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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
St Mary's Health Care System Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
1230 Baxter Street

City or town, state or country, and ZIP + 4
Athens, GA 306063791

D Employer identification number
58-0566223

E Telephone number
(706) 389-3939

G Gross receipts $ 165,398,074

F Name and address of principal officer
Donald McKenna
1230 Baxter Street
Athens, GA 306063791

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

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

H(c) Group exemption number ▶ 0938

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

J Website: ▶ www stmarysathens com

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

L Year of formation 1938

M State of legal domicile GA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
As a member of Catholic Health East ("CHE") and sponsored by the Sisters of Mercy, the mission of St Mary's Health Care System is to be a compassionate healing presence in our community, committed to the sacredness of human life and the dignity of each person we serve

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	12
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,488
6	Total number of volunteers (estimate if necessary)	6	350
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	53,065	367,681
	9	Program service revenue (Part VIII, line 2g)	173,560,861	162,007,624
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,114,423	79,697
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,093,311	2,355,161
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	176,821,660	164,810,163
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	447,001	637,313
	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)	70,440,529	71,880,734
	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)	98,956,254	83,876,576
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	169,843,784	156,394,623
	19	Revenue less expenses Subtract line 18 from line 12	6,977,876	8,415,540
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	190,653,889	189,854,354
	21	Total liabilities (Part X, line 26)	79,378,399	74,295,433
	22	Net assets or fund balances Subtract line 21 from line 20	111,275,490	115,558,921

Part II Signature Block

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

Sign Here

****** 2013-11-15
Signature of officer Date

Donald McKenna President / CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
William J Homer				P00994519

Firm's name ▶ Deloitte Tax LLP
Firm's EIN ▶ 86-1065772
Firm's address ▶ 1700 Market Street 25th Floor
Philadelphia, PA 19103
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 . . . . ☐

1 Briefly describe the organization's mission

As a member of Catholic Health East ("CHE") and sponsored by the Sisters of Mercy, the mission of St Mary's Health Care System is to be a compassionate healing presence in our community, committed to the sacredness of human life and the dignity of each person 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 $ 109,557,306 including grants of $ 637,313) (Revenue $ 162,888,368)

St Mary's Health Care System was established to meet the health care needs of the people of Northeast Georgia The System operates an acute care hospital, home health care agency, hospice, and leases a long-term care facility Additionally, the System offers many wellness and educational services to the community at low, or in some cases, at no charge

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** ▶ 109,557,306

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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**	113			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**		
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**	1,488			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			**2b**	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 15			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 12			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		**5**		No
6	Did the organization have members or stockholders?		**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?		**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*		**9**		No

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

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

Section C. Disclosure

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

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 ▶Marty Hutson 1230 Baxter Street Athens, GA (706) 389-3939

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) Burgess Tim Director	1 00 0 00	X						0	0	0
(2) Cline Ruth M MD Director	1 00 0 00	X						0	0	0
(3) Chin Jean MD Director	1 00 0 00	X						0	0	0
(4) Griffin Dawn Director	1 00 0 00	X						0	0	0
(5) Hollingworth III Thomas F Director	1 00 0 00	X						0	0	0
(6) Hooker Robbie P Director	1 00 0 00	X						0	0	0
(7) Hubrich Leon Director	1 00 0 00	X						0	0	0
(8) Perino Louis A Director	1 00 0 00	X						0	0	0
(9) Salamone Father Robert Director	1 00 0 00	X						0	0	0
(10) Snipes Bobby Director	1 00 0 00	X						0	0	0
(11) Upchurch Charles L Director	1 00 0 00	X						0	0	0
(12) Wilbanks Kathy Director	1 00 0 00	X						0	0	0
(13) Priest Neal MD Director & Chief of Staff	2 00 0 00	X						12,000	0	0
(14) McKenna Don President/CEO	40 00 10 00	X		X				0	608,118	40,905
(15) Hutson Martin Vice President & CFO	40 00 10 00	X		X				253,139	0	25,056
(16) Dugger Brenda VP Compliance, Qu, & HH	5 00 0 00			X				24,283	0	756
(17) Evans Nina VP Nursing	50 00 0 00			X				244,493	0	10,143

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) Carter Montez VP of Operations	16 00 34 00			X				272,292	0	30,805
(19) English Jeffrey VP Human Resourses	40 00 10 00			X				217,610	0	20,533
(20) Schuller Karen VP & General Counsel	40 00 10 00			X				237,272	0	10,136
(21) Middendorf Bruce Chief Medical Officer	40 00 0 00			X				326,082	0	24,515
(22) Loome Sister Patricia VP of Mission Services	40 00 10 00			X				144,273	0	7,420
(23) Vaughn Kerry Chief Info Office	40 00 10 00			X				0	144,105	23,579
(24) Camp Steven Pharmacist	60 00 0 00					X		206,109	0	16,419
(25) Dixon-Martin Kelly Physician	40 00 0 00					X		181,831	0	9,772
(26) Wright Gary Director of Pharmacy	40 00 0 00					X		164,406	0	10,416
(27) Shutt Robert RN	35 00 0 00					X		137,419	0	16,846
(28) Griffiths Catherine Nursing Supervisor	60 00 0 00					X		137,778	0	8,795

1b	**Sub-Total** . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . ▶	2,558,987	752,223	256,096

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 ▶60

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Athens Hospitalist Services PC PO Box 7695 Athens GA 30606	Physicians	2,697,118
REHABCARE Group Inc PO Box 502096 St Louis MO 631502096	IP Management Services	1,667,955
Sodexo Inc PO Box 81049 Woburn MA 018131049	Dietary/Housekeeping	1,594,696
Anesthesia Consult of Athens PO Box 7127 Athens GA 30604	Anesthesiologist	1,559,218
Healthcare Fiscal Mgmt Inc 10567 165th St W Lakeville MN 55044	Patient Financial Services	1,007,481

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 ▶22

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**	338,795				
	f	All other contributions, gifts, grants, and similar amounts not included above	**1f**	28,886				
	g	Noncash contributions included in lines 1a-1f $						
	h	**Total.** Add lines 1a-1f . . . . ▶			367,681			
Program Service Revenue			Business Code					
	2a	Hospital Patient Services	622110		162,007,624	162,007,624		
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f . . . . ▶			162,007,624			
Other Revenue	**3**	Investment income (including dividends, interest, and other similar amounts) . . . . ▶			543,426			543,426
	4	Income from investment of tax-exempt bond proceeds . . ▶						
	5	Royalties . . . . ▶						
			(i) Real	(ii) Personal				
	6a	Gross rents	436,856					
	b	Less rental expenses	112,532					
	c	Rental income or (loss)	324,324					
	d	Net rental income or (loss) . . . . ▶			324,324			324,324
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory		11,650				
	b	Less cost or other basis and sales expenses	408,472	66,907				
	c	Gain or (loss)	-408,472	-55,257				
	d	Net gain or (loss) . . . . ▶			-463,729			-463,729
	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	Fitness Center	622110		560,320			560,320
	b	Meaningful Use Payments	622110		455,293	455,293		
	c	Recognition of Net Assets	622110		425,451	425,451		
	d	All other revenue			589,773			589,773
	e	**Total.** Add lines 11a–11d . . . . ▶			2,030,837			
	12	**Total revenue.** See Instructions . . . . . ▶			164,810,163	162,888,368	0	1,554,114

