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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)	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 06-01-2012 , 2012, and ending 05-31-2013

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ST PETER'S HOSPITAL		D Employer identification number 81-0233121
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 2475 BROADWAY	Room/suite	E Telephone number (406) 444-2100
	City or town, state or country, and ZIP + 4 HELENA, MT 59601		G Gross receipts \$ 187,029,569
	F Name and address of principal officer NATHAN C OLSON 2475 BROADWAY HELENA, MT 59601		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.STPETES.ORG			




K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/>	L Year of formation 1883	M State of legal domicile MT
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Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROVIDE EXCEPTIONAL AND COMPASSIONATE HEALTH CARE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,363
	6 Total number of volunteers (estimate if necessary)	6	108
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	214,087
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-289,523	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	593,525	431,149
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	163,534,823	181,045,731
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,677,614	5,087,195
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	61,533	96,880
		165,867,495	186,660,955
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	14,253	41,566
	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)	77,313,898	85,201,123
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 331,330		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	82,984,400	88,008,785
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	160,312,551	173,251,474
	19 Revenue less expenses Subtract line 18 from line 12	5,554,944	13,409,481
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		232,092,045	251,823,454
21 Total liabilities (Part X, line 26)		82,889,308	78,667,157
22 Net assets or fund balances Subtract line 21 from line 20		149,202,737	173,156,297

Part II Signature Block

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

Sign Here	***** Signature of officer			2014-04-15 Date	
	JOHN GREEN CHIEF FINANCIAL OFFICER Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name KIM HUNWARDSSEN CPA		Preparer's signature		Date 2014-04-15
	Check <input type="checkbox"/> if self-employed			PTIN P00484560	
	Firm's name  EIDE BAILLY LLP			Firm's EIN  45-0250958	
	Firm's address  800 NICOLLET MALL STE 1300 MINNEAPOLIS, MN 554027033			Phone no (612) 253-6500	

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

Part IIIStatement of Program Service Accomplishments

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

1Briefly describe the organization’s mission

ST PETER'S HOSPITAL PARTNERS WITH OUR PATIENTS, COMMUNITY, AND MEDICAL STAFF TO PROVIDE EXCEPTIONAL AND COMPASSIONATE HEALTH CARE

2Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

If “Yes,” describe these new services on Schedule O

3Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

4Describe 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 \$ 121,233,168 including grants of \$ 41,566) (Revenue \$ 135,784,298)

ST PETER'S HOSPITAL IS A 123-BED ACUTE CARE HOSPITAL FACILITY SERVING RESIDENTS OF LEWIS AND CLARK COUNTY AND PORTIONS OF JEFFERSON, BROADWATER, MEAGHER AND POWELL COUNTIES ST PETER'S IS THE SOLE FACILITY IN THE PRIMARY SERVICE AREA DURING THE YEAR ENDED MAY 31, 2013 THE HOSPITAL PROVIDED AT COST A TOTAL OF \$16,302,661 IN COMMUNITY BENEFIT OF THIS TOTAL \$4,249,196 WAS FOR MEDICAL SERVICES TO INDIVIDUALS WHO WERE DETERMINED UNABLE TO PURCHASE SUCH SERVICES UNDER THE HOSPITAL'S CHARITY CARE POLICY IN ADDITION TO FREE CARE AND/OR SUBSIDIZED CARE, CARE IS ALSO PROVIDED AT BELOW COST RATES TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS THE TOTAL OPERATING LOSS FOR PROVIDING CARE TO MEDICAID PATIENTS WAS \$1,834,550 THE HOSPITAL PROVIDED \$9,613,801 IN SUBSIDIZED HEALTH SERVICES DURING THE YEAR, INCLUDING ACUTE PATIENT CARE FOR MEDICAL, SURGICAL, PEDIATRIC AND BEHAVIORAL HEALTH PATIENTS, OUTPATIENT PHARMACY, PULMONARY REHAB, DIALYSIS, CLINICAL NUTRITION, ANTICOAGULATION, AND HOSPITALISTS SERVICES, PHYSICIAN CLINICS AND IN-HOME NURSING AND OXYGEN SERVICES TO FULFILL ITS MISSION OF COMMUNITY SERVICE, THE ORGANIZATION PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE ORGANIZATION DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS PATIENT SERVICE REVENUE

4b

(Code) (Expenses \$ 21,394,088 including grants of \$) (Revenue \$ 45,261,433)

THE HOSPITAL OPERATES SEVERAL PHYSICIAN CLINICS, EMPLOYING 59 PHYSICIANS AND PHYSICIAN ASSISTANTS AND NURSE PRACTITIONERS WITHOUT THE HOSPITAL'S ASSISTANCE, LEWIS AND CLARK COUNTY WOULD BE WITHOUT MANY NEEDED MEDICAL AND SURGICAL SPECIALTIES PHYSICIANS IN THE SPECIALTIES OF FAMILY PRACTICE, INTERNAL MEDICINE, NEUROLOGY, RHEUMATOLOGY, GASTROENTEROLOGY, ENT, CARDIOLOGY, RADIATION AND MEDICAL ONCOLOGY HAD APPROXIMATELY 199,704 PATIENT ENCOUNTERS

4c

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




















4dOther program services (Describe in Schedule O)

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

4eTotal program service expenses

142,627,256

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	160	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	1,363	
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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?		No
d	If "Yes," indicate the number of Forms 8822 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	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	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	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	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b	Describe in Schedule O the process, if any, used by the organization to review 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	Yes
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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 JOHN GREEN CFO 2475 BROADWAY HELENA, MT (406) 444-2100

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) PATTY NELSON CHAIR (PARTIAL YEAR)	1 00 0 00	X		X				0	0	0
(2) DR MARIA BRAMAN CHAIR (PARTIAL YEAR)	1 00 0 00	X		X				63,890	0	3,559
(3) WILLIAM NORTHEY VICE CHAIR	1 00 0 00	X		X				0	0	0
(4) GUY ALMQUIST TREASURER	1 00 0 00	X		X				0	0	0
(5) JOHN FLINK SECRETARY	1 00 0 00	X		X				0	0	0
(6) RICK HAYS PAST CHAIR	1 00 0 00	X						0	0	0
(7) JOHN GALT MD BOARD MEMBER/CHIEF OF STAFF ELECT	1 00 0 00	X						9,391	0	0
(8) DUANE BRUCE BOARD MEMBER	1 00 0 00	X						0	0	0
(9) JAMES BURKHOLDER MD BOARD MEMBER	1 00 0 00	X						319,082	0	15,657
(10) TOM STRIZICH MD BOARD MEMBER/CHIEF OF STAFF	1 00 0 00	X						13,403	0	0
(11) MICHAEL HAY BOARD MEMBER	1 00 0 00	X						0	0	0
(12) MICK ROBINSON BOARD MEMBER	1 00 0 00	X						0	0	0
(13) RYAN SCRENAR BOARD MEMBER	1 00 1 00	X						0	0	0
(14) ROGER STONE BOARD MEMBER	1 00 0 00	X						0	0	0
(15) MARK TAYLOR MEMBER AT LARGE	1 00 0 00	X						0	0	0
(16) NATHAN C OLSON CEO (1/21/13-5/31/13)	40 00 1 00	X		X				50,000	0	0
(17) JOHN GREEN CFO	40 00 0 00			X				242,964	0	21,395

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) TOM GREGG INTERIM CEO (6/1/12-01/20/13)	40 00 1 00			X				355,872	0	16,918
(19) DR MICHAEL LEE PHYSICIAN	40 00 0 00					X		809,761	0	13,096
(20) DR THOMAS WEINER PHYSICIAN	40 00 0 00					X		1,423,381	0	23,542
(21) DR MATTHEW MCLAREN PHYSICIAN	40 00 0 00					X		606,118	0	15,160
(22) DR SCOTT PARGOT PHYSICIAN	40 00 0 00					X		667,107	0	15,707
(23) DR JEFFREY MARTIN PHYSICIAN	40 00 0 00					X		842,891	0	8,353
(24) JOHN SOLHEIM FORMER PRESIDENT/CEO	0 00 0 00						X	741,353	0	21,160
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								6,145,213	0	154,547

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▶79

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
HORIZON MENTAL HEALTH MANAGEMENT PO BOX 840839 DALLAS TX 75284	PSYCHIATRIC SERVICES	2,954,408
DICK ANDERSON CONSTRUCTION 3424 HIGHWAY 12 E HELENA MT 59601	GENERAL CONTRACTOR	1,500,372
CAPITAL MEDICAL ANESTHESIA PO BOX 5179 HELENA MT 59601	ANESTHESIA SERVICES	705,000
GE HEALTHCARE PO BOX 414-SN471 MILWAUKEE WI 53201	BIOMEDICAL SERVICES	700,693
ARUP LABORATORIES 500 CHIPETA WAY SALT LAKE CITY UT 84108	LAB TESTING SERVICES	647,533
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 ▶44		

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	286,584				
	e	Government grants (contributions)	1e	144,565				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f		431,149				
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 622110	125,000,412	125,000,412			
	b	PHARMACY	446110	50,177,657	50,177,657			
	c	OTHER SERVICES	900099	3,245,817	3,049,584	196,233		
	d	INCOME FROM JOINT VENTURES	900099	1,051,278	1,147,913	-96,635		
	e	CAFETERIA	722210	667,331	655,140	12,191		
	f	All other program service revenue		903,236	800,938	102,298		
	g	Total. Add lines 2a-2f		181,045,731				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		5,118,144			5,118,144
4		Income from investment of tax-exempt bond proceeds						
5		Royalties						
6a		(i) Real						
		(ii) Personal						
		Gross rents	315,409					119,136
		b Less rental expenses	284,289					53,376
c		Rental income or (loss)	31,120	65,760	96,880			96,880
d		Net rental income or (loss)						
7a		(i) Securities						
		(ii) Other						
		Gross amount from sales of assets other than inventory						
		b Less cost or other basis and sales expenses	20,127					10,822
c		Gain or (loss)	-20,127	-10,822	-30,949			-30,949
d		Net gain or (loss)						
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
		a						
		b Less direct expenses	b					
c		Net income or (loss) from fundraising events						
9a		Gross income from gaming activities See Part IV, line 19						
	a							
	b Less direct expenses	b						
c	Net income or (loss) from gaming activities							
10a	Gross sales of inventory, less returns and allowances							
	a							
	b Less cost of goods sold	b						
c	Net income or (loss) from sales of inventory							
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions		186,660,955	180,831,644	214,087	5,184,075		

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

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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.	27,520	27,520		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	14,046	14,046		
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.	1,383,192	177,304	1,205,888	
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.	66,019,500	54,162,073	11,626,119	231,308
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	6,937,980	5,259,428	1,665,959	12,593
9	Other employee benefits.	6,734,511	5,558,052	1,133,329	43,130
10	Payroll taxes.	4,125,940	3,223,100	887,900	14,940
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	463,144	9,845	453,299	
c	Accounting.	74,180		74,180	
d	Lobbying.	50,178		50,178	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	404,385		404,385	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	13,974,067	11,028,224	2,939,755	6,088
12	Advertising and promotion.	329,001	71,828	250,501	6,672
13	Office expenses.	1,652,559	603,574	1,040,456	8,529
14	Information technology.	1,300,014	276,656	1,023,358	
15	Royalties.				
16	Occupancy.	1,973,852	334,977	1,635,641	3,234
17	Travel.	311,048	146,266	162,060	2,722
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	356,954	170,268	186,591	95
20	Interest.	1,799,258		1,799,258	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	9,317,533	6,728,545	2,588,988	
23	Insurance.	1,956,923	1,956,923		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES, OTHER	41,610,761	40,626,782	981,960	2,019
b	BAD DEBT EXPENSE	10,850,345	10,850,345		
c	BED TAX	1,401,500	1,401,500		
d	OTHER TAXES	38,089		38,089	
e	All other expenses	144,994		144,994	
25	Total functional expenses. Add lines 1 through 24e.	173,251,474	142,627,256	30,292,888	331,330
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		16,135,251	2	24,687,067
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		22,948,724	4	26,768,453
	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			7	3,948,805
	8	Inventories for sale or use		3,613,773	8	3,569,726
	9	Prepaid expenses and deferred charges		2,961,254	9	2,339,570
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	176,565,145		
	b	Less accumulated depreciation	10b	80,549,370	97,399,185	10c 96,015,775
	11	Investments—publicly traded securities		64,567,768	11	72,359,338
	12	Investments—other securities See Part IV, line 11		24,048,654	12	21,522,128
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		417,436	15	612,592
	16	Total assets. Add lines 1 through 15 (must equal line 34)		232,092,045	16	251,823,454
Liabilities	17	Accounts payable and accrued expenses		16,427,015	17	18,873,326
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		42,231,476	20	37,016,209
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		24,230,817	25	22,777,622
	26	Total liabilities. Add lines 17 through 25		82,889,308	26	78,667,157
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		138,230,176	27	160,820,583
	28	Temporarily restricted net assets		3,217,396	28	4,332,327
	29	Permanently restricted net assets		7,755,165	29	8,003,387
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		149,202,737	33	173,156,297
	34	Total liabilities and net assets/fund balances		232,092,045	34	251,823,454

