>(in thousands of dollars)</i>	Mercy Medical, A Corporation	Hospital, OP	Skilled Nursing	Home Care	Residential	Mercy Life of Alabama	Mercy LIFE Birmingham	Other
Assets								
Current assets								
Cash and cash equivalents	\$1,778	\$ -	\$ -	\$907	\$ -	\$871	\$ -	\$ -
Patient accounts receivable, net of estimated uncollectibles of \$303	1,221	(225)	-	1,143	-	303	-	-
Other accounts receivable	98	36	-	-	-	62	-	-
Prepaid expenses and inventories	285	90	-	-	-	26	169	-
Total current assets	3,382	(99)	-	2,050	-	1,262	169	-
Marketable securities and investments whose use is limited								
Board-designated funds	5,679	4,956	(55)	(1,321)	(117)	(34)	-	2,250
Donor-restricted funds	31	31	-	-	-	-	-	-
Investments	122	122	-	-	-	-	-	-
Total marketable securities and investments whose use is limited	5,832	5,109	(55)	(1,321)	(117)	(34)	-	2,250
Property and equipment, net	3,890	1,255	-	-	-	2,546	89	-
Assets held for sale	220	220	0	-	-	-	-	-
Other assets	2,303	2,393	-	-	-	-	(90)	-
Total assets	<u>\$15,627</u>	<u>\$8,878</u>	<u>(\$55)</u>	<u>\$729</u>	<u>(\$117)</u>	<u>\$3,774</u>	<u>\$168</u>	<u>\$2,250</u>
Liabilities and Net Assets								
Current liabilities								
Portion of variable rate demand obligations classified as current	\$12,685	\$12,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	1,665	1,074	-	-	-	525	66	-
Other	219	(10)	-	-	-	229	-	-
Total current liabilities	14,569	13,749	-	-	-	754	66	-
Other liabilities	1,405	(5,819)	-	-	-	6,305	919	-
Insurance liabilities, net of current portion	2,334	894	-	1,440	-	-	-	-
Total liabilities	18,308	8,824	-	1,440	-	7,059	985	-
Net assets								
Unrestricted	(2,929)	1,212	-	-	-	(3,309)	(832)	-
Temporarily restricted	248	(1,158)	(55)	(711)	(117)	24	15	2,250
Total net assets	<u>(2,681)</u>	<u>54</u>	<u>(55)</u>	<u>(711)</u>	<u>(117)</u>	<u>(3,285)</u>	<u>(817)</u>	<u>2,250</u>
Total liabilities and net assets	<u>\$15,627</u>	<u>\$8,878</u>	<u>(\$55)</u>	<u>\$729</u>	<u>(\$117)</u>	<u>\$3,774</u>	<u>\$168</u>	<u>\$2,250</u>

Mercy Medical, A Corporation
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Mercy Medical, A Corporation	Home Care	Residential	Mercy Life of Alabama	Mercy LIFE Birmingham	Other
Unrestricted revenue, gains and other support						
Net patient service revenue, net of provision for bad debts of (\$7)	\$11,081	\$7,849	(\$253)	\$3,380	\$ -	\$105
Other operating revenue, gains and other support	1,142	79	847	18	-	198
Total unrestricted revenue, gains and other support	<u>12,223</u>	<u>7,928</u>	<u>594</u>	<u>3,398</u>	<u>-</u>	<u>303</u>
Expenses						
Salaries, wages and benefits	8,361	3,466	225	1,953	154	2,563
Medical supplies	1,131	450	-	676	-	5
Purchased services, professional fees and other expenses	5,403	4,327	679	2,412	677	(2,692)
Depreciation and amortization	496	4	114	286	-	92
Interest	388	-	73	19	1	295
Insurance	118	-	6	72	-	40
Total operating expenses	<u>15,897</u>	<u>8,247</u>	<u>1,097</u>	<u>5,418</u>	<u>832</u>	<u>303</u>
Operating (loss) income	(3,674)	(319)	(503)	(2,020)	(832)	0
Non-operating gains						
Investment returns, net	512	-	302	-	-	210
Impairment gains	14	-	-	-	-	14
Gain on sale of assets	4,394	-	-	-	-	4,394
Change in fair value of interest rate swaps	406	-	-	-	-	406
Total non-operating gains	<u>5,326</u>	<u>-</u>	<u>302</u>	<u>-</u>	<u>-</u>	<u>5,024</u>
Excess (deficit) of revenues over expenses	<u>\$1,652</u>	<u>(\$319)</u>	<u>(\$201)</u>	<u>(\$2,020)</u>	<u>(\$832)</u>	<u>\$5,024</u>