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	637,313	637,313		
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	2,665,515	582,772	2,082,743	
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	55,660,726	43,493,920	12,166,806	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,304,544	1,741,526	563,018	
9	Other employee benefits	7,121,503	5,381,665	1,739,838	
10	Payroll taxes	4,128,446	3,119,835	1,008,611	
11	Fees for services (non-employees)				
a	Management				
b	Legal	550,001		550,001	
c	Accounting				
d	Lobbying				
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)	19,257,217	5,705,140	13,552,077	
12	Advertising and promotion	868,069		868,069	
13	Office expenses	1,162,084	420,074	742,010	
14	Information technology				
15	Royalties				
16	Occupancy	3,433,380	1,614,186	1,819,194	
17	Travel	580,678	424,389	156,289	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	553,313		553,313	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	8,412,721	4,759,995	3,652,726	
23	Insurance	1,582,177		1,582,177	
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 & General Suppl	35,068,476	34,995,625	72,851	0
b	Physician Fees	4,853,116	4,853,116		0
c	Maintenance	1,355,091	291,991	1,063,100	0
d					
e	All other expenses	6,200,253	1,535,759	4,664,494	
25	**Total functional expenses.** Add lines 1 through 24e	156,394,623	109,557,306	46,837,317	0
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

					(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			34,797,751	2	28,670,406
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			19,314,696	4	20,702,869
	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			3,297,226	7	3,582,226
	8	Inventories for sale or use			3,096,831	8	2,942,968
	9	Prepaid expenses and deferred charges			1,412,581	9	1,393,454
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	200,518,450			
	b	Less accumulated depreciation	10b	136,691,192	62,494,911	10c	63,827,258
	11	Investments—publicly traded securities			28,575,447	11	31,080,022
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11				13	0
	14	Intangible assets			319,434	14	291,415
	15	Other assets See Part IV, line 11			37,345,012	15	37,363,736
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)			190,653,889	16	189,854,354
Liabilities	17	Accounts payable and accrued expenses			27,208,066	17	27,061,490
	18	Grants payable				18	
	19	Deferred revenue			62,722	19	37,334
	20	Tax-exempt bond liabilities			18,328,324	20	17,576,300
	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 . .			1,052,353	23	861,121
	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			32,726,934	25	28,759,188
	26	**Total liabilities.** Add lines 17 through 25			79,378,399	26	74,295,433
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**					
	27	Unrestricted net assets			111,928,053	27	116,441,841
	28	Temporarily restricted net assets			-652,563	28	-882,920
	29	Permanently restricted net assets				29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			111,275,490	33	115,558,921
	34	Total liabilities and net assets/fund balances			190,653,889	34	189,854,354

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	164,810,163
2	Total expenses (must equal Part IX, column (A), line 25)	2	156,394,623
3	Revenue less expenses Subtract line 2 from line 1	3	8,415,540
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	111,275,490
5	Net unrealized gains (losses) on investments	5	2,542,999
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	-6,675,108
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	115,558,921

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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** ▶☐

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 D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

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

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

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

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

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

a ☐ Public exhibition

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other

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

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII ☐

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

		(a) Current year	**(b)**Prior year	**b (c)**Two years back	**(d)**Three years back	**(e)**Four years back
1a	Beginning of year balance					
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		2,010,254		2,010,254
b Buildings		70,284,386	40,483,426	29,800,960
c Leasehold improvements		338,653	36,472	302,181
d Equipment		78,180,550	62,728,411	15,452,139
e Other		49,704,607	33,442,883	16,261,724
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				63,827,258

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

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

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

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

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

(a) Description	**(b)** Book value
(1) Total Due From Other Entities	30,798,298
(2) Other LT Assets	222,078
(3) Investments in Unconsolidated	6,181,605
(4) LT-swap prgm CHE-Market Valuation	161,756
(5) Rounding	-1
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	37,363,736

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

1 **(a)** Description of liability	**(b)** Book value
Federal income taxes	
3rd Party Payables	3,213,163
Due to Related Parties	94,366
Workers Compensation Reserve	940,000
Pension Liability	21,557,794
LT Swap Prgm CHE-Market Valuation	164,865
Worker's Compensation-Gross Liabi	426,000
Other Reserves	2,363,000
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	28,759,188

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	**(a)** Number of activities or programs (optional)	**(b)** Persons served (optional)	**(c)** Total community benefit expense	**(d)** Direct offsetting revenue	**(e)** Net community benefit expense	**(f)** Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,271,913		6,271,913	4 010 %
b Medicaid (from Worksheet 3, column a)			18,851,864	12,594,503	6,257,361	4 000 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			25,123,777	12,594,503	12,529,274	8 010 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			106,451		106,451	0 070 %
f Health professions education (from Worksheet 5)			2,415,637		2,415,637	1 540 %
g Subsidized health services (from Worksheet 6)			335,654		335,654	0 210 %
h Research (from Worksheet 7)			14,610		14,610	
i Cash and in-kind contributions for community benefit (from Worksheet 8)			138,201		138,201	0 090 %
j **Total.** Other Benefits			3,010,553		3,010,553	1 910 %
k **Total.** Add lines 7d and 7j			28,134,330	12,594,503	15,539,827	9 920 %

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			103,096		103,096	0 070 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			103,096		103,096	0 070 %

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

Section A. Bad Debt Expense

					Yes	**No**
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?			1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,274,818			
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	2,865,157			
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	63,119,601			
6	Enter Medicare allowable costs of care relating to payments on line 5	6	83,662,584			
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-20,542,983			
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used ☐ Cost accounting system ☑ Cost to charge ratio ☐ Other					

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	St Mary's Health Care System Inc 1230 Baxter Street Athens, GA 30606	X	X					X		Home Health, Hospice and other OP Centers	

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group St Mary's Health Care System Inc

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 begining on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**		

If "Yes," indicate what the CHNA report describes (check all that apply)

- **a** ☐ A definition of the community served by the hospital facility
- **b** ☐ Demographics of the community
- **c** ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- **d** ☐ How data was obtained
- **e** ☐ The health needs of the community
- **f** ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- **g** ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs
- **h** ☐ The process for consulting with persons representing the community's interests
- **i** ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- **j** ☐ Other (describe in Part VI)

2 Indicate the tax year the hospital facility last conducted a CHNA 20 ___

		Yes	No
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its CHNA report widely available to the public?	**5**		

If "Yes," indicate how the CHNA report was made widely available (check all that apply)

- **a** ☐ Hospital facility's website
- **b** ☐ Available upon request from the hospital facility
- **c** ☐ Other (describe in Part VI)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)

- **a** ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- **b** ☐ Execution of the implementation strategy
- **c** ☐ Participation in the development of a community-wide plan
- **d** ☐ Participation in the execution of a community-wide plan
- **e** ☐ Inclusion of a community benefit section in operational plans
- **f** ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- **g** ☐ Prioritization of health needs in its community
- **h** ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- **i** ☐ Other (describe in Part VI)

		Yes	No
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $ ______________

Part V Facility Information *(continued)*

	Financial Assistance Policy		**Yes**	**No**
9	Did the hospital facility have in place during the tax year a written financial assistance policy that			
	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	**12**	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a	☑ Income level			
b	☑ Asset level			
c	☑ Medical indigency			
d	☐ Insurance status			
e	☐ Uninsured discount			
f	☐ Medicaid/Medicare			
g	☐ State regulation			
h	☐ Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	**13**	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a	☑ The policy was posted on the hospital facility's website			
b	☐ The policy was attached to billing invoices			
c	☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	☑ The policy was posted in the hospital facility's admissions offices			
e	☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f	☑ The policy was available upon request			
g	☐ Other (describe in Part VI)			
	Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

a ☑ Notified individuals of the financial assistance policy on admission

b ☑ Notified individuals of the financial assistance policy prior to discharge

c ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills

d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy

e ☑ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	

If "No," indicate why

a ☐ The hospital facility did not provide care for any emergency medical conditions

b ☐ The hospital facility's policy was not in writing

c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)

d ☐ Other (describe in Part VI)

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged

b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged

c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged

d ☑ Other (describe in Part VI)

		Yes	No
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	**21**		No
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	**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 Saint Mary's Health Care System's community benefit report is contained in a report prepared by a related organization, Catholic Health East
		Part I, Line 7 The cost-to-charge ratio is not computed using Worksheet 2 from the instructions the cost-to-charge ratio is computed by taking the full amount of expenses from the hospital statement of expenses, subtracting bad debt and then dividing by gross revenue