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	186,660,955
2	Total expenses (must equal Part IX, column (A), line 25)	2	173,251,474
3	Revenue less expenses Subtract line 2 from line 1	3	13,409,481
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	149,202,737
5	Net unrealized gains (losses) on investments	5	4,713,331
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	5,830,748
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	173,156,297

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

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 PETER'S HOSPITAL	Employer identification number 81-0233121
---	--

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 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

Part IIISupport 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 C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ST PETER'S HOSPITAL	Employer identification number 81-0233121
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		50
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		100
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		50,178
j	Total. Add lines 1c through 1i.			50,328
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	THE HOSPITAL HIRED A CONSULTANT TO PROVIDE LOBBYING SERVICES IN CONNECTION WITH GOVERNMENTAL AFFAIRS REPRESENTATION TO ENSURE HOSPITAL, COMMUNITY, AND EMPLOYEE INTERESTS AND NEEDS ARE REPRESENTED. IN ADDITION, A PORTION OF AHA/MHA DUES ARE ATTRIBUTED TO LOBBYING SERVICES.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST PETER'S HOSPITAL

Employer identification number
81-0233121

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

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

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

a Total number of conservation easements

b Total acreage restricted by conservation easements

c Number of conservation easements on a certified historic structure included in (a)

d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

	Held at the End of the Year
2a	
2b	
2c	
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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	10,598,351	10,709,927	9,692,852	7,514,363	9,393,554
b Contributions	64,337	489,607	127,911	1,405,761	630,667
c Net investment earnings, gains, and losses	979,412	-542,431	1,052,329	928,225	-2,297,705
d Grants or scholarships					
e Other expenditures for facilities and programs	35,418	58,752	163,165	155,497	212,153
f Administrative expenses					
g End of year balance	11,606,682	10,598,351	10,709,927	9,692,852	7,514,363

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 68 950 %

c

Temporarily restricted endowment 31 050 %

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,745,203		3,745,203
b Buildings		97,953,299	27,710,554	70,242,745
c Leasehold improvements				
d Equipment		72,559,534	51,506,865	21,052,669
e Other		2,307,109	1,331,951	975,158
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				96,015,775

Schedule D (Form 990) 2012

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	175,932,285
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	
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	-10,850,345
e	Add lines 2a through 2d	2e	-10,850,345
3	Subtract line 2e from line 1	3	186,782,630
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	404,385
b	Other (Describe in Part XIII)	4b	-526,060
c	Add lines 4a and 4b	4c	-121,675
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	186,660,955

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	162,334,409
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	337,665
e	Add lines 2a through 2d	2e	337,665
3	Subtract line 2e from line 1	3	161,996,744
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	404,385
b	Other (Describe in Part XIII)	4b	10,850,345
c	Add lines 4a and 4b	4c	11,254,730
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	173,251,474

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	ENDOWMENT FUNDS ARE RESTRICTED FOR SUPPORT OF HOSPITAL PROGRAMS AND SERVICES AND FOR CAPITAL PURCHASES AND IMPROVEMENTS IN ACCORDANCE WITH BOARD POLICIES AND/OR DONOR RESTRICTIONS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE HOSPITAL AND FOUNDATION ARE MONTANA NONPROFIT CORPORATIONS AND HAVE BEEN RECOGNIZED BY THE INTERNAL REVENUE SERVICE (IRS) AS EXEMPT FROM FEDERAL INCOME TAXES UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). THE HOSPITAL AND THE FOUNDATION ARE ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS. IN ADDITION, THE HOSPITAL IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE. THE HOSPITAL FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME. PEAK HEALTH HELENA, LLC IS A LIMITED LIABILITY COMPANY AND IS TREATED AS A CORPORATION FOR FEDERAL AND STATE INCOME TAX PURPOSES. THERE WAS NO TAXABLE INCOME IN 2013 AND 2012. THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED. THE ORGANIZATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2010.
PART XI, LINE 2D - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBTS IN REVENUES ON FINANCIAL STATEMENTS -10,850,345
PART XI, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSES RECORDED IN EXPENSES FOR FINANCIAL STATEMENTS -337,665. BOOK/TAX ADJUSTMENT FOR PARTNERSHIPS -188,395
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES RECORDED IN EXPENSES FOR FINANCIAL STATEMENTS 337,665
PART XII, LINE 4B - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBTS IN REVENUES FOR FINANCIAL STATEMENTS 10,850,345

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 PETER'S HOSPITAL

Employer identification number
81-0233121

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 <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	3a Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	3b Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4 Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible 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)			7,705,421	2,929,518	4,775,903	2 940 %
b Medicaid (from Worksheet 3, column a)			9,621,893	7,787,343	1,834,550	1 130 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			17,327,314	10,716,861	6,610,453	4 070 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			799,669	291,572	508,097	0 310 %
f Health professions education (from Worksheet 5)			36,992	585	36,407	0 020 %
g Subsidized health services (from Worksheet 6)			45,204,424	35,590,544	9,613,880	5 920 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			60,531		60,531	0 040 %
j Total Other Benefits			46,101,616	35,882,701	10,218,915	6 290 %
k Total. Add lines 7d and 7j			63,428,930	46,599,562	16,829,368	10 360 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

10,850,345

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

0

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

59,051,969

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

60,193,959

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-1,141,990

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

9b

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

9b

Yes

Part IVManagement 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 %
11HELENA SURGICENTER LLC	SURGERY CENTER	50.000 %	9.150 %	5.290 %
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 PETER'S HOSPITAL 2475 BROADWAY HELENA, MT 59601	X	X					X		PHYSICIAN CLINICS & URGENT CARE SERVICES	

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)

ST PETER'S HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
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	Yes
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	No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
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	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

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

☒

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	<input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	<input type="checkbox"/> Other (describe in Part VI)			
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	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	Yes	

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?

2

Name and address	Type of Facility (describe)
1 HOSPICE & HOMELINK OF ST PETER'S HOSP 201 SOUTH CALIFORNIA HELENA, MT 59601	HOSPICE AND HOME HEALTH
2 APEX OF ST PETER'S HOSPITAL 201 SOUTH CALIFORNIA HELENA, MT 59601	HOME OXYGEN SERVICES
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 THE ORGANIZATION'S COMMUNITY BENEFIT REPORT CAN BE FOUND ON ITS WEBSITE AT WWW.STPETES.ORG
		PART I, LINE 7 CHARITY CARE, UNREIMBURSED MEDICAID AND SUBSIDIZED HEALTH SERVICES ARE CONVERTED TO COST USING THE COST TO CHARGE RATIO DERIVED FROM THE HOSPITAL'S COST ALLOCATION SYSTEM THE COST ALLOCATION SYSTEM ADDRESSES ALL PATIENT SEGMENTS THE COSTS ARE ESTIMATED BY ALLOCATING DEPARTMENTAL COSTS BASED ON DIRECT COSTS LESS ANY OTHER OPERATING REVENUE THEN BY DOING AN ALLOCATION OF BENEFITS, DEPRECIATION AND OTHER OVERHEAD COSTS COMMUNITY HEALTH IMPROVEMENT SERVICES, HEALTH PROFESSIONS EDUCATION AND CASH AND IN-KIND CONTRIBUTIONS ARE EXPENSES INCURRED AND TRACKED IN THE CBISA PROGRAM

Identifier	ReturnReference	Explanation
		PART I, LINE 7G SUBSIDIZED HEALTH SERVICES INCLUDES \$5,958,125 OF COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM THE DENOMINATOR OF THE CALCULATIONS WAS \$10,850,345

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE IS REPORTED AT CHARGES AS RECORDED BY THE ORGANIZATION BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR THE FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES IS LOCATED IN FOOTNOTE 1 ON PAGE 8 OF THE ATTACHED FINANCIAL STATEMENTS
		PART III, LINE 8 THESE EXPENSES REPRESENT AN OVERALL SHORTFALL OF THE DIRECT MEDICARE PATIENT POPULATION THE COSTS THEMSELVES ARE THEREFORE A COMMUNITY BENEFIT AS THE COMMUNITY WOULD NOT RECEIVE THESE SERVICES IF WE DID NOT PROVIDE THEM TOTAL MEDICARE REVENUE AND MEDICARE ALLOWABLE COSTS OF CARE ARE CALCULATED USING A COST ALLOCATION METHOD CONSISTENT WITH THE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ST PETER'S HOSPITAL RECOGNIZES ITS RESPONSIBILITY TO RENDER NECESSARY HEALTH CARE SERVICES TO ALL PERSONS IN NEED OF SUCH CARE, REGARDLESS OF RACE, CREED, COLOR OR ECONOMIC CIRCUMSTANCES ST PETER'S HOSPITAL RECOGNIZES THAT PAYMENT FOR SERVICES RENDERED IS DUE AND PAYABLE AT THE TIME OF SERVICE THE HOSPITAL ACCEPTS INSURANCE ASSIGNMENTS AND SOME OTHER APPROVED ARRANGEMENTS FOR DELAYED PAYMENT FINANCIAL ASSISTANCE IS AVAILABLE FOR ALL QUALIFIED PATIENTS PATIENTS NOT COVERED BY INSURANCE OR UNABLE TO PAY IN FULL FOR SERVICES RENDERED MUST CONTACT THE APPROPRIATE PATIENT ACCOUNT REPRESENTATIVE WHO WILL ASSIST THE PATIENT AND/OR FAMILY IN DETERMINING IF HE/SHE QUALIFIES FOR PATIENT ASSISTANCE COLLECTION ACTIVITY WILL BE SUSPENDED WHILE A FINANCIAL ASSISTANCE APPLICATION IS UNDER REVIEW
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 3 A CONSULTANT WAS ENGAGED TO FACILITATE THE COMMUNITY NEEDS ASSESSMENT THROUGH USE OF INTERVIEWS AND FOCUS GROUPS UTILIZING REPRESENTATIVES FROM PUBLIC HEALTH, PHYSICIANS, OTHER HEALTH PROFESSIONALS, SOCIAL SERVICE PROVIDERS, AND OTHER COMMUNITY LEADERS

Identifier	ReturnReference	Explanation
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 5C THE COMMUNITY HEALTH NEEDS ASSESSMENT MAY BE FOUND AT HTTP //WWW STPETES ORG/CHNA
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 6I THE IMPLEMENTATION STRATEGY MAY BE FOUND AT HTTP //WWW STPETES ORG/SPH-CHIP