Mercy Medical, A Corporation
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Mercy Medical, A Corporation	Hospital, OP	Skilled Nursing	Home Care	Residential	Mercy Life of Alabama	Mercy LIFE Birmingham	Other
Unrestricted net assets								
Excess (deficit) of revenue over expenses	\$1,652	\$ -	\$ -	(\$319)	(\$201)	(\$2,020)	(\$832)	\$5,024
Net assets released from restrictions for capital expenditures	110	-	-	-	-	110	-	-
Increase (decrease) in unrestricted net assets before discontinued operations	1,762	-	-	(319)	(201)	(1,910)	(832)	5,024
Loss from discontinued operations	(570)	(32)	(55)	-	(483)	-	-	-
Increase (decrease) in unrestricted net assets	1,192	(32)	(55)	(319)	(684)	(1,910)	(832)	5,024
Temporarily restricted net assets								
Contributions	342	86	-	-	-	241	15	-
Net assets released from restrictions	(290)	-	-	(106)	-	(184)	-	-
Increase (decrease) in temporarily restricted net assets	52	86	-	(106)	-	57	15	-
Increase (decrease) in net assets	1,244	54	(55)	(425)	(684)	(1,853)	(817)	5,024
Beginning of year	(3,925)	-	-	(286)	567	(1,432)	-	(2,774)
End of year	(\$2,681)	\$54	(\$55)	(\$711)	(\$117)	(\$3,285)	(\$817)	\$2,250

Mercy Community Health, Inc.
Consolidating Balance Sheet
December 31, 2012

(in thousands of dollars)

	Mercy Community Health, Inc.	Saint Mary Home, Inc.	The McAuley Center	Mercyknoll Inc.	Mercy Community Home Care, Inc.	MCH - Corporate Office
Assets						
Current assets						
Marketable securities whose use is limited	\$1,402	\$3,826	\$126	(\$3,570)	(\$837)	\$1,857
Patient accounts receivable, net of estimated uncollectibles of \$1,655	3,106	2,959	147	-	-	-
Other accounts receivable	40	40	-	-	-	-
Prepaid expenses and inventories	624	358	175	-	-	91
Total current assets	5,172	7,183	448	(3,570)	(837)	1,948
Marketable securities and investments whose use is limited						
Trustee-held funds	1,250	187	933	-	-	130
Donor-restricted funds	277	265	12	-	-	-
Total marketable securities and investments whose use is limited	1,527	452	945	-	-	130
Property and equipment, net	26,143	10,271	15,115	151	-	606
Other assets	895	555	613	17	(379)	89
Total assets	\$33,737	\$18,461	\$17,121	(\$3,402)	(\$1,216)	\$2,773
Liabilities and Net Assets						
Current liabilities						
Current portion of long-term debt and capital lease obligations	\$1,056	\$664	\$354	\$27	\$7	\$4
Accounts payable and accrued expenses	7,349	2,449	1,170	8	2	3,720
Estimated third party payor settlements, net	389	389	-	-	-	-
Other	2,417	1,130	1,226	-	-	61
Total current liabilities	11,211	4,632	2,750	35	9	3,785
Long-term debt, net	24,612	11,264	11,990	982	237	139
Other liabilities	1,383	231	803	-	-	349
Pension liabilities	622	206	400	-	-	16
Insurance liabilities, net of current portion	641	385	96	-	-	160
Deferred revenue from entrance fees	15,041	(82)	15,123	-	-	-
Total liabilities	53,510	16,636	31,162	1,017	246	4,449
Net assets						
Unrestricted	(20,175)	1,572	(14,108)	(4,419)	(1,462)	(1,758)
Temporarily restricted	125	(12)	55	-	-	82
Permanently restricted	277	265	12	-	-	-
Total net assets	(19,773)	1,825	(14,041)	(4,419)	(1,462)	(1,676)
Total liabilities and net assets	\$33,737	\$18,461	\$17,121	(\$3,402)	(\$1,216)	\$2,773