Identifier	ReturnReference	Explanation
		Part I, Line 7g St Mary's Health Care System has a Pediatric Subspecialty Clinic where specialty physicians from outside the local area come and see patients from the local area The total cost for the Pedicatric Subspecialty Clinic included in Part I, line 7g is $90,525
		Part I, L7 Col(f) There was no bad debt expenses included in the expenses on Form 990, Part IX, Line 25 The bad debt expense for 2012 was $5,274,818 and was reported as an offset to revenue

Identifier	ReturnReference	Explanation
		Part II The director of Security attends and participates in disaster management and emergency preparedness meeting throughout the year The planning allows collaboration of state and local agencies and organizations in order to prepare for a local or statewide emergency Planning is a vital step in disaster management and will certainly increase community health in the case of an emergency St Mary's provided services and supplies to a local non-profit, Free IT Athens Free IT Athens is a group of like-minded citizens who realize that computers are a necessary component of everyday life They believe that everyone deserves access to low-cost computer equipment and computer-related services The company provides access to information technology resources to Athens-Clarke County residents and organizations St Mary's IT staff helped clean old computers that were then donated to the organization which, in turn, donates them to people in need in the community St Mary's has played a vital role in the establishment of the new Georgia Health Sciences/University of Georgia Medical Partnership The Chief Medical Officer has served on a committee to help guide the new medical school and establish working relationships with St Mary's as well as other health care organizations in the community St Mary's hosts many volunteers throughout the year including high school and college students as well as community members of all ages Volunteers work as part of the Auxiliary and serve more than 2,000 each month The volunteers not only serve the hospital in vital ways, but also receive experiential training in health care in a hospital setting Increased education and training correlates with increased health status Several departments within St Mary's are involved in mentoring students interested in healthcare careers The Director of Corporate Health Services serves on the Steering Committee/Board of LEAD Athens LEAD Athens is a leadership development program of Athens-Clarke County leaders to further their understanding of the community LEAD participants learn about the resources, opportunities and challenges that face our community and come away with insighs on how they can make a difference The Manager of Physician Relations at St Mary's serves on the Leadership Oconee Steering Committee The Leadership Oconee program develops leaders from within Oconee County The primary purpose is to educate these leaders with a well-rounded approach to all that is available and happening within our county Members of each class learn about current programs/services available, challenges we still face as a community and how they can contribute to improve as a county St Mary's also participates in the Youth Apprenticeship Program (YAP) YAP is a career development program for High School students that helps them to be better equipped for the workplace St Mary's is very supportive of our local Chamber of Commerce The Chief Financial Officer serves on the Athens Area Chamber of Commerce Board of Directors and the Director of Marketing and Public Relations serves on the Oconee County Chamber of Commerce Board of Directors Additionally, the Vice President of Human Resources serves on the Economic Development Committee of Oconee County Chamber of Commerce The Manager of Physician Relations serves on the Citizen Advisory Committee of Oconee Parks & Recreation The Committee of Recreation Affairs in Oconee County, Georgia is determined by the County Board of Commissioners Members are appointed by the Board of Commissioners for a minimum of 2 years and meet every other month to discuss overall parks and recreation programs and services, both current and long-range planning of those services St Mary's continues to play an integral role in the Athens Health Network (additional information below)
		Part III, Line 2 The figures were calculated based on a cost-to-charge ratio The cost-to-charge ratio was derived by dividing total operating expenses 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 Part III, Line 3 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 Part III, Line 4 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

Identifier	ReturnReference	Explanation
		Part III, Line 8 The amount here is determined by using the actual patient charges, the Medicare cost-to-charge ratios that we are currently being paid on, and the payment-to-charges from the actual remittances Based on the calculation this shortfall should be viewed as uncompensated care provided to those patients and thus treated entirely as community benefit
		Part III, Line 9b Accounts with applications pending for Charity Care or other assistance programs are held until the outcome of the application A "pending charity approval" 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 though 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 For example, with self-pay accounts written off and sent to bad debt, reclassifying the account to Charity Care may be considered on the basis of all of the following factors 1 No Third party coverage or inadequate coverage exists, 2 No payments are recorded on the account, and 3 The patient/guarantor was billed a minimum of 4 times All self-pay accounts are automatically transferred to a third-party billing agency The third-party billing agency contacts the account holder to arrange for payment If the third-party billing agency has an account that has not been paid in full within 120 days, the account is then sent back to St Mary's Health Care System Upon receipt of an outstanding account, St Mary's Health Care System transfers the account to a collection agency

Identifier	ReturnReference	Explanation
St Mary's Health Care System, Inc		Part V, Section B, Line 18e The Hospital utilizes general signage, brochure and in-room literature to make all patients aware of the facility's FAP It also retains a contracted vendor that works with patients to qualify for government programs as well as financial assistance under the Policy Additionally all of the facility's pre-collection and collection agencies are well aware of the FAP and have been instructed to educate and refer patients to back to the facility for financial counseling and possible assistance
St Mary's Health Care System, Inc		Part V, Section B, Line 20d The hospital uses the average managed care write-off percentage for self-pay patients

Identifier	ReturnReference	Explanation
		Part VI, Line 7, The list of states in which CHE's community benefit report is filed are Alabama, Connecticut, Delaware, Florida, Georgia, Maine, Massachusetts, New Jersey, New York, North Carolina and Pennsylvania
		Part VI, Line 2 In July of 2010, St Mary's Health Care System completed a community health needs assessment The assessment focused on Athens-Clarke County, where the hospital is located The assessment included several steps including planning, collecting data, prioritizing needs with community leaders, and meeting with a hospital committee to establish which needs the hospital will work to address Demographic, health status, and economic data was collected from various governmental databases and community organizations Qualitative data was collected through focused interviews with knowledgeable community members who are stakeholders in the health of the Athens community After data was collected, a group of community members met to discuss priorities of needs, and finally a committee of hospital leadership met to determine which needs the hospital will work to address through community partnerships and possible increased services

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Information is displayed on the hospital website and at all registration areas about financial assistance policies All self-pay patients are visited by a financial counselor in the hospital and are screened for eligibility of financial assistance The screening process includes screening for eligibility for the Charity Care policy as well as government programs
		Part VI, Line 4 St Mary's Health Care System is located in Athens-Clarke County and serves this community as well as Jackson, Madison, Monroe, Oglethorpe, and Oconee Counties The estimated population of Athens-Clarke County in 2008 was 114,737 people The 2008 estimated median age was 26 8 years, almost 10 years younger that the Georgia county average This is due largely to the presence of the University of Georgia which currently enrolls more than 34,000 undergraduate and graduate students in total Athens-Clarke County is diverse with about 68% of the population being white, 19% African American, and about 8% Latino and 5% other Athens-Clarke County is very educated, about 40% of residents have a Bachelor's degree or higher, but also a large proportion, 20%, have not completed high school Athens-Clarke County has a large population living in poverty, about 30%, and more than 32% of the population is without health insurance The surrounding counties are more rural, slightly less diverse, and have less people living in poverty and without health insurance However, people in these counties have fewer local resources and may face barriers to receiving care related to distance or transportation

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Many of St Mary's senior leadership serve on boards of community organizations Our President, most Vice Presidents and many Directors donate their time and expertise to organizations that strive to improve community or state health These organizations include Mercy Health Center, Parish Nurses Resource Center, Athens Health Network, Oncology Nursing Society, American Red Cross and Athens Nurses Clinic St Mary's is dedicated to serving the community not only within the hospital but also through partnerships in our community Second, many of the physicians who work for St Mary's or are associated with our hospital, donate their time and services to the free clinics in Athens, for example Mercy Health Center and Athens Nurses Clinic The mission of St Mary's is to serve the community and we encourage all staff to serve the community outside of the hospital In addition, we maintain a 24-hour emergency room, an open medical staff and board comprised largely of independent members of the community
		Part VI, Line 6 St Mary's Health Care System Inc operates as one organization to promote the health of the community All Community Benefits are reported together and there is one needs assessment for St Mary's Health Care System