Identifier	ReturnReference	Explanation
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 7 DUE TO THE TIMING OF THE ADOPTION OF THE IMPLEMENTATION STRATEGY, ST PETER'S HOSPITAL HAS NOT HAD THE TIME TO EXECUTE THE IMPLEMENTATION STRATEGY THE IMPLEMENTATION STRATEGY WAS MADE AVAILABLE UPON REQUEST
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 14G A COPY OF THE FINANCIAL ASSISTANCE POLICY IS INCLUDED ON THE WEBSITE ADDITIONALLY, A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE FACILITY'S EMERGENCY ROOM AND WAITING ROOMS AND ADMISSIONS OFFICES THE SUMMARY IS ALSO PROVIDED TO PATIENTS UPON ADMISSION TO THE HOSPITAL FACILITY

Identifier	ReturnReference	Explanation
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 18E THE POLICY IS PUBLISHED ON THE STPETES.ORG WEBSITE
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 22 ALL INDIVIDUALS ELIGIBLE UNDER THE HOSPITAL FINANCIAL ASSISTANCE POLICY ARE PROVIDED A DISCOUNT FOR EMERGENCY AND OTHER MEDICALLY NECESSARY CARE THE FINANCIAL ASSISTANCE POLICY DOES NOT APPLY TO ELECTIVE PROCEDURES THEREFORE, FAP-ELIGIBLE PATIENTS WITHOUT INSURANCE MAY BE CHARGED GROSS CHARGES ON ELECTIVE PROCEDURES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 ST PETER'S HOSPITAL CONDUCTS A COMMUNITY SURVEY EVERY THREE YEARS THE COMMUNITY SURVEY IS PERFORMED BY AN INDEPENDENT CONTRACTOR THAT SELECTS AN ADEQUATE SAMPLE SIZE FOR THE AREA THE HOMES OF ST PETER'S HOSPITAL EMPLOYEES ARE EXCLUDED FROM THE SURVEY THE SURVEY INCLUDES QUESTIONS RELATED TO EVALUATING THE COMMUNITY'S EXPERIENCE AND ABILITY TO ACCESS HEALTHCARE THE SURVEY HELPS TO IDENTIFY SPECIALTY AREAS OF CONCERN THE RESULTS OF THE SURVEYS ARE REVIEWED BY THE SENIOR MANAGEMENT TEAM AS WELL AS THE BOARD TO IDENTIFY THE AREAS OF FOCUS IN 2013, THE ST PETER'S BOARD OF DIRECTORS, MADE UP OF COMMUNITY MEMBERS, PHYSICIANS, AND SENIOR MANAGEMENT, WORKED WITH A CONSULTANT TO DEVELOP ST PETER'S COMMUNITY HEALTH IMPROVEMENT PLAN (CHIP) BASED ON THE FINDINGS OF THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), THE BOARD AND ITS COMMUNITY RELATIONS COMMITTEE PRIORITIZED COMMUNITY HEALTH NEEDS FOR THE ORGANIZATION THE COMMUNITY RELATIONS COMMITTEE REPRESENTS A BROAD RANGE OF COMMUNITY INTERESTS AND GIVES FINAL APPROVAL OF THE CHNA AND CHIP THE PUBLIC RELATIONS AND MARKETING DEPARTMENT IS RESPONSIBLE FOR THE FACILITATION AND IMPLEMENTATION OF THE CHNA AND CHIP
		PART VI, LINE 3 ST PETER'S HOSPITAL (1) POSTS ITS CHARITY CARE POLICY ON ITS WEB SITE AS WELL AS AT THE ADMITTING DESK, EMERGENCY ROOM, ON THE MONTHLY STATEMENTS AND CASHIER AREAS IN WHICH ELIGIBLE PATIENTS ARE LIKELY TO BE PRESENT, (2) OFFERS A SUMMARY OF OUR POLICY AND APPLICATION TO SELF PAY PATIENTS WITH CONTACT INFORMATION TO PATIENTS AS PART OF THE INTAKE PROCESS, (3) PROVIDES A COPY OF FINANCIAL ASSISTANCE CONTACT INFORMATION TO PATIENTS WITH DISCHARGE MATERIALS, (4) FINANCIAL COUNSELORS DISCUSS WITH PATIENTS EXPECTING TO OWE MORE THAN \$500 THE AVAILABILITY OF PATIENT ASSISTANCE AND VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, WHERE APPLICABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ST PETER'S HOSPITAL IS A 123-BED ACUTE CARE HOSPITAL FACILITY SERVING RESIDENTS OF LEWIS AND CLARK COUNTY AND PORTIONS OF JEFFERSON, BROADWATER, MEAGHER AND POWELL COUNTIES ST PETER'S IS THE SOLE FACILITY IN THE PRIMARY SERVICES AREA THE HOSPITAL FINANCIAL PAYOR MIX CONSISTED OF 6 1% SELF PAY PATIENTS, 7 1% OF MEDICAID PATIENTS AND 45 1% MEDICARE PATIENTS APPROXIMATELY 14 8% OF THE POPULATION IS AGE 65 AND OLDER THE AVERAGE PER CAPITA INCOME IS \$27,861 AND APPROXIMATELY 9 7% OF THE POPULATION IS BELOW THE FEDERAL POVERTY LEVEL THE NEAREST HOSPITAL IN THE AREA IS APPROXIMATELY 35 MILES FROM ST PETER'S CAMPUS
		PART VI, LINE 5 THE ORGANIZATION'S GOVERNING BODY MEMBERS RESIDE IN THE COMMUNITY MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SURPLUS FUNDS ARE USED TO MAKE CAPITAL PURCHASES AND UPGRADES TO THE FACILITIES ST PETER'S HOSPITAL IS THE SOLE ACUTE CARE PROVIDER IN THE PRIMARY SERVICE AREA MADE UP OF LEWIS & CLARK COUNTY AND THE NORTHERN PORTION OF JEFFERSON COUNTY THERE IS A POPULATION OF APPROXIMATELY 76,277 OUT-MIGRATION IS GENERALLY LIMITED TO TERTIARY SERVICES NOT AVAILABLE AT ST PETER'S HOSPITAL INCLUDING CARDIAC SURGERY AND NEO-NATAL CARE ST PETER'S HOSPITAL PROVIDES CARE TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY ST PETER'S HOSPITAL MAINTAINS CHARGES AS ONE OF THE LOWEST HOSPITALS WITHIN THE STATE DEPENDING ON THE SERVICES BEING PROVIDED ST PETER'S HOSPITAL SPONSORS SEVERAL WELLNESS SCREENINGS, HEALTH FAIRS AND EDUCATIONAL LECTURES, CLASSES, AND EVENTS THROUGHOUT THE YEAR TO PROMOTE BETTER LIVING, NUTRITION AND GOOD HEALTH CONTINUING EDUCATION IS ALSO PROVIDED TO THE MEMBERS OF THE MEDICAL COMMUNITY ON AN ON-GOING BASIS IN ADDITION, ST PETER'S HOSPITAL HAD 15,177 VOLUNTEER HOURS FROM THE COMMUNITY ASSISTING IN A VARIETY OF ROLES WITHIN THE ORGANIZATION ST PETER'S HOSPITAL MADE \$60,531 OF CASH AND IN-KIND DONATIONS TO A VARIETY OF ORGANIZATIONS WITHIN THE COMMUNITY THIS INCLUDES BUT IS NOT LIMITED TO CR ANDERSON MIDDLE SCHOOL FOR ITS HONOR STUDENT PROGRAM, ANGEL FUND TO PURCHASE CLOTHING AND SCHOOL SUPPLIES FOR YOUTH, HELENA HIGH SCHOOL, LEWIS AND CLARK COUNTY FOR CRISIS RESPONSE TEAM, HEALTHY MOTHER'S/HEALTHY BABIES, HOSA, FRIENDSHIP CENTER, FLORENCE CRITTENTON, YMCA, GOD'S LOVE, CARROLL COLLEGE ATHLETICS WITH EMERGENCY SERVICES AT EVENTS, CARROLL COLLEGE NURSING DEPARTMENT WITH MEDICAL SUPPLIES NEEDED FOR LEARNING LABS, EXPLORATION WORKS WITH MEDICAL SUPPLIES NEEDED FOR STUDENT SCIENCE EXPERIMENTS, UNITED WAY TO ASSIST LOW-INCOME AND HOMELESS RESIDENTS WITH BASIC NEEDS, SPIRIT OF SERVICE CAMPAIGN BY PROVIDING SUPPLIES AND VOLUNTEERS TO HELP ELDERLY RESIDENTS AND OTHERS WITH SPECIAL NEEDS IMPROVE THEIR HOMES AND YARDS, KAY MCKENNA YOUTH FOUNDATION TO PROVIDE SAFE SUMMER YOUTH ACTIVITIES, ARCHIE BRAY FOUNDATION, HELENA FOOD SHARE PROGRAM FOR BACK PACK PROGRAM IN THE SCHOOLS AND BIG BROTHERS AND SISTERS THE DONATIONS WERE MADE TO ASSIST THESE COMMUNITY SPONSORS IN THEIR VARIOUS PROGRAMS ST PETER'S HOSPITAL IS THE SOLE COMMUNITY ACUTE CARE FACILITY WITHIN THE IMMEDIATE AREA ST PETER'S HOSPITAL ALSO MAINTAINS A 24 BED BEHAVIORAL HEALTH INPATIENT ADULT AND GERIATRIC UNIT THIS IS THE ONLY FACILITY WITHIN THE SERVICE AREA ST PETER'S HOSPITAL OPERATES AN EMERGENCY ROOM AND TWO URGENT CARE CLINICS THAT PROVIDE SERVICES TO ALL REGARDLESS OF ABILITY TO PAY

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ST PETER'S HOSPITAL

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

Employer identification number
81-0233121

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

2

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

▶

3

Enter total number of other organizations listed in the line 1 table

▶

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
(1) EDUCATION ASSISTANCE	2	14,046			

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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 AS DETERMINED BY THE PUBLIC RELATIONS DIRECTOR AND THE CEO, THE ORGANIZATION FINANCIALLY SUPPORTS COMMUNITY INDIVIDUALS PURSUING EDUCATION PROGRAMS THAT ENRICH HEALTH AND SAFETY TO THE COMMUNITY DUE TO KNOWLEDGE OF THE RECIPIENTS AND THE PURPOSE OF THE GRANTS, FURTHER MONITORING ON THE USE OF THE FUNDS WAS NOT DEEMED NECESSARY

Schedule J (Form 990) <div>Department of the Treasury Internal Revenue Service</div>	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 PETER'S HOSPITAL	Employer identification number 81-0233121
---	--

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items <div><div><input type="checkbox"/> First-class or charter travel</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Discretionary spending account</div><div><input checked="" type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>			
		1b	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes	
3	Indicate which, if any, of the following the 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 <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>			
		4a	Yes	
		4b	Yes	
		4c		No
5	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 <div><div>a Receive a severance payment or change-of-control payment?</div><div>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div><div>c Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> 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.			
		5a		No
		5b		No
6	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 <div><div>a The organization?</div><div>b Any related organization?</div></div> If "Yes," to line 5a or 5b, describe in Part III			
		6a		No
		6b		No
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	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				
(1) JAMES BURKHOLDER MD BOARD MEMBER	(i) (ii)	305,938 0	12,185 0	959 0	10,328 0	5,803 0	335,213 0	0 0
(2) JOHN GREEN CFO	(i) (ii)	203,567 0	17,076 0	22,321 0	11,514 0	11,217 0	265,695 0	0 0
(3) TOM GREGG INTERIM CEO (6/1/12-01/20/13)	(i) (ii)	304,474 0	24,518 0	26,880 0	9,118 0	9,175 0	374,165 0	0 0
(4) DR MICHAEL LEE PHYSICIAN	(i) (ii)	808,927 0	0 0	834 0	9,122 0	4,304 0	823,187 0	0 0
(5) DR THOMAS WEINER PHYSICIAN	(i) (ii)	1,421,534 0	0 0	1,847 0	17,240 0	7,982 0	1,448,603 0	0 0
(6) DR MATTHEW MCLAREN PHYSICIAN	(i) (ii)	586,138 0	0 0	19,980 0	7,500 0	7,715 0	621,333 0	0 0
(7) DR SCOTT PARGOT PHYSICIAN	(i) (ii)	667,107 0	0 0	0 0	12,057 0	3,981 0	683,145 0	0 0
(8) DR JEFFREY MARTIN PHYSICIAN	(i) (ii)	739,046 0	0 0	103,845 0	7,500 0	2,184 0	852,575 0	0 0
(9) JOHN SOLHEIM FORMER PRESIDENT/CEO	(i) (ii)	163,391 0	178,883 0	399,079 0	14,497 0	7,169 0	763,019 0	0 0