Mercy Community Health, Inc.
Consolidating Statement of Operations
December 31, 2012

(in thousands of dollars)

	Mercy Community Health, Inc.	Saint Mary Home, Inc.	The McAuley Center	Mercyknoll Inc.	Mercy Community Home Care, Inc.	MCH - Corporate Office
Unrestricted revenue, gains and other support						
Net patient service revenue, net of provision for bad debts of \$308	\$29,442	\$31,445	(\$3)	\$ -	\$ -	(\$2,000)
Other operating revenue, gains and other support	12,117	232	11,715	-	-	170
Total unrestricted revenue, gains and other support	<u>41,559</u>	<u>31,677</u>	<u>11,712</u>	<u>-</u>	<u>-</u>	<u>(1,830)</u>
Expenses						
Salaries, wages and benefits	24,216	19,091	3,415	-	-	1,710
Medical supplies	488	488	-	-	-	-
Purchased services, professional fees and other expenses	11,594	9,258	5,790	58	-	(3,512)
Depreciation and amortization	2,367	878	1,389	1	-	99
Interest	1,239	734	596	45	12	(148)
Insurance	242	140	81	-	-	21
Total operating expenses	<u>40,146</u>	<u>30,589</u>	<u>11,271</u>	<u>104</u>	<u>12</u>	<u>(1,830)</u>
Operating income (loss)	1,413	1,088	441	(104)	(12)	-
Non-operating gains						
Investment returns, net	57	37	27	-	-	(7)
Gain on Sale of Assets	198	197	1	-	-	-
Change in fair value of interest rate swaps	237	-	-	-	-	237
Total non-operating gains	<u>492</u>	<u>234</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>230</u>
Excess (deficit) of revenues over expenses	<u>\$1,905</u>	<u>\$1,322</u>	<u>\$469</u>	<u>(\$104)</u>	<u>(\$12)</u>	<u>\$230</u>

Mercy Community Health, Inc.
Consolidating Statement of Changes in Net Assets
December 31, 2012

(in thousands of dollars)

	Mercy Community Health, Inc.	Saint Mary Home, Inc.	The McAuley Center	Mercyknoll Inc.	Mercy Community Home Care, Inc.	MCH - Corporate Office
Unrestricted net assets						
(Deficit) excess of revenue over expenses	\$1,905	\$1,322	\$469	(\$104)	(\$12)	\$230
Other changes	413	413	-	-	-	-
Increase (decrease) in unrestricted net assets	<u>2,318</u>	<u>1,735</u>	<u>469</u>	<u>(104)</u>	<u>(12)</u>	<u>230</u>
Temporarily restricted net assets						
Contributions	35	11	3	-	-	21
Investment (loss) income	(1)	(4)	3	-	-	-
Change in unrealized gains on investments	65	40	25	-	-	-
Net assets released from restrictions	(282)	(282)	-	-	-	-
Other changes	(49)	(15)	(32)	-	-	(2)
(Decrease) increase in temporarily restricted net assets	<u>(232)</u>	<u>(250)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>19</u>
Increase (decrease) in net assets	2,086	1,485	468	(104)	(12)	249
Beginning of year	<u>(21,859)</u>	<u>340</u>	<u>(14,509)</u>	<u>(4,315)</u>	<u>(1,450)</u>	<u>(1,925)</u>
End of year	<u><u>(\$19,773)</u></u>	<u><u>\$1,825</u></u>	<u><u>(\$14,041)</u></u>	<u><u>(\$4,419)</u></u>	<u><u>(\$1,462)</u></u>	<u><u>(\$1,676)</u></u>