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
(1) St Marys Foundation Inc 1230 Baxter Street Athens, GA 30606	58-2544232	501(c)(3)	274,013		FMV		General Operation Funding
(2) St Joseph Catholic School 134 Prince Ave Athens, GA 30601	58-0864659	501(c)(3)	200,000		FMV		School Construction
(3) Mercy Health Center 767 Oglethorpe Ave Athens, GA 30606	58-2603523	501(c)(3)	27,450		Book		Medical Treatment of the underserved
(4) American Heart Assosciation 1720 Epps Bridge Parkway Suite 108-383 Athens, GA 30606	13-5613797	501(c)(3)	20,000		FMV		Medical Reseach for Heart Disease
(5) Action Inc Athens Full Plate 594 Oconee Street Athens, GA 30601	58-0961506	501(c)(3)		13,756	FMV	Food	Food for the Needy
(6) Food Bank of Northeast Georgia PO Box 48857 Athens, GA 30604	58-1938066	501(c)(3)		12,904	FMV	Food	Food for the Needy
(7) United Way of Northeast Georgia 1 Huntington Rd Ste 805 Athens, GA 30606	58-6008133	501(c)(3)	15,500		FMV		Funding for Various Charities
(8) University of Georgia - Golf Course 2600 Riverbend Road Athens, GA 30602	58-6001998	501(c)(3)	6,000		FMV		Sponsorship of Station Classic Golf Tournament
(9) UGA Catholic Center 1344 South Lumpkin Athens, GA 30605	58-0903505	501(c)(3)	5,625		FMV		Sponsorship of 5K run and Golf Tournament
(10) Community Connection 1695 Old West Broad St Athens, GA 30606	58-1564825	501(c)(3)	5,000		FMV		Sponsor of Taste of Athens event

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 10

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat No 50055P **Schedule I (Form 990) 2012**

Part III Grants and Other Assistance to Individuals in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	**(b)** Number of recipients	**(c)** Amount of cash grant	**(d)** Amount of non-cash assistance	**(e)** Method of valuation (book, FMV, appraisal, other)	**(f)** Description of non-cash assistance

Part IV Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	**Return Reference**	**Explanation**
Schedule I, Part I, Line 2		The type of financial assistance provided by the organization can be broken into two categories, national charities and local not-for-profit entities The organization does not ask organizations such as the American Cancer Society and the United Way for any documentation as to how the donated funds were used Smaller donations made to local organizations are usually event specific A comittee reviews the donations requests and assumes the money provided paid for the program subject to the request

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-0566223
Name: St Mary's Health Care System Inc

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
St Marys Foundation Inc 1230 Baxter Street Athens, GA 30606	58-2544232	501(c)(3)	274,013		FMV		General Operation Funding
St Joseph Catholic School 134 Prince Ave Athens, GA 30601	58-0864659	501(c)(3)	200,000		FMV		School Construction

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Mercy Health Center767 Oglethorpe Ave Athens,GA 30606	58-2603523	501(c)(3)	27,450		Book		Medical Treatment of the underserved
American Heart Assosciation 1720 Epps Bridge Parkway Suite 108-383 Athens,GA 30606	13-5613797	501(c)(3)	20,000		FMV		Medical Reseach for Heart Disease

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Action Inc Athens Full Plate 594 Oconee Street Athens, GA 30601	58-0961506	501(c)(3)		13,756	FMV	Food	Food for the Needy
Food Bank of Northeast GeorgiaPO Box 48857 Athens, GA 30604	58-1938066	501(c)(3)		12,904	FMV	Food	Food for the Needy

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
United Way of Northeast Georgia1 Huntington Rd Ste 805 Athens,GA 30606	58-6008133	501(c)(3)	15,500		FMV		Funding for Various Charities
University of Georgia - Golf Course2600 Riverbend Road Athens,GA 30602	58-6001998	501(c)(3)	6,000		FMV		Sponsorship of Station Classic Golf Tournament

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UGA Catholic Center1344 South Lumpkin Athens,GA 30605	58-0903505	501(c)(3)	5,625		FMV		Sponsorship of 5K run and Golf Tournament
Community Connection1695 Old West Broad St Athens,GA 30606	58-1564825	501(c)(3)	5,000		FMV		Sponsor of Taste of Athens event

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

Part I Questions Regarding Compensation

1a Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items

☐ First-class or charter travel
☐ Travel for companions
☐ Tax idemnification and gross-up payments
☐ Discretionary spending account
☐ Housing allowance or residence for personal use
☐ Payments for business use of personal residence
☐ Health or social club dues or initiation fees
☐ Personal services (e g , maid, chauffeur, chef)

			Yes	No
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

☐ Compensation committee
☐ Independent compensation consultant
☐ Form 990 of other organizations
☐ Written employment contract
☐ Compensation survey or study
☐ Approval by the board or compensation committee

			Yes	No
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

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

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

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

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
	Part I, Line 3	The organization relied on a related 501(c)(3) organization (Catholic Health East) that used one or more of the methods described below to establish the compensation for the President/CEO - Compensation committee - Independent compensation consultant - Written employment contract - Compensation survey or study - Approval by the board or compensation committee
	Part I, Line 4b	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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-0566223
Name: St Mary's Health Care System Inc

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

(A) Name		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other compensation				
McKenna Don	(i)	0	0	0	0	0	0	0
	(ii)	360,506	159,250	88,362	11,250	29,655	649,023	0
Hutson Martin	(i)	201,387	49,717	2,035	10,511	14,545	278,195	0
	(ii)	0	0	0	0	0	0	0
Evans Nina	(i)	197,121	46,577	795	8,545	1,598	254,636	0
	(ii)	0	0	0	0	0	0	0
Carter Montez	(i)	215,699	48,509	8,084	11,250	19,555	303,097	0
	(ii)	0	0	0	0	0	0	0
English Jeffrey	(i)	176,555	39,733	1,322	7,326	13,207	238,143	0
	(ii)	0	0	0	0	0	0	0
Schuller Karen	(i)	189,010	47,377	885	8,511	1,625	247,408	0
	(ii)	0	0	0	0	0	0	0
Middendorf Bruce	(i)	293,970	30,208	1,904	11,250	13,265	350,597	0
	(ii)	0	0	0	0	0	0	0
Loome Sister Patricia	(i)	117,307	26,328	638	0	7,420	151,693	0
	(ii)	0	0	0	0	0	0	0
Vaughn Kerry	(i)	0	0	0	0	0	0	0
	(ii)	134,653	11,116	-1,664	5,826	17,753	167,684	0
Camp Steven	(i)	191,348	0	14,761	5,535	10,884	222,528	0
	(ii)	0	0	0	0	0	0	0
Dixon-Martin Kelly	(i)	177,622	0	4,209	6,866	2,906	191,603	0
	(ii)	0	0	0	0	0	0	0
Wright Gary	(i)	142,684	12,445	9,277	0	10,416	174,822	0
	(ii)	0	0	0	0	0	0	0
Shutt Robert	(i)	129,940	0	7,479	6,414	10,432	154,265	0
	(ii)	0	0	0	0	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 Mary's Health Care System Inc

Employer identification number
58-0566223

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	Dev Auth - Unified Govt of Athens Series 2009	58-2613761	047059BB5	03-19-2009	16,036,560	Current Refunding & Swap Termination		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	480,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	16,036,560			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	296,790			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	15,739,770			
12	Other unspent proceeds				
13	Year of substantial completion				

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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?								
2	Are there any lease arrangements that may result in private business use of bond-financed property?								

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?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
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?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?								