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 1A	JOHN SOLHEIM AND TOM GREGG RECEIVED REIMBURSEMENT FOR MEMBERSHIP DUES PAID TO A SOCIAL CLUB. JOHN SOLHEIM RECEIVED AN ANNUAL COMMUNITY SUPPORT ALLOWANCE AND A CAR ALLOWANCE. JOHN SOLHEIM WAS TAXED ON THE PERSONAL MILEAGE THAT HE USED. JOHN SOLHEIM AND TOM GREGG WERE PROVIDED TRAVEL FOR COMPANIONS FOR BUSINESS FUNCTIONS. ALL AMOUNTS WERE REPORTED AS TAXABLE COMPENSATION. A HIGHLY COMPENSATED PHYSICIAN RECEIVED A HOUSING ALLOWANCE PENDING HIS RELOCATION TO THE AREA.
	PART I, LINES 4A-B	JOHN SOLHEIM RECEIVED A SEVERANCE PAYMENT IN FISCAL YEAR 2013. JOHN SOLHEIM AND TOM WEINER PARTICIPATE IN A NONQUALIFIED RETIREMENT PLAN UNDER 457(B). AMOUNTS FROM THEIR BASE WAGES WERE DEFERRED INTO THEIR PLAN AT THEIR DISCRETION. THE ORGANIZATION DID NOT CONTRIBUTE MONEY INTO THE PLAN ON BEHALF OF THE INDIVIDUALS NAMED ABOVE.

Software ID:
Software Version:
EIN: 81-0233121
Name: ST PETER'S HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JAMES BURKHOLDER MD	(i)	305,938	12,185	959	10,328	5,803	335,213	0
	(ii)	0	0	0	0	0	0	0
JOHN GREEN	(i)	203,567	17,076	22,321	11,514	11,217	265,695	0
	(ii)	0	0	0	0	0	0	0
TOM GREGG	(i)	304,474	24,518	26,880	9,118	9,175	374,165	0
	(ii)	0	0	0	0	0	0	0
DR MICHAEL LEE	(i)	808,927	0	834	9,122	4,304	823,187	0
	(ii)	0	0	0	0	0	0	0
DR THOMAS WEINER	(i)	1,421,534	0	1,847	17,240	7,982	1,448,603	0
	(ii)	0	0	0	0	0	0	0
DR MATTHEW MCLAREN	(i)	586,138	0	19,980	7,500	7,715	621,333	0
	(ii)	0	0	0	0	0	0	0
DR SCOTT PARGOT	(i)	667,107	0	0	12,057	3,981	683,145	0
	(ii)	0	0	0	0	0	0	0
DR JEFFREY MARTIN	(i)	739,046	0	103,845	7,500	2,184	852,575	0
	(ii)	0	0	0	0	0	0	0
JOHN SOLHEIM	(i)	163,391	178,883	399,079	14,497	7,169	763,019	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 PETER'S HOSPITAL

Employer identification number
81-0233121

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	MONTANA FACILITY FINANCE AUTHORITY	81-0302402	61204JBR4	05-06-2004	29,748,183	TO FUND EXPANSION AND RENOVATION OF EXISTING HOSPITAL FACILITY	X			X		X
B	MONTANA FACILITY FINANCE AUTHORITY	81-0302402	61204JBY9	03-22-2007	22,826,511	FUND MED OFFICE BLDG & WOMEN & CHILDREN'S BED WING & REFUND BONDS 1/23/97		X		X		X
C	MONTANA FACILITY FINANCE AUTHORITY	81-0302402		03-13-2013	21,435,000	TO REFINANCE 2004 BOND SERIES		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	5,025,000		7,100,000					
2	Amount of bonds legally defeased	24,680,000							
3	Total proceeds of issue	29,748,183		23,439,515		21,435,000			
4	Gross proceeds in reserve funds	1,659,659		1,659,659					
5	Capitalized interest from proceeds	465,447		465,447					
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	422,346		353,863		338,736			
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	27,111,925		14,743,608		21,085,703			
11	Other spent proceeds	7,154,609		7,154,609					
12	Other unspent proceeds	10,561				10,561			
13	Year of substantial completion	2008		2009		2013			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X			X		
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 00000%		0 00000%		0 00000%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%		0%		0%		%	
6	Total of lines 4 and 5	0 00000%		0%		0%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

Part IV Arbitrage

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

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X			

Part VI

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

Identifier	Return Reference	Explanation
SCHEDULE K, PART I, LINE B(E)		THE DIFFERENCE BETWEEN THE ISSUE PRICE REPORTED IN PART I AND THE TOTAL PROCEEDS OF ISSUES REPORTED IN PART II IS INTEREST EARNED ON THE BONDS DURING THE CONSTRUCTION PHASE

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 PETER'S HOSPITAL

Employer identification number
81-0233121

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
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) MARIA BRAMAN	PARTIAL YEAR BOARD CHAIR	505,997	PURCHASE OF LAB AND INVENTORY AFTER BOARD SERVICE TERMINATED, LAB SERVICES		No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization ST PETER'S HOSPITAL	Employer identification number 81-0233121
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	
	FORM 990, PART VI, SECTION A, LINE 7A	THE NOMINATING COMMITTEE SOLICITS QUALIFIED CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS AND PRESENTS A SLATE TO THE BOARD OF DIRECTORS WITH ONE CANDIDATE FOR EACH POSITION TO BE FILLED. MEMBERS OF THE BOARD OF DIRECTORS MAY SUBMIT THE NAMES OF POTENTIAL CANDIDATES TO THE NOMINATING COMMITTEE FOR THE COMMITTEE'S CONSIDERATION. THE NOMINATING COMMITTEE'S SLATE OF POTENTIAL CANDIDATES IS SUBMITTED TO THE BOARD AT THE BOARD OF DIRECTOR'S ANNUAL MEETING. FIVE MEMBERS OF THE BOARD OF DIRECTORS SERVE BY VIRTUE OF THE OFFICES AND FOR THE DURATION OF THE TIME THEY REMAIN IN OFFICE, THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE HOSPITAL, THE CHIEF-OF-STAFF OF THE HOSPITAL, THE CHIEF-OF-STAFF ELECT OF THE HOSPITAL, THE ST. PETER MEDICAL GROUP PRESIDENT, AND THE ST. PETER'S FOUNDATION CHAIR.
	FORM 990, PART VI, SECTION B, LINE 11	A ROUGH DRAFT OF THE FORM 990 IS REVIEWED BY THE CEO AND CFO AS WELL AS THE FINANCE COMMITTEE PRIOR TO FULL BOARD APPROVAL OF THE FINAL FORM 990 PRIOR TO FILING.
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS ALL BOARD MEMBERS, OFFICERS, SENIOR ADMINISTRATION AND KEY EMPLOYEES. THE BOARD IDENTIFIES POTENTIAL CONFLICTS AND DETERMINES IF VOTING ON RELATED ITEMS WOULD BE A CONFLICT OF INTEREST. IF A CONFLICT IS DETERMINED TO EXIST, THE CONFLICTED INDIVIDUAL IS EXCLUDED FROM VOTING ON THE CONFLICTED ITEM.
	FORM 990, PART VI, SECTION B, LINE 15	AN INDEPENDENT COMPENSATION CONSULTANT PERFORMS A REVIEW OF SALARIES AND BENEFITS USING DATA FROM COMPARABLE HEALTHCARE FACILITIES. A REPORT IS PREPARED AND PRESENTED TO THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS, WHICH USES THE REPORT TO DETERMINE OFFICER AND SENIOR MANAGEMENT COMPENSATION. THE INFORMATION IS THEN REVIEWED WITH THE BOARD OF DIRECTORS. THE ANNUAL PROCESS WAS PERFORMED DURING 2012.
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST.
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	MINIMUM PENSION LIABILITY ADJUSTMENT 4,279,200. CHANGE IN PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS OF FOUNDATION 1,363,153. BOOK/TAX ADJUSTMENT FOR PARTNERSHIPS 188,395.

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 PETER'S HOSPITAL

Employer identification number
81-0233121

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

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
(1) ST PETER'S HOSPITAL FOUNDATION 2475 BROADWAY HELENA, MT 59601 81-0392270	RAISE FUNDS TO SUPPORT ST PETER'S HOSPITAL	MT	501(C)(3)	LINE 11A, I	ST PETER'S HOSPITAL	Yes	

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) Disproporionate 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	
(1) PEAK HEALTH LLC 2475 BROADWAY AVENUE HELENA, MT 59601 27-1863807	HEALTH CLUB	MT	N/A	UNRELATED	9,531	2,003,216		No			No	65 000 %
(2) PEAK HEALTH REALTY LLC 2475 BROADWAY AVENUE HELENA, MT 59601 27-2492966	RENTAL PROPERTY	MT	N/A	UNRELATED	-80,863	-140,978		No			No	65 000 %
(3) PEAK HEALTH HELENA LLC 2475 BROADWAY AVENUE HELENA, MT 59601 27-1863807	HEALTH CLUB	MT	N/A	UNRELATED	84,267	-233,779		No			No	65 000 %

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

Part V

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

s Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

No

1m

Yes

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

No

1s

Yes

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ST PETER'S HOSPITAL FOUNDATION	C	286,584	FMV
(2) ST PETER'S HOSPITAL FOUNDATION	M	331,330	COST

Schedule R (Form 990) 2012

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.

[illegible]

Software ID:

Software Version:

EIN: 81-0233121

Name: ST PETER'S HOSPITAL

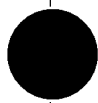
Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Consolidated Financial Statements
May 31, 2013 and 2012

St. Peter's Hospital and Affiliates

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Independent Auditor's Report

The Board of Trustees
St. Peter's Hospital and Affiliates
Helena, Montana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Peter's Hospital and Affiliates, which comprise the consolidated balance sheets as of May 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Peter's Hospital and Affiliates as of May 31, 2013 and 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Accounting Principles

As discussed in Note 1 to the consolidated financial statements, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for bad debts, and allowance for doubtful accounts for certain health care entities, St. Peter's Hospital and Affiliates has changed its presentation and disclosure of those financial statement elements.

A handwritten signature in cursive script that reads "Eide Sallie LLP".