St Joseph's of the Pines
Consolidating Balance Sheet
December 31, 2012

<i>(in thousands of dollars)</i>	St Joseph's of the Pines	Belle Meade	Pine Knoll	Neese Clinic	Coventry	Family Care Homes	PACE Program	Health Center	Home Care at St Joseph of the Pines	HUD Housing Management
Assets										
Current assets										
Cash and cash equivalents	\$1,972	\$94	\$19	\$1,460	\$10	\$ -	\$308	\$81	\$ -	\$ -
Patient accounts receivable, net of estimated uncollectibles of \$456	1,437	46	27	16	17	1	180	927	223	-
Other accounts receivable	2,565	1,701	264	299	(15)	(5)	235	(97)	(2)	185
Prepaid expenses and inventories	223	76	14	67	3	1	24	35	3	-
Total current assets	<u>6,197</u>	<u>1,917</u>	<u>324</u>	<u>1,842</u>	<u>15</u>	<u>(3)</u>	<u>747</u>	<u>946</u>	<u>224</u>	<u>185</u>
Marketable securities and investments whose use is limited										
Board-designated funds	10,523	10,523	-	-	-	-	-	-	-	-
Investments	4,995	1,099	1,466	761	-	-	1,669	-	-	-
Total marketable securities and investments whose use is limited	<u>15,518</u>	<u>11,622</u>	<u>1,466</u>	<u>761</u>	<u>-</u>	<u>-</u>	<u>1,669</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	69,186	36,845	11,571	2,145	2,868	1,089	2,712	11,889	22	45
Investments in unconsolidated organizations	50	-	-	50	-	-	-	-	-	-
Other assets	1,573	172	(29)	1,379	26	-	-	25	-	-
Total assets	<u>\$92,524</u>	<u>\$50,556</u>	<u>\$13,332</u>	<u>\$6,177</u>	<u>\$2,909</u>	<u>\$1,086</u>	<u>\$5,128</u>	<u>\$12,860</u>	<u>\$246</u>	<u>\$230</u>
Liabilities and Net Assets										
Current liabilities										
Current portion of long-term debt and capital obligations	\$1,285	\$188	\$270	\$91	\$390	\$ -	\$ -	\$346	\$ -	\$ -
Portion of variable rate demand obligations classified as current	8,425	8,425	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	2,487	970	163	642	(27)	27	464	154	86	8
Other	911	9	1	24	2	-	819	56	-	-
Total current liabilities	<u>13,108</u>	<u>9,592</u>	<u>434</u>	<u>757</u>	<u>365</u>	<u>27</u>	<u>1,283</u>	<u>556</u>	<u>86</u>	<u>8</u>
Long-term debt, net	46,036	21,530	5,961	2,034	8,745	-	-	7,766	-	-
Other liabilities	7,608	3,457	1,223	(10,261)	(4,078)	1,074	8,582	7,103	190	318
Pension liabilities	77	-	-	77	-	-	-	-	-	-
Insurance liabilities, net of current portion	422	27	7	311	4	-	-	73	-	-
Deferred revenue from entrance fees	27,345	21,284	6,061	-	-	-	-	-	-	-
Total liabilities	<u>94,596</u>	<u>55,890</u>	<u>13,686</u>	<u>(7,082)</u>	<u>5,036</u>	<u>1,101</u>	<u>9,865</u>	<u>15,498</u>	<u>276</u>	<u>326</u>
Net assets										
Unrestricted	(2,566)	(5,388)	(356)	12,886	(2,137)	(15)	(4,737)	(2,693)	(30)	(96)
Temporarily restricted	336	54	2	215	10	-	-	55	-	-
Permanently restricted	158	-	-	158	-	-	-	-	-	-
Total net assets	<u>(2,072)</u>	<u>(5,334)</u>	<u>(354)</u>	<u>13,259</u>	<u>(2,127)</u>	<u>(15)</u>	<u>(4,737)</u>	<u>(2,638)</u>	<u>(30)</u>	<u>(96)</u>
Total liabilities and net assets	<u>\$92,524</u>	<u>\$50,556</u>	<u>\$13,332</u>	<u>\$6,177</u>	<u>\$2,909</u>	<u>\$1,086</u>	<u>\$5,128</u>	<u>\$12,860</u>	<u>\$246</u>	<u>\$230</u>