Part IV Arbitrage

		A		B		C		D	
		Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?		X						
c	No rebate due?		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						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		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						
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						
7	Has the organization established written procedures to monitor the requirements of section 148?		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							

Part VI Supplemental Information.

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

Identifier	**Return Reference**	**Explanation**
Schedule K Supplental Information		Schedule K, Part I, Bond Issue (a) Issurer Name Dev Auth - Unified Govt of Athens Series 2009 (f) Description of Purpose Current Refunding & Swap Termaination

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319079703

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

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

1 (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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(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) Dr Middendorf Officer	President of Athens Hospitalist Services	2,697,118	Dr Middendorf is the CMO of St Marys Health Care System, and President of Athens Hospitalist Services PC, however he does not receive any compensation from Athens Hospitalist Services, PC		No
(2) Neal Priest MD - Medical Staff President & Board Member	Medical Partner with Athens-Clarke Emergency Specialists PC	226,500	Dr Priest is Medical Staff President and a Board Member of St Mary's Health Care System and a Medical Partner with Athens-Clarke Emergency Specialists, PC As a Medical Partner with Athens-Clarke Emergency Specialists, PC Dr Priest provides physician coverage in the St Mary's Emergency Department and is compensated for his work by ACES	Yes	

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Yes, CHE approves the appointment of all Board members

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The organization took steps to educate management, members of the board and members of appropriate subcommittees of the board on the compliance requirements mandated by the Form 990 The form was reviewed by management and then submitted to the board or a subcommittee thereof which reported its findings to the board

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization has adopted CHE's policy 103, which sets forth the organization's conflict-of-interest policy and processes Annually, all those serving St Mary's Health Care System 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 organization's CEO and board's Chair 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 appropriated 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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	As indicated on Schedule J, Part III, the compensation for the organization's President/CEO is determined by CHE. For other employees, the organization has adopted CHE's process for determining compensation which 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 Saint Mary's Health Care System, Inc '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

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 upon request

Identifier	Return Reference	Explanation
Other Fees	Form 990, Part IX, line 11g	CHE Allocations Program service expenses 0 Management and general expenses 5,724,561 Fundraising expenses 0 Total expenses 5,724,561 Purchased Service/Service Contracts Program service expenses 5,545,732 Management and general expenses 6,140,822 Fundraising expenses 0 Total expenses 11,686,554 Other Program service expenses 159,408 Management and general expenses 1,686,694 Fundraising expenses 0 Total expenses 1,846,102

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Change in FV of Interest Rate Swaps 239,086 Transfer to CHE (Heritage Fund) -71,275 Tranfer to CHE YE True-up -568,162 Transfer for Good Samaritan Acquisition -3,500,000 Release of Net Assets for Depreciation -230,358 Pension Adjustment -2,544,399

Identifier	Return Reference	Explanation
Explanation of financial statements	Form 990, Part XII, Line 2a & 2b	While the entity does not have individual audited financial statements, an audit for CHE's consolidated financial statements was performed

Identifier	Return Reference	Explanation
		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 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

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Health Care System Inc

Employer identification number
58-0566223

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 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) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
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.)

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

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

(a) Name of other organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved
See Additional Data Table			

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

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

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

Additional Data **Return to Form**

Software ID:
Software Version:
EIN: 58-0566223
Name: St Mary's Health Care System Inc

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	**(b)** Primary activity	**(c)** Legal Domicile (State or Foreign Country)	**(d)** Direct Controlling Entity	**(e)** Predominant income(related, unrelated, excluded from tax under sections 512-514)	**(f)** Share of total income	**(g)** Share of end-of-year assets	**(h)** Disproprtionate allocations?		**(i)** Code V-UBI amount on Box 20 of K-1	**(j)** General or Managing Partner?		**(k)** Percentage ownership
							Yes	No		Yes	No	
St Peter's Ambulatory Surgery Center LLC 1375 Washington Avenue Ste 201 Albany, NY 12206 46-0463892	Outpatient Surgery	NY	N/A									
Catherine Horan Building Limited Partnership 1221 Main Street Room 108 Holyoke, MA 010400000 04-2723429	Property Management	MA	N/A									
Western Massachusetts PETCT Imaging Center LLC 100 Bayview Circle Ste 400 Newport Beach, CA 92660 20-4744663	Outpatient Medical Services	DE	N/A									
Central New Jersey Heart Services LLC 29 E 29th Street 2nd Floor Bayonne, NJ 07002 20-8525458	Cardiac Program	NJ	N/A									
SMMC MOB II LP 1201 Langhorne-Newtown Road Langhorne, PA 19047 36-4559869	Investment and operation of a medical building	PA	N/A									
The Ambulatory Surgery Center at St Mary LLC 1203 Langhorne-Newtown Road Langhorne, PA 19047 23-2871206	Outpatient Surgery	PA	N/A									
East Norriton Medical Associates One West Elm Street Conshohocken, PA 19428 23-2319531	Medical Office Building	PA	N/A									
East Norriton Medical Associates One West Elm Street Conshohocken, PA 19428 23-2319531	Medical Office Building	PA	N/A									
Gateway Health Plan 300 Grant Street Pittsburgh, PA 15219 25-1691945	Medicaid & Medicare/Special Needs Managed Care Organization	PA	N/A									
MercyManor Partnership PO Box 10086 Toledo, OH 436990086 52-1931012	Nursing Home	PA	N/A									
St Agnes Long Term Intensive Care LLP c/o Mercy Health System One West El Conshohocken, PA 19428 20-0984882	Long Term Intensive Care	PA	N/A									
St Agnes Long Term Intensive Care LLP c/o Mercy Health System One West El Conshohocken, PA 19428 20-0984882	Long Term Intensive Care	PA	N/A									
Nazareth Medical Office Building Associates LP c/o Nazareth Hospital 2601 Holme Av Philadelphia, PA 19152 23-2388040	Medical Office Building	PA	N/A									
Nazareth Medical Office Building Associates LP c/o Nazareth Hospital 2601 Holme Av Philadelphia, PA 19152 23-2388040	Medical Office Building	PA	N/A									
SJV Management LLC 200 Century Pkwy Ste 200E Mount Laurel, NJ 08054 20-2273476	Radiology	NJ	N/A									

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Physicians Outpatient Surgery Center LLC 1000 NE 56th Street Oakland Park, FL 33334 35-2325646	Ambulatory Surgery Center	FL	N/A									
Center for Surgery & Digestive Orders 3641 South Miami Avenue Miami, FL 33133 51-0438152	Outpatient Medical Services	FL	N/A									

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	N/A	C				Yes	
Multicare Plus Inc 601 Hamilton Avenue Trenton, NJ 086291986 22-3435844	Inactive	NJ	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
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 Medeical 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	St Mary's Health Care System Inc	C			100 000 %	Yes	
St Mary's Highland Hills Village Inc 1660 Jennings Mill Pkly Bogart, GA 30622 58-2276801	Assisted Living	GA	St Mary's Health Care System Inc	C		6,197,854	100 000 %	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	

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

(a) Name of other organization	**(b)** Transaction type(a-s)	**(c)** Amount Involved	**(d)** Method of determining amount involved
St Mary's Highland Hills Inc	S	3,346,000	Fair Market Value
St Mary's Highland Hills Inc	R	2,566,279	Fair Market Value
St Mary's Medical Group Inc	S	7,654,010	Fair Market Value
St Mary's Medical Group Inc	R	11,791,194	Fair Market Value
Catholic Health East	P	6,419,016	Fair Market Value
St Mary's Foundation Inc	S	155,823	Fair Market Value
St Mary's Foundation Inc	R	429,836	Fair Market Value
Good Samaritan Hospital Inc	R	17,207,333	Fair Market Value
Good Samaritan Hospital Inc	S	14,435,310	Fair Market Value
St Mary's Foundation Inc	C	28,886	Fair Market Value