Billings, Montana
September 5, 2013

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 25,628,494	\$ 16,829,044
Receivables		
Patient, net of estimated uncollectible accounts of \$24,070,000 in 2013 and \$22,863,000 in 2012	22,610,424	20,900,263
Other	3,901,444	1,813,830
Notes	493,600	-
Assets limited as to use	674,703	2,524,801
Inventory of supplies and drugs	3,571,596	3,616,715
Prepaid expenses and deposits	2,350,006	2,961,254
Total current assets	59,230,267	48,645,907
Assets Limited as to Use		
By board for capital improvements	28,775,931	25,596,529
By board for debt repayment	17,143,011	15,701,879
Endowment funds	11,606,682	10,598,351
Under indenture agreements, held by trustee	2,508,739	7,567,505
	60,034,363	59,464,264
Less current portion	(674,703)	(2,524,801)
Total non-current assets limited as to use	59,359,660	56,939,463
Property and Equipment	103,902,636	105,442,475
Other Assets		
Investments	32,644,659	24,141,027
Joint venture investments	725,148	4,694,080
Deferred financing costs, net of amortization	1,191,979	1,020,963
Notes receivable, less current portion	6,512,665	3,057,460
Total other assets	41,074,451	32,913,530
Total assets	\$ 263,567,014	\$ 243,941,375

See Notes to Consolidated Financial Statements

St. Peter's Hospital and Affiliates
Consolidated Balance Sheets
May 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 199,217	\$ 1,570,555
Accounts payable		
Trade	4,589,198	4,607,435
Estimated third-party payor settlements	1,996,668	1,922,157
Accrued expenses	14,595,760	12,237,722
Estimated liability to beneficiaries	<u>239,525</u>	<u>241,593</u>
Total current liabilities	21,620,368	20,579,462
Long-Term Liabilities		
Long-term debt, less current maturities	45,746,992	49,590,921
Liability for pension benefits	20,780,954	22,308,660
Estimated liability to beneficiaries, less current portion	<u>1,341,970</u>	<u>1,388,875</u>
Total liabilities	<u>89,490,284</u>	<u>93,867,918</u>
Net Assets		
Unrestricted	160,820,583	138,230,176
Non-controlling interest-unrestricted	920,433	870,720
Temporarily restricted	4,332,327	3,217,396
Permanently restricted	<u>8,003,387</u>	<u>7,755,165</u>
Total net assets	<u>174,076,730</u>	<u>150,073,457</u>
Total liabilities and net assets	<u><u>\$ 263,567,014</u></u>	<u><u>\$ 243,941,375</u></u>

St. Peter's Hospital and Affiliates
Consolidated Statements of Operations
Years Ended May 31, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 175,178,069	\$ 161,424,208
Provision for bad debts	(10,850,345)	(8,816,374)
Net patient service revenue less provision for bad debts	164,327,724	152,607,834
Other revenue	8,058,932	4,411,415
Net assets released from restrictions used for operations	449,044	281,883
Total unrestricted revenues, gains, and other support	172,835,700	157,301,132
Expenses		
Salaries	68,329,352	62,577,185
Employee benefits	17,843,222	15,713,705
Drugs	22,949,238	21,563,400
Supplies	17,831,629	17,866,373
Depreciation and amortization	9,665,474	9,381,055
Purchased services	9,704,953	8,631,458
Non-medical fees	7,429,891	6,786,156
Insurance	1,967,807	2,112,515
Interest and amortization	2,121,988	2,383,561
Rent	881,480	943,072
Physician fees	2,563,584	2,744,464
Travel and education	626,538	490,149
Miscellaneous	3,028,136	2,614,270
Total expenses	164,943,292	153,807,363
Operating Income	7,892,408	3,493,769
Other Income (Expense)		
Net investment income	5,060,964	2,248,628
Income from joint venture investments	1,147,348	730,479
Loss on sale of joint venture investment	(20,127)	-
Loss on debt refinancing	(574,272)	-
Loss on sale of property and equipment	(10,822)	(771,851)
Total other income, net	5,603,091	2,207,256
Revenues in Excess of Expenses	13,495,499	5,701,025
Change in Net Assets Attributable to Non-controlling Interest	(49,713)	133,822
Net Assets Released From Restrictions for Capital Expenditures	161,584	355,111
Change in Value of Split Interest Agreements	(347,293)	-
Change in Unrealized Gains and Losses on Investments	5,051,130	(6,669,072)
Minimum Pension Liability Adjustment	4,279,200	(8,542,940)
Change in Unrestricted Net Assets Attributable to St. Peter's Hospital and Affiliates	\$ 22,590,407	\$ (9,022,054)

St. Peter's Hospital and Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended May 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 13,495,499	\$ 5,701,025
Net assets released from restrictions for capital expenditures	161,584	355,111
Change in value of split interest agreements	(347,293)	-
Change in unrealized gains and losses on investments	5,051,130	(6,669,072)
Minimum pension liability adjustment	<u>4,279,200</u>	<u>(8,542,940)</u>
Change in unrestricted net assets	22,640,120	(9,155,876)
Change in unrestricted net assets attributable to non-controlling interest	<u>(49,713)</u>	<u>133,822</u>
Change in unrestricted net assets attributable to St Peter's Hospital and Affiliates	<u>22,590,407</u>	<u>(9,022,054)</u>
Temporarily Restricted Net Assets		
Contributions, investment and grant income	1,069,520	862,159
Change in unrealized gains and losses on investments	656,039	(392,590)
Net assets released from donor restrictions	<u>(610,628)</u>	<u>(636,994)</u>
Change in temporarily restricted net assets	<u>1,114,931</u>	<u>(167,425)</u>
Permanently Restricted Net Assets		
Contributions	38,772	456,391
Change in value of split interest agreements	190,732	(416,959)
Change in unrealized gains and losses on investments	<u>18,718</u>	<u>(11,828)</u>
Change in permanently restricted net assets	<u>248,222</u>	<u>27,604</u>
Non-controlling Interest		
Change in unrestricted net assets attributable to non-controlling interest	<u>49,713</u>	<u>(133,822)</u>
Change in Net Assets	24,003,273	(9,295,697)
Net Assets, Beginning of Year	<u>150,073,457</u>	<u>159,369,154</u>
Net Assets, End of Year	<u><u>\$ 174,076,730</u></u>	<u><u>\$ 150,073,457</u></u>

St. Peter's Hospital and Affiliates
Consolidated Statements of Cash Flows
Years Ended May 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Activities		
Change in net assets	\$ 24,003,273	\$ (9,295,697)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	9,665,474	9,381,055
Amortization of deferred financing costs	48,342	46,358
Amortization of bond premium	(51,471)	(60,555)
Realized gain on investments	(3,881,450)	(1,176,098)
Income from joint venture investments	(1,147,348)	(730,479)
Loss on sale of joint venture	20,127	-
Loss on debt refinancing	574,272	-
Loss on sale of property and equipment	10,822	771,851
Change in unrealized gains and losses on investments	(5,725,887)	7,073,490
Contributions and investments restricted by donors	(1,783,049)	(914,132)
Changes in assets and liabilities		
Receivables	(3,797,775)	(6,526,227)
Supplies	45,119	(67,037)
Prepaid expenses and other	611,248	(414,896)
Accounts payable	(18,237)	(768,607)
Estimated third party settlements	74,511	(210,155)
Accrued expenses	2,701,599	3,285,409
Pension liability	(1,527,706)	8,119,561
Estimated liability to beneficiaries	(48,973)	52,718
Net Cash from Operating Activities	<u>19,772,891</u>	<u>8,566,559</u>
Investing Activities		
Purchase of investments	(128,750,896)	(98,845,395)
Proceeds from maturities and sale of investments	124,832,251	96,901,564
Purchase of property and equipment	(8,143,957)	(9,256,948)
Proceeds from sale of property and equipment	7,500	-
Cash received from joint venture investments	1,147,348	1,142,027
Net Cash Used for Investing Activities	<u>(10,907,754)</u>	<u>(10,058,752)</u>
Financing Activities		
Contributions and investments restricted by donors	1,783,049	914,132
Payment for deferred financing costs	(338,736)	-
Repayment of long-term debt	(1,510,000)	(2,650,000)
Net Cash Used for Financing Activities	<u>(65,687)</u>	<u>(1,735,868)</u>
Net Change in Cash and Cash Equivalents	8,799,450	(3,228,061)
Cash and Cash Equivalents, Beginning of Year	<u>16,829,044</u>	<u>20,057,105</u>
Cash and Cash Equivalents, End of Year	<u>\$ 25,628,494</u>	<u>\$ 16,829,044</u>

St. Peter's Hospital and Affiliates
Consolidated Statements of Cash Flows
Years Ended May 31, 2013 and 2012

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	\$ 2,599,278	\$ 2,521,003
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Supplemental Disclosure of Non-cash Investing and Financing Activity

Long-term debt and accrued interest retired through debt refinancing		
Long-term debt incurred for debt refinancing	\$ 21,435,000	\$ -
Assets limited as to use-held by trustee used for debt refinancing	4,801,548	-
Assets limited as to use-held by trustee acquired from long-term debt proceeds	(349,297)	-
Long-term debt retired	(25,088,796)	-
Accrued interest retired	(343,561)	-
Retirement of deferred financing costs	119,378	-
Loss on debt refinancing	\$ 574,272	\$ -
Note receivable from sale of joint venture investment	\$ 3,455,205	\$ -

Note 1 - Organization and Significant Accounting Policies

Organization

The consolidated financial statements include the accounts of St. Peter's Hospital (Hospital), St. Peter's Foundation (Foundation) and Peak Health Helena, LLC (Peak), a 65 percent owned affiliate. The Hospital is a non-profit corporation, which operates a private, general acute care, community hospital facility in Helena, Montana. The Hospital is licensed to operate 99 medical-surgical, obstetrical, and intensive/cardiac care beds and 24 behavioral health beds. The Hospital is accredited by the Joint Commission on Accreditation of Health Care Organizations.

The Hospital provides medical and surgical services, including emergency care, obstetrics, intensive care, and coronary care. Supporting these services is a range of diagnostic and therapeutic departments. The Foundation performs fund-raising activities for the Hospital and supports health care activities throughout the community. Peak operates a health and fitness center in Helena, Montana. Included in net assets is a non-controlling interest, which represents the minority LLC member's proportionate share of equity in Peak.

All significant inter-company accounts and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient Receivables and Credit Policy

Patient receivables are uncollateralized patient and third party payor obligations. The Hospital charges interest at 10 percent per annum on past due accounts after 90 days. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. Patient receivables are reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. In evaluating the collectability of patient receivables, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for estimated uncollectible accounts.

Management regularly reviews data of its major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third party coverage, the Hospital analyzes amounts due under the applicable contracts and applies percentages to determine estimated amounts that will not be collected from third parties and provides an allowance for estimated uncollectible accounts and a provision for bad debts, if necessary.

For receivables associated with private pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the invoice, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unwilling to pay the portion of their invoice for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for estimated uncollectible accounts.

The Hospital's process for calculating the allowance for estimated uncollectible accounts for self-pay patients has not significantly changed from May 31, 2012 to May 31, 2013. The Hospital has not significantly changed its charity care or uninsured discount policies during 2013 or 2012.

Inventory of Supplies and Drugs

Supplies and drugs are stated at lower of cost (average) or market.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value. Fair value is defined 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. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless donor or law restricts the income or loss. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. Gains or losses on the sale of securities are determined using the specific-identification method.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and debt repayment, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by trustees under indenture agreements and assets set aside for donor specific purposes and endowment funds. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

Property and Equipment

Property and equipment acquisitions greater than \$1,000 are capitalized at cost, or if donated, at fair value at the date of receipt. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is included in the consolidated statements of operations.

Depreciation is provided using the straight-line method, based on useful lives of the assets, which range from three to forty years.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended May 31, 2013 and 2012.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of 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 net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method, which does not differ materially from results that would be produced under the interest method. The estimated annual amortization of deferred financing costs is approximately \$34,000 for each of the years 2014 through 2018.

Assets Held and Liabilities under Split-Interest Agreements

Under charitable gift annuity contracts, the Organization receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as an unrestricted contribution. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Temporarily and Permanently Restricted Net Assets

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

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, minimum pension liability adjustments, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts and charity care related to uninsured patients in the period the services are provided.

Net patient service revenue, but before the provision for bad debts, recognized for the years ended May 31, 2013 and 2012 from these major payor sources, is as follows:

	<u>2013</u>	<u>2012</u>
Net Patient Service Revenue		
Third-party payors	\$ 157,162,902	\$ 143,397,653
Private pay	<u>18,015,167</u>	<u>18,026,555</u>
Total all payors	<u><u>\$ 175,178,069</u></u>	<u><u>\$ 161,424,208</u></u>

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was approximately \$7,705,000 and \$8,143,000 for the years ended May 31, 2013 and 2012, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

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 donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology.