St Joseph's of the Pines
Consolidating Statement of Operations
December 31, 2012

<i>(in thousands of dollars)</i>	St Joseph's of the Pines	Belle Meade	Pine Knoll	Neese Clinic	Coventry	Family Care Homes	PACE Program	Health Center	Home Care at St Joseph of the Pines	HUD Housing Management	St Joseph of the Pines Eliminations
Unrestricted revenue, gains and other support											
Net patient service revenue, net of provision for bad debts of \$191	\$20,725	(\$204)	(\$28)	\$ -	\$2	(\$11)	\$6,901	\$14,703	\$2,078	\$ -	(\$2,716)
Other operating revenue, gains and other support	17,776	13,194	3,053	298	2,358	859	3	158	19	123	(2,289)
Total unrestricted revenue, gains and other support	38,501	12,990	3,025	298	2,360	848	6,904	14,861	2,097	123	(5,005)
Expenses											
Salaries, wages and benefits	18,535	2,630	1,042	2,752	692	505	2,005	6,914	1,887	108	-
Medical supplies	1,767	-	-	-	8	3	958	795	3	-	-
Purchased services, professional fees and other expenses	14,380	8,483	1,657	(2,991)	828	196	5,436	5,485	269	22	(5,005)
Depreciation and amortization	4,411	2,264	645	380	189	89	229	594	6	15	-
Interest	1,973	1,058	226	81	321	-	2	285	-	-	-
Insurance	176	50	12	62	6	3	14	20	8	1	-
Total operating expenses	41,242	14,485	3,582	284	2,044	796	8,644	14,093	2,173	146	(5,005)
Operating (loss) income	(2,741)	(1,495)	(557)	14	316	52	(1,740)	768	(76)	(23)	-
Non-operating gains (losses)											
Investment returns, net	1,637	1,302	58	84	10	-	183	-	-	-	-
Loss on extinguishment of debt	(1,176)	(633)	(135)	(45)	(192)	-	-	(171)	-	-	-
Change in fair value of interest rate swaps	743	-	-	743	-	-	-	-	-	-	-
Total non-operating gains (losses)	1,204	669	(77)	782	(182)	-	183	(171)	-	-	-
(Deficit) excess of revenues over expenses	(\$1,537)	(\$826)	(\$634)	\$796	\$134	\$52	(\$1,557)	\$597	(\$76)	(\$23)	\$ -

St Joseph's of the Pines
 Consolidating Statement of Changes in Net Assets
 December 31, 2012

<i>(in thousands of dollars)</i>	<u>St Joseph's of the Pines</u>	<u>Belle Meade</u>	<u>Pine Knoll</u>	<u>Neese Clinic</u>	<u>Coventry</u>	<u>Family Care Homes</u>	<u>PACE Program</u>	<u>Health Center</u>	<u>Home Care at St Joseph of the Pines</u>	<u>HUD Housing Management</u>
Unrestricted net assets										
(Deficit) excess of revenue over expenses	(\$1,537)	(\$826)	(\$634)	\$796	\$134	\$52	(\$1,557)	\$597	(\$76)	(\$23)
Other changes	(24)	-	-	(24)	-	-	-	-	-	-
(Decrease) increase in unrestricted net assets	<u>(1,561)</u>	<u>(826)</u>	<u>(634)</u>	<u>772</u>	<u>134</u>	<u>52</u>	<u>(1,557)</u>	<u>597</u>	<u>(76)</u>	<u>(23)</u>
Temporarily restricted net assets										
Contributions	162	-	-	162	-	-	-	-	-	-
Net assets released from restrictions	(75)	-	-	(75)	-	-	-	-	-	-
Increase in temporarily restricted net assets	<u>87</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Decrease) increase in net assets	(1,474)	(826)	(634)	859	134	52	(1,557)	597	(76)	(23)
Beginning of year	(598)	(4,508)	280	12,400	(2,261)	(67)	(3,180)	(3,235)	46	(73)
End of year	<u>(\$2,072)</u>	<u>(\$5,334)</u>	<u>(\$354)</u>	<u>\$13,259</u>	<u>(\$2,127)</u>	<u>(\$15)</u>	<u>(\$4,737)</u>	<u>(\$2,638)</u>	<u>(\$30)</u>	<u>(\$96)</u>