Catholic Health East

Consolidated Financial Statements

December 31, 2012 and 2011

Catholic Health East
Index
December 31, 2012 and 2011

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

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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	1,327,278	1,551,185
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	1,093,047	1,071,227
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	$6,757,491	$6,682,366
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	1,004,491	1,019,895
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	3,417,795	3,540,463
Net assets		
Unrestricted	3,146,859	2,954,583
Temporarily restricted	143,010	140,614
Permanently restricted	49,827	46,706
Total net assets	3,339,696	3,141,903
Total liabilities and net assets	$6,757,491	$6,682,366

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	4,235,041	3,646,112
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	4,116,564	3,556,063
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)	118,477	58,800
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	264,725	516,195
Excess of revenue over expenses	$383,202	$574,995

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	(9,032)	12,077
Increase in unrestricted net assets before discontinued operations	364,047	445,425
Loss from discontinued operations	(171,771)	(74,880)
Increase in unrestricted net assets	192,276	370,545
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	(754)	(6,547)
Increase in temporarily restricted net assets	2,396	8,810
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	1,203	(656)
Increase in permanently restricted net assets	3,121	18,236
Increase in net assets	197,793	397,591
Net assets		
Beginning of year	3,141,903	2,744,312
End of year	$3,339,696	$3,141,903

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	131,384	55,564
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	(269,491)	214,033
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	(69,989)	(3,852)
(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	$368,351	$576,447
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

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

Mercy Community Health, Inc
West Hartford, Connecticut

St James Mercy Health System, Inc
Hornell, New York

Saint Michael's Medical Center
Newark, New Jersey

St Mary Medical Center
Langhorne, Pennsylvania

Mercy Health System of Southeastern Pennsylvania
Conshohocken, Pennsylvania

St Francis Hospital and Affiliates
Wilmington, Delaware

St Mary's Health Care System, Inc
Athens, Georgia

Mercy Medical Corporation
Daphne, Alabama

Sisters of Providence Health System, Inc
Springfield, Massachusetts

St Peter's Health Partners
Albany, New York

St Francis Medical Center
Trenton, New Jersey

Lourdes Health System
Camden, New Jersey

Pittsburgh Mercy Health System, Inc
Pittsburgh, Pennsylvania

Saint Joseph of the Pines, Inc
Southern Pines, North Carolina

Saint Joseph's Health System, Inc
Atlanta, Georgia

Mercy Hospital, Inc
Miami, Florida

Holy Cross Hospital, Inc
Fort Lauderdale, Florida

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

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

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 associate 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

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 payers 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 payers 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, 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 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 U S 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

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
	$14,874,241	10,761,668	$13,489,064	9,908,218
Provision for bad debts		234,952		225,812
Net patient service revenue		$3,877,621		$3,355,034

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
	1,265,268	1,212,081
Reported under the equity method		
Managed funds	334,721	246,270
	$1,599,989	$1,458,351

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

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)
	$97,873	$9,099
Net change in unrealized gains on available for sale securities (held by unconsolidated organizations)	$3,553	($3,638)
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
	$1,272	$685
Net unrealized gains (losses) on investments	$4,800	($648)
Permanently restricted net assets		
Other changes in permanently restricted net assets		
Net realized and unrealized gains on investments	$1,248	$147

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

2012

(in thousands of dollars)	**Recorded Value**	**Unfunded Commitments**	**Commitment Term**	**Redemption Terms**
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	$334,721			

2011

(in thousands of dollars)	**Recorded Value**	**Unfunded Commitments**	**Commitment Term**	**Redemption Terms**
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	$246,270			

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

Financial instruments at fair value at December 31, 2012 and 2011 are as follows

(in thousands of dollars)

	2012				
	Level 1	Level 2	Level 3	Total	Valuation Technique
Consolidated investment program					
Cash and cash equivalents (1)	$44,984	$33,440	$ -	$78,424	Market
Marketable equity securities (2)	323,521	146,147	-	469,668	Market
Marketable debt securities (3)	54,830	171,183	-	226,013	Market
Total consolidated investment program	423,335	350,770	-	774,105	
Locally invested					
Cash and cash equivalents (1)	184,480	-	-	184,480	Market
Marketable equity securities (2)	69,564	13,297	-	82,861	Market
Marketable debt securities (3,4)	30,395	188,467	4,960	223,822	Market
Total locally invested	284,439	201,764	4,960	491,163	
Total marketable securities and investments whose use is limited at fair value	$707,774	$552,534	$4,960	1,265,268	
Managed funds				334,721	
Total marketable securities and investments whose use is limited and managed funds				$1,599,989	
Derivative financial instruments					
Interest rate swaps - asset (5)	$ -	$1,552	$ -		Market

	2011				
	Level 1	Level 2	Level 3	Total	Valuation Technique
Consolidated investment program					
Cash and cash equivalents (1)	$63,099	$63,579	$ -	$126,678	Market
Marketable equity securities (2)	292,688	3,425	-	296,113	Market
Marketable debt securities (3)	44,668	109,280	-	153,948	Market
Total consolidated investment program	400,455	176,284	-	576,739	
Locally invested					
Cash and cash equivalents (1)	230,655	-	-	230,655	Market
Marketable equity securities (2)	143,137	12,834	-	155,971	Market
Marketable debt securities (3,4)	88,524	155,597	4,595	248,716	Market
Total locally invested	462,316	168,431	4,595	635,342	
Total marketable securities and investments whose use is limited at fair value	$862,771	$344,715	$4,595	1,212,081	
Managed funds				246,270	
Total marketable securities and investments whose use is limited and managed funds				$1,458,351	
Derivative financial instruments					
Interest rate swaps - liability (5)	$ -	($4,872)	$ -		Market

There were no transfers between fair value levels for the years ended December 31, 2012 and 2011

(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

6. Property and Equipment

The following summarizes property and equipment at December 31

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

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

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)
	$212,611	$66,665	($799)	($11,609)	($88,879)

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

8. Long-Term Debt

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

(in thousands of dollars)	**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
	1,001,921	1,048,272
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	$1,151,590	$1,223,524

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

(in thousands of dollars)

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
	$1,278,280

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

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

RHC	Associated Bond Issue	Expiration
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

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)
		$1,552		($4,872)

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		$6,424	($1,232)

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
	$143,010	$140,614

Permanently restricted net assets at December 31 are restricted as follows

(in thousands of dollars)	**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
	$49,827	$46,706

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

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	$17,864	$82,911	$49,827

	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	$17,635	$82,898	$46,706

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	214	5,991	1,248
Other changes in endowment funds	15	(5,978)	1,873
Endowment fund net assets, end of year	$17,864	$82,911	$49,827

	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	108	225	145
Other changes in endowment funds	10	14,863	18,589
Endowment fund net assets, end of year	$17,635	$82,898	$46,706

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

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

(in thousands of dollars)	**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	$1,335,065	$1,261,197
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	$917,584	$822,660
Funded status		
Fair value of plan assets	$917,584	$822,660
Projected benefit obligation	(1,335,065)	(1,261,197)
Funded status	(417,481)	(438,537)
Amount recognized, end of year	($417,481)	($438,537)
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	$33,957	$152,239

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

(in thousands of dollars)	**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	$7,109	$12,081

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

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

	Target Allocation 2012 From-To	**2012**	**Target Allocation 2011 From-To**	**2011**
Asset category				
Cash & marketable debt securities	18 8%-40 0%	21 6 %	18 8%-40 0%	22 5 %
Marketable equitity securities & managed funds	60 0%-81 2%	78 4 %	60 0%-81 2%	77 5 %
	100 0%	100 0%	100 0%	100 0%

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				
	Level 1	**Level 2**	**Level 3**	**Total**	**Valuation Technique**
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	$411,824	$440,498	$65,262	$917,584	

	2011				
	Level 1	**Level 2**	**Level 3**	**Total**	**Valuation Technique**
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	$582,270	$148,616	$91,774	$822,660	

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	$65,262	$91,774

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
	$664,210

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 %
	100 0 %	100 0 %

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 there from 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