These incentive payments will be paid out over four years on a transitional schedule. To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria. In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period. This attestation is subject to audit by the federal government or its designee. The EHR incentive payment to hospitals for each payment year is calculated as a product of (1) an initial amount; (2) the Medicare share; and (3) a transition factor applicable to that payment year.

The Hospital recognizes EHR incentive payments as revenue when there is reasonable assurance that the Hospital will comply with the conditions attached to the incentive payments. EHR incentive payments are included in other operating revenue in the accompanying financial statements. The amount of EHR incentive payments recognized are based on management's best estimate and those amounts are subject to change with such changes impacting the period in which they occur. The Hospital recognized revenue of \$2,674,048 and \$-0- for the years ended May 31, 2013 and 2012 related to EHR incentive payments. These incentive payments are included in other revenue in the accompanying consolidated financial statements.

Income Taxes

The Hospital and Foundation are Montana nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital and the Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Hospital files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income.

Peak Health Helena, LLC is a limited liability company and is treated as a corporation for federal and state income tax purposes. There was no taxable income in 2013 and 2012.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Organization's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2010.

Advertising Costs

The Organization expenses advertising costs as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Guidance

As of and for the year ended May 31, 2013, the Hospital adopted the provisions of ASU No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. In accordance with the implementation guidance, the Hospital retroactively applied the presentation requirements to 2012. The impact on 2012 was a decrease to total unrestricted revenues, gains, and other support of \$8,817,841, and a decrease to total expenses of \$8,817,841 in the consolidated statements of operations. There was no impact on operating income or net assets.

Subsequent Events

The Organization has evaluated subsequent events through September 5, 2013, the date which the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on the change in net assets.

Note 2 - Net Patient Service Revenue

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

Medicare: - (Approximately 45 percent and 43 percent of gross patient service revenues for the years ended May 31, 2013 and 2012). Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates varied according to a patient classification system that was based on clinical, diagnostic, and other factors. The majority of Medicare outpatient services are paid under a prospective payment methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended May 31, 2010.

Medicaid: - (Approximately 6 percent and 7 percent of gross patient service revenues for the years ended May 31, 2013 and 2012, respectively). Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services and capital costs related to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and settlements thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through May 31, 2007.

Other: - The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations, which include discounts from established charges.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended May 31, 2013 and 2012 increased approximately \$1,147,000 and \$-0-, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims are reviewed by contractors for validity, accuracy, and proper documentation. The potential exists that the Hospital may incur a liability for a claims overpayment at a future date.

A summary of patient service revenue and contractual adjustments is as follows:

	2013	2012
Inpatient	\$ 105,874,626	\$ 93,630,655
Outpatient and ancillary	184,235,424	170,956,354
	<u>290,110,050</u>	<u>264,587,009</u>
Contractual adjustments	<u>(114,931,981)</u>	<u>(103,162,801)</u>
Net patient service revenue	<u>\$ 175,178,069</u>	<u>\$ 161,424,208</u>

Note 3 - Investments

The composition of assets limited as to use and investments at May 31, 2013 and 2012, is shown in the following table. Cash and cash equivalents are stated at historical cost and all other investments are stated at fair value.

Assets Limited as to Use

	2013	2012
Cash and cash equivalents	\$ 7,393,385	\$ 13,096,275
Common stock	33,429,161	28,374,222
Mutual funds	14,050,160	5,667,628
U.S. Treasury and government obligations	9,909	3,410,265
Corporate bonds	-	3,259,425
Alternative investments	4,305,374	4,869,504
Beneficial interests in managed trusts	846,374	786,945
	<u>\$ 60,034,363</u>	<u>\$ 59,464,264</u>

Investments

	2013	2012
Common stock	\$ 20,374,563	\$ 14,024,928
Mutual funds	9,191,109	3,985,144
U.S. Treasury and government obligations	-	1,685,640
Corporate bonds and certificates of deposit	250,851	1,839,695
Alternative investments	2,624,059	2,406,917
Beneficial interests in managed trusts	204,077	198,703
	<u>\$ 32,644,659</u>	<u>\$ 24,141,027</u>

Investments in an Unrealized Loss Position

The fair values and gross unrealized losses of assets limited as to use and investments for individual securities that have been in a continuous unrealized loss position as of May 31, 2013 and 2012 are as follows:

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
2013				
Common stock	\$ 1,332,179	\$ 8,898,583	\$ 210,266	\$ 1,063,524
Mutual funds	150,882	10,180,967	239,385	8,709,918
Corporate bonds	-	-	59	5,376
Alternative investments	71	3,254	204,923	934,904
	<u>\$ 1,483,132</u>	<u>\$ 19,082,804</u>	<u>\$ 654,633</u>	<u>\$ 10,713,722</u>
2012				
Common stock	\$ 2,735,004	\$ 12,786,704	\$ 1,155,992	\$ 3,034,017
Mutual funds	374,882	3,213,205	130,060	3,302,362
U.S. Treasury and government obligations	1,237	816,423	-	-
Corporate bonds	24,543	1,563,982	6,854	291,035
Alternative investments	167,071	1,160,957	70,990	597,060
	<u>\$ 3,302,737</u>	<u>\$ 19,541,271</u>	<u>\$ 1,363,896</u>	<u>\$ 7,224,474</u>

The gross unrealized losses on these investments were primarily due to interest rate fluctuations and market-price movements consistent with the cyclical nature of the financial markets. The Organization has a diversified portfolio. Based on its evaluation and the Organization's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, management does not consider these investments to be other-than-temporarily impaired at May 31, 2013 and 2012.

As of May 31, 2013 and 2012, the fair value of investments and assets limited as to use exceeded cost by \$9,233,408 and \$3,507,521, respectively.

Investment Income

Investment income and gains and losses on assets limited as to use and investments consist of the following:

	2013	2012
Unrestricted net assets		
Interest and dividend income	\$ 1,536,152	\$ 1,289,446
Realized gains on investments	3,524,812	959,182
	<u>\$ 5,060,964</u>	<u>\$ 2,248,628</u>
Temporarily restricted net assets		
Interest and dividend income	\$ 108,376	\$ 70,274
Realized gains on investments	356,638	216,916
	<u>\$ 465,014</u>	<u>\$ 287,190</u>

Joint Venture Investments

The Organization owns interests in various joint ventures. Joint venture investments include the following:

Helena Surgi Center - The Helena Surgi Center (the Surgi Center) is a 50/50 joint venture between the Hospital and local surgeons. It is estimated that approximately 75 percent of all current hospital outpatient surgery is performed at the Surgi Center. The Surgi Center strengthens the hospital/physician partnership relationship by aligning hospital and physician interests with both parties striving to provide quality, cost effective ambulatory surgical services. The Surgi Center is accounted for by the Hospital using the equity method and is stated at \$520,000, as of May 31, 2013 and 2012. Income from the Surgi Center, included in other income, was \$1,080,783 and \$982,501 for the years ended May 31, 2013 and 2012, respectively. As of May 31, 2013 the Surgi Center has total assets of approximately \$3,117,000, total liabilities of approximately \$1,903,000, and revenues of approximately \$7,200,000.

VHA Mountain States (a risk retention group) - The Hospital has an interest in VHA Mountain States of approximately 6.25 percent. As a group member, the Hospital is obligated to purchase its malpractice insurance through VHA Mountain States. The Hospital accounts for its investment and related advances to VHA Mountain States using the cost method. Total investment was \$205,148 as of May 31, 2013 and 2012.

New West Health Services - The Hospital had an investment ownership of approximately 22 percent in New West Health Services (NWHS), a mutual benefit corporation that provides health insurance. NWHS is accounted for by the Hospital using the equity method and is stated at \$-0- and \$3,968,932 as of May 31, 2013 and 2012, respectively. The Hospital sold its investment in NWHS on August 2, 2012 in exchange for a note receivable of \$3,948,805 resulting in a loss of \$20,127 for the year ended May 31, 2013. NWHS has a calendar year end of December 31 and the Hospital follows the practice of stating its investment in NWHS as of this date. Therefore, the operating result of NWHS, which is reported in the Hospital's consolidated statement of operations, is for NWHS' year ending the previous December 31. The income (loss) from NWHS, included in other income, was \$66,565 and \$(252,022) for the years ended May 31, 2013 and 2012, respectively. The 2012 loss includes an other than temporary impairment loss of \$671,000, whereby management has determined the fair value of the investment in NWHS is less than its carrying value under the equity method.

Note 4 - Notes Receivable

Notes receivable as of May 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
.88% Note Receivable from NWHS, Due in Annual Principal Installments of \$493,600 plus interest, beginning July 1, 2013 through July 1, 2020, guaranteed by Billings Clinic	\$ 3,948,805	\$ -
.5% Note Receivable from a Community Development Investment Fund, monthly interest only payments through May 2017, principal and interest payments beginning June 2017 through 2037 (A)	<u>3,057,460</u>	<u>3,057,460</u>
	7,006,265	3,057,460
Less current portion	<u>(493,600)</u>	<u>-</u>
	<u>\$ 6,512,665</u>	<u>\$ 3,057,460</u>

(A) - The note receivable represents advances made to a community development investment fund in connection with a financing arrangement for construction of the Peak Health and Fitness Center. The terms of the notes are the same as the corresponding notes payable. See Note 7.

Note 5 - Property and Equipment

A summary of property and equipment at May 31, 2013 and 2012 follows:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 4,257,547	\$ -	\$ 4,245,203	\$ -
Land Improvements	1,789,738	1,331,951	1,749,280	1,261,007
Buildings and Improvements	105,371,537	28,156,175	103,737,819	24,734,975
Furniture, Fixtures and Equipment	73,209,870	51,755,301	69,164,960	48,808,643
Construction in Progress	<u>517,371</u>	<u>-</u>	<u>1,349,838</u>	<u>-</u>
	<u>\$ 185,146,063</u>	<u>\$ 81,243,427</u>	<u>\$ 180,247,100</u>	<u>\$ 74,804,625</u>
Net property and equipment		<u>\$ 103,902,636</u>		<u>\$ 105,442,475</u>

Construction in progress consists of various expansion and remodel projects within the Organization's facilities. There are no contractual commitments related to these projects.

Note 6 - Leases

The Organization leases certain office space and equipment under non-cancelable long-term lease agreements. These leases have been recorded as operating leases. Total lease expense for the years ended May 31, 2013 and 2012 for all operating leases was approximately \$884,500 and \$943,000, respectively. Minimum lease payments for operating leases in future years are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2014	\$ 357,828
2015	342,545
2016	93,446
2017	4,562
2018	3,900
	<u>\$ 802,281</u>

Note 7 - Long-Term Debt

	<u>2013</u>	<u>2012</u>
2013 Series Bonds, Due June 1 of Each Year through 2024 with 2.31% interest, secured by real estate, equipment, and patient receivables	\$ 21,435,000	\$ -
2004 Series Bonds, Due June 1 of Each Year through 2024 with interest from 4.0% to 5.25%, secured by real estate, equipment, and patient receivables	-	26,190,000
2007 Series Bonds, Due June 1 of Each Year through 2036 with interest from 4.375% to 5%, secured by real estate, equipment, and patient receivables	15,000,000	15,000,000
Peak Health Helena, LLC Notes Payable (A)	8,930,000	8,930,000
Unamortized Bond Premium	581,209	1,041,476
	45,946,209	51,161,476
Less current maturities	(199,217)	(1,570,555)
Long-term debt, less current maturities	<u>\$ 45,746,992</u>	<u>\$ 49,590,921</u>

Peak Health Helena, LLC Notes Payable

(A) - Peak Health Helena, LLC notes payable consists of six promissory notes. The six promissory notes were issued to finance the construction of a building Peak Health Helena, LLC occupies to operate a health and fitness center in Helena, Montana. The promissory notes are associated with New Market Tax Credits (NMTC) available to two participating lending institutions. Each of the promissory notes require monthly interest only payments through May 2017, with principal and interest payments commencing June 2017 through June 2037, and are secured by real estate.

Terms specific to each note are as follows:

NMTC Loan A1 and NMTC Loan A2 - Each have an outstanding balance of \$1,906,500 at May 31, 2013 and 2012 and bear interest at 6.72%. Monthly interest only payments will be \$10,676 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through June 2037 will be \$14,462 for each note.

NMTC Loan B1 and NMTC Loan B2 - Each have an outstanding balance of \$1,528,730 at May 31, 2013 and 2012 and bear interest at .50%. Monthly interest only payments will be \$637 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through June 2037 will be \$6,695 for each note. Notes receivable of \$3,057,460 is included on the balance sheet as a long-term asset. The terms of the notes receivable from a community development investment fund are the same as the terms of Loan B1 and Loan B2.

NMTC Loan C1 and NMTC Loan C2 - Each have an outstanding balance of \$1,029,770 at May 31, 2013 and 2012 and bear interest at 1.70%. Monthly interest only payments will be \$1,459 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through the June 2037 will be \$5,296 for each note.

Under the terms of the trust indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in these financial statements as assets limited as to use. In accordance with the debt agreement provisions, the Hospital is entitled to collect and expend its gross receipts until the event of default where all gross receipts shall be payable directly to U.S. Bank National Association. The trust indenture also places limits on the occurrence of additional borrowings in addition to the reserve requirements as long as the bonds are outstanding. Management believes the Hospital is in compliance with these restrictions as of May 31, 2013.

Long-term debt maturities, net of amortization of premium on bonds, are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2014	\$ 199,217
2015	1,759,217
2016	1,789,217
2017	1,824,217
2018	1,864,217
Thereafter	38,510,124
	<u>\$ 45,946,209</u>

Note 8 - Accrued Expenses

Accrued expenses as of May 31, 2013 and 2012 consist of the following:

	2013	2012
Compensation	\$ 5,105,046	\$ 4,065,630
Malpractice insurance	3,473,799	2,094,710
Personal leave	2,867,561	2,805,654
Payroll and other taxes	2,527,456	2,107,584
Interest	475,486	1,004,247
Other	146,412	159,897
	<u>\$ 14,595,760</u>	<u>\$ 12,237,722</u>

Note 9 - Retirement Plans

Defined Contribution Plan

During the year ended May 31, 2011, the Hospital established a Tax Deferred Savings Plan covering new employees that are not participating in the defined benefit plan. Employer contributions consist of 3 percent of the employee's compensation plus a 100 percent match of employee contributions up to 3 percent of the employee's compensation. Total pension plan expense for this plan for the years ended May 31, 2013 and 2012 was approximately \$605,000 and \$680,000, respectively.

Defined Benefit Plan

The Hospital has established the St. Peter's Hospital CashPlus Retirement Plan (Plan) to provide retirement benefits to its qualifying employees. Employees who have completed a year of service and have worked 832 hours or more are eligible for coverage under the Plan on the first day of the month following the date they met this requirement. Effective for all periods after March 31, 2011, the Board of Trustees closed participation in the Plan to all employees who are not yet participants in the Plan and to any rehired employees.

The Hospital recognizes the overfunded or underfunded status of their pension plans in the balance sheet, and measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end.

	2013	2012
Weighted-average Assumptions used to Determine Benefit obligations		
Discount rate	3.87%	3.79%
Expected long term return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

Calculation of the items below is based on a measurement date and plan asset information as of May 31, 2013 and 2012 and employee census data at January 1, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 49,664,422	\$ 39,002,665
Service cost	3,323,627	2,628,775
Interest cost	1,810,984	1,773,863
Actuarial loss	1,793,095	9,485
Effects of actuarial assumptions change	(384,978)	7,616,829
Benefits paid	<u>(2,571,306)</u>	<u>(1,367,195)</u>
Benefit obligation at end of year	<u>\$ 53,635,844</u>	<u>\$ 49,664,422</u>
Accumulated benefit obligation end of year	<u>\$ 44,933,226</u>	<u>\$ 41,110,505</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 27,355,762	\$ 24,813,566
Actual return on plan assets	4,793,465	(981,503)
Employer contribution	3,276,969	4,890,894
Benefits paid	<u>(2,571,306)</u>	<u>(1,367,195)</u>
Fair value of plan assets at end of year	<u>\$ 32,854,890</u>	<u>\$ 27,355,762</u>
Funded status (underfunded)	<u>\$ (20,780,954)</u>	<u>\$ (22,308,660)</u>
Amounts recognized in the consolidated balance sheets:		
Liability for pension benefits-long term liability	<u>\$ (20,780,954)</u>	<u>\$ (22,308,660)</u>
Components of net periodic benefit cost:		
Service cost	\$ 3,323,627	\$ 2,628,775
Interest cost	1,810,984	1,773,863
Expected return on plan assets	(2,288,896)	(1,941,110)
Amortization of prior service cost	48,490	48,490
Amortization of net loss	<u>3,134,258</u>	<u>1,957,497</u>
Net periodic benefit cost	<u>\$ 6,028,463</u>	<u>\$ 4,467,515</u>

Investment Objectives

The expected long-term rate of return on plan assets was 8 percent in 2013 and 2012, derived using the Plan's asset mix, historical returns by asset category, expectations for future capital market performance, and the fund's past experience. Both the Plan's investment policy and the expected long-term rate of return assumptions are reviewed periodically. The Hospital's strategy is to focus on a one to three year investment horizon, maintaining equity securities at 50-80 percent of total assets while keeping an average duration in debt securities, extending that duration as interest rates rise and maintaining cash funds at appropriate levels relating to the current economic environment.

Plan Assets

Following is the fair value measurement information for the Hospital's major categories of Plan assets.

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2013			
Mutual funds			
Large cap growth	\$ 3,282,824	\$ -	\$ -
Large cap value	5,492,043	-	-
International equity	3,840,470	-	-
Small/mid cap growth	2,240,893	-	-
Small/mid cap value	1,650,829	-	-
Small/mid cap equity	5,413,299	-	-
Bond funds	10,434,459	-	-
Cash equivalents	500,073	-	-
	<u>\$ 32,854,890</u>	<u>\$ -</u>	<u>\$ -</u>
2012			
Mutual funds			
Large cap growth	\$ 5,170,911	\$ -	\$ -
Large cap value	5,344,394	-	-
International equity	4,338,619	-	-
Small/mid cap growth	671,931	-	-
Small/mid cap value	673,520	-	-
Small/mid cap equity	1,367,974	-	-
Bond funds	9,136,538	-	-
Cash equivalents	651,875	-	-
	<u>\$ 27,355,762</u>	<u>\$ -</u>	<u>\$ -</u>

Cash Flows - Contributions

St. Peter's Hospital expects to contribute \$2,516,943 to the CashPlus Retirement Plan in fiscal year 2014.

Estimated Future Benefit Payments

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

<u>Year Ending May 31,</u>	<u>Benefits</u>
2014	\$ 3,996,590
2015	4,113,131
2016	4,100,161
2017	4,129,584
2018	5,040,755
2019-2023	<u>30,088,305</u>
	<u><u>\$ 51,468,526</u></u>

Note 10 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at May 31, 2013 and 2012 are restricted to:

	<u>2013</u>	<u>2012</u>
Charitable gift annuities	\$ 2,034,578	\$ 1,544,232
Jane Hibbard Endowment Fund	689,563	600,759
Allen Cancer Center Endowment Fund	432,543	235,232
Allen Cardiac Catheterization Special Project Fund	297,147	171,888
Mandy Bell Endowment Fund	173,444	130,529
Ludlow Endowment Fund	82,555	56,451
Other	<u>622,497</u>	<u>478,305</u>
	<u><u>\$ 4,332,327</u></u>	<u><u>\$ 3,217,396</u></u>

In 2013 and 2012, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose in the amounts of \$610,628 and \$636,994, respectively.

Permanently restricted net assets at May 31, 2013 and 2012 are restricted to:

	<u>2013</u>	<u>2012</u>
St. Peter's Hospital Foundation holdings, net of		
Annuity liabilities	\$ 5,887,840	\$ 5,639,618
Curtin Endowment Fund	1,627,961	1,627,961
Caird Endowment Fund	<u>487,586</u>	<u>487,586</u>
	<u><u>\$ 8,003,387</u></u>	<u><u>\$ 7,755,165</u></u>

Note 11 - Endowments

The Hospital's endowment consists of individual funds established for a variety of purposes. Endowment assets may include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

The composition of endowment net assets by fund as of May 31, 2013 and 2012, respectively, is as follows:

2013:				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted				
Endowment funds	\$ (347,293)	\$ 3,950,588	\$ 8,003,387	\$ 11,606,682
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012:				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted				
Endowment funds	\$ -	\$ 2,843,186	\$ 7,755,165	\$ 10,598,351
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Changes in endowments net assets for the years ended May 31, 2013 and 2012, respectively, are as follows:

2013:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year	\$ -	\$ 2,843,186	\$ 7,755,165	\$ 10,598,351
Investment Return:				
Investment income	-	462,664	-	462,664
Net appreciation	-	651,447	21,862	673,309
Contributions	-	28,709	35,628	64,337
Appropriation of Endowment Assets for expenditure	-	(35,418)	-	(35,418)
Change in Split Value Interests	(347,293)	-	190,732	(156,561)
End of year	<u>\$ (347,293)</u>	<u>\$ 3,950,588</u>	<u>\$ 8,003,387</u>	<u>\$ 11,606,682</u>
2012:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year	\$ -	\$ 2,982,366	\$ 7,727,561	\$ 10,709,927
Investment Return:				
Investment income	-	285,997	-	285,997
Net depreciation	-	(399,641)	(11,828)	(411,469)
Contributions	-	33,216	456,391	489,607
Appropriation of Endowment Assets for expenditure	-	(58,752)	-	(58,752)
Change in Split Value Interests	-	-	(416,959)	(416,959)
End of Year	<u>\$ -</u>	<u>\$ 2,843,186</u>	<u>\$ 7,755,165</u>	<u>\$ 10,598,351</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to maintain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. As of May 31, 2013 and 2012, there were no such deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs of the Organization. The endowment assets are invested in a manner that is intended to provide both a reasonably predictable income stream and principal appreciation that exceeds inflation. The Organization expects its endowment funds, over time, to provide a level of return higher than the "market" as represented by a benchmark index or mix of indices reflective of the fund's asset mixture.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy is to maintain sufficient financial stability for the operations of the Organization. Investment income, net of investment expense, is currently added to unrestricted and temporarily restricted net assets and appropriated by the Board periodically.

Note 12 - Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Financial Assets: - Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents approximates fair value. For all investments and assets limited as to use, the fair value is based upon quoted market prices. The fair value of accounts and notes receivable and accrued interest and other receivables approximates carrying value since the Organization expects receipt in the near-term.

Financial Liabilities: - The fair value of accounts payable, accrued expenses and estimated settlements with third party payors approximates carrying value due to expected payment in the near term. The fair value of long-term debt is approximately \$200,000 less than carrying value at May 31, 2013 and \$750,000 more than carrying value at May 31, 2012. Fair values for long-term debt were determined using Level 2 inputs in the fair value hierarchy. The estimated liability to beneficiaries approximates carrying value.

Note 13 - Fair Value of Assets

Fair Value Measurement

The valuation of common stock and mutual funds is based on quoted prices in principal active markets for identical assets (Level 1). The valuation of U.S. Treasury and government obligations, corporate bonds and certificates of deposits is based on quoted prices in principal active markets and other observable inputs (Level 2).