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
	$292,295

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
	$4,116,564	$3,556,063

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

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

(in thousands of dollars)	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	$336,362	$473,473
Current liabilities	$101,105	$115,605
Other long-term liabilities	318,811	326,593
Total liabilities	$419,916	$442,198
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	463,328	578,538
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	520,225	656,732
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	($171,771)	($74,880)

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

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
	$237,705

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

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

(in thousands of dollars)	**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	$690,757
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	315,938
Net Assets	
Unrestricted	322,947
Temporarily restricted	33,201
Permanently restricted	18,671
Total net assets	374,819
Total liabilities and net assets	$690,757

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

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

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)

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

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

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 in 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

(in thousands of dollars)	**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	96,133	79,827
Social accountability costs	$254,043	$221,092
Percentage of operating expenses	5 5%	4 8%
Unpaid cost of Medicare programs	$147,349	$197,923

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

(in thousands of dollars)	**Consolidated**	**Mercy Health System of Maine**	**Sisters of 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 Lourdes Health Care Services, Inc**	**Pittsburgh Mercy Health System, Inc**
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 securitiesand 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 securitiesand 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	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

(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, Inc**
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 securitiesand 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 securitiesand 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

(in thousands of dollars)	Mercy Uihlein Health Corp	Catholic Health System, Inc	Baycare Health System	Intracoastal	SJSA Foundation	Allegany Franciscan Ministries	CHE System Office	CHE Insurance Progm On-Shore	Stella Maris	Global Health Ministries	Eliminations
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 securitiesand 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 securitiesand 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)	**Consolidated**	**Mercy Health System of Maine**	**Sisters of 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 Lourdes Health Care Services, Inc**	**Pittsburgh 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 Progm 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 Consolidated	Mercy Health System of Maine	Sisters of 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 Lourdes Health Care Services, Inc	Pittsburg Mercy Health 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	Allegany Franciscan Ministries	CHE System Office	CHE Insurance Progm On-Shore	Stella Maris	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

(in thousands of dollars)	Total Mercy Health System of Maine	MHSM Corporate Office	Mercy Hospital	VNA Home Health and Hospice
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	$212,260	$1,175	$196,072	$15,013
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	$212,260	$1,175	$196,072	$15,013

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 loses 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	$78,173	$7	$64,662	$13,504

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 Behavorial 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	90,124	5,810	71,877	6,791	2,966	2,671	9	-	-	-
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	53,040	155	22,144	22,297	623	6,307	-	1,514	-	-
Other liabilities	2,140	3	786	1,143	130	68	-	10	-	-
Pension liabilities	11,787	218	8,516	2,276	1,019	(280)	-	38	-	-
Insurance liabilities, net of current portion	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 Behavorial 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 Behavorial 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

(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 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	379,521	127,095	177,361	72,370	4,278	1,907	(3,490)
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	271,825	136,590	104,124	31,111	-	-	-
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	$1,378,722	$655,254	$484,970	$137,245	$13,389	$91,354	($3,490)
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	204,065	76,445	64,526	63,123	1,015	2,446	(3,490)
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	655,050	359,317	223,076	72,686	1,015	2,446	(3,490)
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	723,672	295,937	261,894	64,559	12,374	88,908	-
Total liabilities and net assets	$1,378,722	$655,254	$484,970	$137,245	$13,389	$91,354	($3,490)

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	56,827	14,354	19,721	12,489	12,374	(2,113)
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	2,694	10	2,926	(242)	-	-
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	1,609	501	1,108	-	-	-
Increase (decrease) in net assets	61,130	14,865	23,755	12,247	12,374	(2,113)
Beginning of year	662,542	281,072	238,139	52,312	-	91,021
End of year	$723,672	$295,937	$261,894	$64,559	$12,374	$88,908

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	9,326	-	-	8,377	781	168
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	7,947	(10,371)	10,153	6,018	-	2,147
Property and equipment, net	15,258	-	-	14,263	995	-
Assets held for sale	158	-	-	158	-	-
Other assets	6,611	(455)	-	7,066	-	-
Total assets	$39,300	($10,826)	$10,153	$35,882	$1,776	$2,315
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	11,975	(31)	-	11,895	110	1
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	28,921	(455)	-	28,404	909	63
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	10,379	(10,371)	10,153	7,478	867	2,252
Total liabilities and net assets	$39,300	($10,826)	$10,153	$35,882	$1,776	$2,315

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	50,153	(510)	49,297	517	849
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	53,566	(548)	53,345	426	343
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)	836	(18)	690	2	162
(Deficit) excess of revenues over expenses	($2,577)	$20	($3,358)	$93	$668

St. James Mercy Health System
Consolidating Statement of Changes in Net Assets
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
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 restricited 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 amd 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	1,049	(2)	329	419	288	15
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	5,258	-	5,258	-	-	-
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	$12,020	($667)	$11,782	$419	$471	$15
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	34,473	(2)	34,475	-	-	-
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	52,257	(2)	52,259	-	-	-
Net assets						
Unrestricted	(40,237)	-	(41,142)	419	471	15
Temporarily restricted	-	(665)	665	-	-	-
Total net assets	(40,237)	(665)	(40,477)	419	471	15
Total liabilities and net assets	$12,020	($667)	$11,782	$419	$471	$15

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	3	-	3
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	55	18	37
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	231	203	28
Excess (deficit) of revenues over expenses	$179	$185	($6)

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

(in thousands of dollars)	**Maxis Health System**	**Maxis Hlth System - Eliminations**	**Marian Community Hospital**	**Tri-CountyHuman Services Center, Inc.**	**Maxis Medical Services**	**Maxis Medical Services**
Unrestricted net assets						
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	($40,237)	($665)	($40,477)	$419	$471	$15

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	-	789	1,333	4,068	32	-	-	8,363	-
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	-	-	-	-	-	-	-	35,023	-
Other liabilities	-	573	212	5,103	18	-	-	1,657	-
Pension liabilities	-	5,151	9,698	-	-	-	-	9,152	-
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 securitites	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 securitites	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

(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
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

(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
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	44,980	53,647	(1,662)	7	(666)	966	(8,073)	761
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	1,499	-	1,499	-	-	-	-	-
Increase (decrease) in net assets	46,479	53,647	(163)	7	(666)	966	(8,073)	761
Beginning of year	259,002	298,324	3,279	(66)	(4,260)	(1,053)	(36,204)	(1,018)
End of year	$305,481	$351,971	$3,116	($59)	($4,926)	($87)	($44,277)	($257)

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

(in thousands of dollars)	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 aale 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

(in thousands of dollars)	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 liabity 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	93,996	184	3,381	90,431	-
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	90,416	447	2,655	87,058	256
Operating income (loss)	3,580	(263)	726	3,373	(256)
Non-operating gains					
Investment returns, net	4,054	1,657	2,397	-	-
Tota non-operating gains	4,054	1,657	2,397	-	-
Excess (deficit) of revenues over expenses	$7,634	$1,394	$3,123	$3,373	($256)

Pittsburgh Mercy Health System
Consolidating Statement of Changes in Net Assets
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**
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 restricited 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)	**Saint Francis Healthcare**	**Saint Francis Hospital**	**Saint Francis Foundation**	**Franciscan ElderCare Corporation**	**Life at Saint Francis Healthcare**
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	19,223	18,087	94	916	126
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	2,181	1,845	336	-	-
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	$83,927	$77,505	$430	$3,634	$2,358
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	66,684	61,679	219	1,391	3,395
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	127,571	119,029	219	4,922	3,401
Net assets					
Unrestricted	(44,006)	(41,550)	(125)	(1,288)	(1,043)
Temporarily restricted	362	26	336	-	-
Total net assets	(43,644)	(41,524)	211	(1,288)	(1,043)
Total liabilities and net assets	$83,927	$77,505	$430	$3,634	$2,358

Saint Francis Healthcare
Consolidating Statement of Operations
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 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	131,626	131,453	173	-	-
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	131,247	129,836	392	-	1,019
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 aale 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)	636	625	-	11	-
Excess (deficit) of revenues over expenses	$1,015	$2,242	($219)	$11	($1,019)

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	17,593	26,645	(1,234)	(436)	2,212	(9,594)	-
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	3,416	250	-	3,166	-	-	-
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	$71,998	$76,629	$1,321	$2,730	$3,261	($8,458)	($3,485)
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	42,557	39,468	1,556	107	728	131	567
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	72,839	68,850	1,650	107	1,489	176	567
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	(841)	7,779	(329)	2,623	1,772	(8,634)	(4,052)
Total liabilities and net assets	$71,998	$76,629	$1,321	$2,730	$3,261	($8,458)	($3,485)

St. Francis Medical Center
Consolidating Statement of Operations
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 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	150,944	129,824	20,155	599	8,082	1,322	(9,038)
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	148,016	129,193	17,656	439	4,179	4,070	(7,521)
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)	259	329	34	-	-	(104)	-
Excess (deficit) of revenues over expenses	$3,187	$960	$2,533	$160	$3,903	($2,852)	($1,517)

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	2,813	4,077	2,533	(92)	(1,343)	(2,852)	490
Temporarily restricited 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	95	-	-	95	-	-	-
Permanently restricited net assets							
Contributions	2	-	-	2	-	-	-
Net realized and unrealized gains on investments	3	-	-	3	-	-	-
Other changes	(118)	-	-	(118)	-	-	-
Decrease in permanently restricted net assets	(113)	-	-	(113)	-	-	-
Increase (decrease)in net assets	2,795	4,077	2,533	(110)	(1,343)	(2,852)	490
Beginning of year	(3,636)	3,702	(2,862)	2,733	3,115	(5,782)	(4,542)
End of year	($841)	$7,779	($329)	$2,623	$1,772	($8,634)	($4,052)

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 restricited 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	95,180	22	85	18	3,139	91,916
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	87,284	-	-	-	-	87,284
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	$468,869	$201	$10,944	$18	$3,431	$454,275
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	79,717	24	94	3	772	78,824
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	311,309	24	94	3	772	310,416
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	157,560	177	10,850	15	2,659	143,859
Total liabilities and net assets	$468,869	$201	$10,944	$18	$3,431	$454,275

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	447,981	360	1,324	56	7,454	438,787
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	433,029	274	1,250	1,034	6,196	424,275
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)	6,631	-	-	-	-	6,631
Excess of revenue over expenes	$21,583	$86	$74	($978)	$1,258	$21,143

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

(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 Svcs, 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	10,108	1,652	5,520	793	2,012	343	(212)	-
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	237,320	171,071	58,880	-	7,369	-	-	-
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	$378,678	$172,824	$70,372	$7,258	$19,421	$1,469	($12,524)	$119,858
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	6,107	2,135	2,149	-	1,877	158	(212)	-
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	72,410	2,919	3,333	8,000	4,440	369	(5,990)	59,339
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	306,268	169,905	67,039	(742)	14,981	1,100	(6,534)	60,519
Total liabilities and net assets	$378,678	$172,824	$70,372	$7,258	$19,421	$1,469	($12,524)	$119,858

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 Svcs, 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	17,941	1,335	2,693	80	13,317	1,087	(571)	-
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	17,291	1,460	2,810	425	11,855	1,312	(571)	-
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	(73,681)	9,489	4,502	-	1,207	-	-	(88,879)
(Deficit) excess of revenues over expenses	($73,031)	$9,364	$4,385	($345)	$2,669	($225)	$ -	($88,879)

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 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 restricited 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) & Subsidaries**	**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	2,104	1,203	868	-	-	33
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	10,670	4,381	6,289	-	-	-
Property and equipment, net	3	-	-	-	-	3
Investments in unconsolidated organizations	271	271	-	-	-	-
Other assets	6,588	6,251	337	-	-	-
Total assets	$19,636	$12,106	$7,494	$0	$ -	$36
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	34,773	30,572	27	(97)	4,258	13
Insurance liabilities, net of current poriton	4,646	4,646	-	-	-	-
Total liabilities	39,419	35,218	27	(97)	4,258	13
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	(19,783)	(23,112)	7,467	97	(4,258)	23
Total liabilities and net assets	$19,636	$12,106	$7,494	$0	$ -	$36

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

(in thousands of dollars)	Mercy Hospital (Miami) & Subsidaries	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	548	-	548	-	378	(378)
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	640	-	631	-	387	(378)
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	1,297	648	649	-	-	-
Excess (deficit) of revenue over expenses	$1,205	$648	$566	$ -	($9)	$ -

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

(in thousands of dollars)	**Mercy Hospital (Miami) & Subsidaries**	**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 restricited 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	($19,783)	($23,112)	$7,467	$97	($4,258)	$23

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, gians 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 restricited 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	$108,009	$115,559	$3,886	$8,015	$6,198	($6,198)	$1,412	($14,693)	($6,170)

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

(in thousands of dollars)	**Mercy Medical, A Corporation**	**Hospital, OP**	**Skilled Nursing**	**Home Care**	**Residental**	**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	$15,627	$8,878	($55)	$729	($117)	$3,774	$168	$2,250
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	(2,681)	54	(55)	(711)	(117)	(3,285)	(817)	2,250
Total liabilities and net assets	$15,627	$8,878	($55)	$729	($117)	$3,774	$168	$2,250

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

(in thousands of dollars)	**Mercy Medical, A Corporation**	**Home Care**	**Residental**	**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	12,223	7,928	594	3,398	-	303
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	15,897	8,247	1,097	5,418	832	303
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	5,326	-	302	-	-	5,024
Excess (deficit) of revenues over expenses	$1,652	($319)	($201)	($2,020)	($832)	$5,024

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	Residental	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	41,559	31,677	11,712	-	-	(1,830)
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	40,146	30,589	11,271	104	12	(1,830)
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	492	234	28	-	-	230
Excess (deficit) of revenues over expenses	$1,905	$1,322	$469	($104)	($12)	$230

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	2,318	1,735	469	(104)	(12)	230
Temporarily restricited 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	(232)	(250)	(1)	-	-	19
Increase (decrease) in net assets	2,086	1,485	468	(104)	(12)	249
Beginning of year	(21,859)	340	(14,509)	(4,315)	(1,450)	(1,925)
End of year	($19,773)	$1,825	($14,041)	($4,419)	($1,462)	($1,676)

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

(in thousands of dollars)	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	6,197	1,917	324	1,842	15	(3)	747	946	224	185
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	15,518	11,622	1,466	761	-	-	1,669	-	-	-
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	$92,524	$50,556	$13,332	$6,177	$2,909	$1,086	$5,128	$12,860	$246	$230
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	13,108	9,592	434	757	365	27	1,283	556	86	8
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	94,596	55,890	13,686	(7,082)	5,036	1,101	9,865	15,498	276	326
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	(2,072)	(5,334)	(354)	13,259	(2,127)	(15)	(4,737)	(2,638)	(30)	(96)
Total liabilities and net assets	$92,524	$50,556	$13,332	$6,177	$2,909	$1,086	$5,128	$12,860	$246	$230

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

(in thousands of dollars)	**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

(in thousands of dollars)	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
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	(1,561)	(826)	(634)	772	134	52	(1,557)	597	(76)	(23)
Temporarily restricted net assets										
Contributions	162	-	-	162	-	-	-	-	-	-
Net assets released from restrictions	(75)	-	-	(75)	-	-	-	-	-	-
Increase in temporarily restricted net assets	87	-	-	87	-	-	-	-	-	-
(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	**($2,072)**	**($5,334)**	**($354)**	**$13,259**	**($2,127)**	**($15)**	**($4,737)**	**($2,638)**	**($30)**	**($96)**