Alternative investments consist principally of investment funds that are valued based on quotes from brokers that deal in these securities or by an unaffiliated pricing service that may use trade data and pricing models (Level 2). The alternative investments generally have limitations on liquidity, which range from 30 to 90 days. The investment strategies include an objective to preserve capital and to generate consistent long-term appreciation and returns. The objective is pursued by investing in assets in a variety of investment vehicles including but not limited to, limited partnerships, limited liability companies, offshore corporations and other foreign investment vehicles, as well as direct investments in marketable securities.

The following table sets forth by level, within the fair value hierarchy, the fair values of assets limited as to use and investments as of May 31, 2013 and 2012:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2013:			
Common stock			
Large cap growth	\$ 19,461,561	\$ -	\$ -
Large cap value	10,714,378	-	-
International equity	10,717,650	-	-
Small/mid cap growth	6,903,858	-	-
Small/mid cap value	4,815,462	-	-
Equities blend	1,190,815	-	-
Mutual funds			
Bond	18,599,273	-	-
Allocation	2,458,472	-	-
Real estate	577,771	-	-
Growth	694,981	-	-
Commodities	287,396	-	-
Blend	83,068	-	-
Stock	503,718	-	-
Loan	24,889	-	-
Value	11,701	-	-
U.S. Treasury and government obligations	-	9,909	-
Corporate bonds and certificates of deposit	-	250,851	-
Alternative investments	-	6,929,433	-
Beneficial interests in managed trusts	-	-	1,050,451
	<u>\$ 77,044,993</u>	<u>\$ 7,190,193</u>	<u>\$ 1,050,451</u>

2012:	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Common stock			
Large cap growth	\$ 16,997,819	\$ -	\$ -
Large cap value	10,107,957	-	-
International equity	6,194,516	-	-
Small/mid cap growth	4,562,149	-	-
Small/mid cap value	2,802,584	-	-
Equities blend	1,734,125	-	-
Mutual funds			
Bond	5,921,219	-	-
Allocation	1,996,239	-	-
Real estate	930,940	-	-
Growth	588,783	-	-
Commodities	51,203	-	-
Blend	72,397	-	-
Stock	56,803	-	-
Loan	23,980	-	-
Value	11,208	-	-
U.S. Treasury and government obligations	-	5,095,905	-
Corporate bonds and certificates of deposit	-	5,099,120	-
Alternative investments	-	7,276,421	-
Beneficial interests in managed trusts	-	-	985,648
	<u>\$ 52,051,922</u>	<u>\$ 17,471,446</u>	<u>\$ 985,648</u>

The valuation of beneficial interest in managed trusts uses significant unobservable inputs, including actuarial assumptions and discount rates (Level 3). Following is a reconciliation of activity for 2013 and 2012 for assets measured at fair value based upon significant unobservable (non-market) information (Level 3):

	2013	2012
Balance, beginning of year	\$ 985,648	\$ 1,119,315
Change in value of beneficial interests	64,803	(133,667)
Balance, end of year	<u>\$ 1,050,451</u>	<u>\$ 985,648</u>

Note 14 - Concentrations of Credit Risk

Patient Receivables

The Organization grants credit without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at May 31, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	32%	31%
Medicaid	7%	7%
Blue Cross/Blue Shield	12%	13%
Other third party payors	23%	17%
Private pay	26%	32%
	<u>100%</u>	<u>100%</u>

Cash Balances

The Organization's cash balances are maintained in various financial institutions. At various times during the year, the balance of these deposits may be in excess of federally insured limits and other collateral. Management believes the financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

Note 15 - Contingencies

Professional Liability

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and \$3,000,000 annual aggregate limit. The Organization also carries an umbrella policy subject to a limit of \$5,000,000 per claim and \$15,000,000 annual aggregate limit. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

The Organization has recorded a liability, as of May 31, 2013 and 2012, of \$3,473,799 and \$2,094,710, respectively, for an estimate to be paid on outstanding claims. In addition, the Organization has recorded a receivable, as of May 31, 2013 and 2012, of \$2,270,750 and \$1,177,147, respectively, for estimated insurance proceeds on the outstanding claims for which a liability has been recorded.

Litigations, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Organization.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Self-Insurance Plans

The Hospital maintains a self-insured unemployment insurance program whereby the Hospital reimburses the Employment Security Division of the State of Montana for actual unemployment claims chargeable to the Hospital.

The Hospital provides for workers' compensation through a self-insurance plan administered by a private insurance carrier. The Hospital makes payments to the self-insurance plan based on claims made. The Hospital's liability is limited to \$250,000 per claim and aggregate claims of \$1,700,000 per year. An estimated liability for claims incurred but not paid as of May 31, 2013, and 2012 of approximately \$660,000 and \$647,000, respectively, is included in accrued expenses.

Note 16 - Functional Expenses

Functional expenses for the years ended May 31, 2013 and 2012 are as follows:

	2013	2012
Healthcare services	\$ 130,265,554	\$ 120,309,201
Supporting services	33,923,329	32,832,965
Fundraising	754,409	665,197
	<u>\$ 164,943,292</u>	<u>\$ 153,807,363</u>

Note 17 - Unsponsored Community Benefits (Unaudited)

The Hospital has policies that provide for serving those without the ability to pay. In addition to direct charity, the Hospital provides services that benefit the poor and others in the community. The cost of providing these community benefits can exceed the revenue source available. Records are maintained to identify and monitor the cost of charity and other sponsored services. These costs are offset by contributions and other amounts received as direct assistance. Information for the year ended May 31, 2013 is summarized below:

	<u>Persons Served</u>	<u>Community Benefit at Cost</u>	<u>Direct Offsetting Reimbursement</u>	<u>Unsponsored Community Benefit</u>
Benefits for the Poor				
Traditional charity care	7,110	\$ 7,705,421	\$ 3,456,225	\$ 4,249,196
Unpaid cost of Medicaid	17,183	9,621,893	7,787,343	1,834,550
		<u>17,327,314</u>	<u>11,243,568</u>	<u>6,083,746</u>
Benefits for the Broader Community				
Subsidized health services		45,204,425	35,590,545	9,613,880
Cash and in-kind donations	89,679	68,437	-	68,437
Community education outreach	21,647	488,498	203,607	284,891
Medical education	231	36,407	-	36,407
Community building activities	863	171,032	-	171,032
Community benefit operations		44,267	-	44,267
		<u>46,013,066</u>	<u>35,794,152</u>	<u>10,218,914</u>
		<u>\$ 63,340,381</u>	<u>\$ 47,037,720</u>	<u>\$ 16,302,661</u>



Supplemental Information
May 31, 2013 and 2012

St. Peter's Hospital and Affiliates



Independent Auditor's Report on Consolidating Information

The Board of Directors
St. Peter's Hospital and Affiliates
Helena, Montana

We have audited the consolidated financial statements of the St. Peter's Hospital and Affiliates as of and for the years ended May 31, 2013 and 2012, and our report thereon dated September 5, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads 'Eide Bailly LLP'.

Billings, Montana
September 5, 2013

St. Peter's Hospital and Affiliates
Consolidating Schedules of Assets
May 31, 2013 and 2012

	2013					2012				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Current Assets										
Cash and cash equivalents	\$ 24 687 067	\$ 665 236	\$ 276 191	\$ -	\$ 25 628 494	\$ 16 135 251	\$ 509 454	\$ 184 339	\$ -	\$ 16 829 044
Receivables										
Patient net	22 610 424	-	-	-	22 610 424	20 900 263	-	-	-	20 900 263
Other	4 158 029	33 762	1 698	(292 045)	3 901 444	2 048 461	9 014	2 318	(245 963)	1 813 830
Notes	493 600	-	-	-	493 600	-	-	-	-	-
Assets limited as to use	674 703	-	-	-	674 703	2 524 801	-	-	-	2 524 801
Inventories of supplies and drugs	3 569 726	-	1 870	-	3 571 596	3 613 773	-	2 942	-	3 616 715
Prepaid expenses and deposits	2 339 570	-	10 436	-	2 350 006	2 961 254	-	-	-	2 961 254
Total current assets	58 533 119	698 998	290 195	(292 045)	59 230 267	48 183 803	518 468	189 599	(245 963)	48 645 907
Assets Limited as to Use										
By board for capital improvements	28 775 931	-	-	-	28 775 931	25 596 529	-	-	-	25 596 529
By board for debt repayment	17 143 011	-	-	-	17 143 011	15 701 879	-	-	-	15 701 879
Endowment funds	2 115 547	9 491 135	-	-	11 606 682	2 115 547	8 482 804	-	-	10 598 351
Under indenture agreements										
Held by trustee	2 320 739	-	188 000	-	2 508 739	7 379 505	-	188 000	-	7 567 505
Less current portion	(674 703)	-	-	-	(674 703)	(2 524 801)	-	-	-	(2 524 801)
Total non-current assets limited as to use	49 680 525	9 491 135	188 000	-	59 359 660	48 268 659	8 482 804	188 000	-	56 939 463
Property and Equipment	96 015 775	-	7 886 861	-	103 902 636	97 399 184	-	8 043 291	-	105 442 475
Other Assets										
Investments	28 618 291	4 026 368	-	-	32 644 659	20 711 581	3 429 446	-	-	24 141 027
Joint venture investments	2 434 525	-	-	(1 709 377)	725 148	6 311 132	-	-	(1 617 052)	4 694 080
Deferred financing costs net	612 592	-	579 387	-	1 191 979	417 436	-	603 527	-	1 020 963
Notes receivable less current portion	3 455 205	-	3 057 460	-	6 512 665	-	-	3 057 460	-	3 057 460
Interest in net assets of Foundation	12 473 422	-	-	(12 473 422)	-	10 800 250	-	-	(10 800 250)	-
Total other assets	47 594 035	4 026 368	3 636 847	(14 182 799)	41 074 451	38 240 399	3 429 446	3 660 987	(12 417 302)	32 913 530
Total assets	\$ 251 823 454	\$ 14 216 501	\$ 12 001 903	\$ (14 474 844)	\$ 263 567 014	\$ 232 092 045	\$ 12 430 718	\$ 12 081 877	\$ (12 663 265)	\$ 243 941 375

St. Peter's Hospital and Affiliates
Consolidating Schedules of Liabilities and Net Assets
May 31, 2013 and 2012

	2013					2012				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Current Liabilities										
Current maturities of long-term debt	\$ 199 217	\$ -	\$ -	\$ -	\$ 199 217	\$ 1 570 555	\$ -	\$ -	\$ -	\$ 1 570 555
Accounts payable										
Trade	4 322 956	161 584	266 242	(161 584)	4 589 198	4 217 462	-	389 973	-	4 607 435
Estimated third-party payor settlements	1 996 668	-	-	-	1 996 668	1 922 157	-	-	-	1 922 157
Accrued expenses	14 550 370	-	45 390	-	14 595 760	12 209 553	-	28 169	-	12 237 722
Estimated liability to beneficiaries	-	239 525	-	-	239 525	-	241 593	-	-	241 593
Total current liabilities	21 069 211	401 109	311 632	(161 584)	21 620 368	19 919 727	241 593	418 142	-	20 579 462
Long-Term Liabilities										
Long-term debt less current maturities	36 816 992	-	9 060 461	(130 461)	45 746 992	40 660 921	-	9 175 963	(245 963)	49 590 921
Liability for pension benefits	20 780 954	-	-	-	20 780 954	22 308 660	-	-	-	22 308 660
Estimated liability to beneficiaries	-	1 341 970	-	-	1 341 970	-	1 388 875	-	-	1 388 875
Total liabilities	78 667 157	1 743 079	9 372 093	(292 045)	89 490 284	82 889 308	1 630 468	9 594 105	(245 963)	93 867 918
Net Assets										
Unrestricted	160 820 583	2 253 256	1 709 377	(3 962 633)	160 820 583	138 230 176	1 943 237	1 617 052	(3 560 289)	138 230 176
Non-controlling interest-unrestricted	-	-	920 433	-	920 433	-	-	870 720	-	870 720
Temporarily restricted	4 332 327	4 332 327	-	(4 332 327)	4 332 327	3 217 396	3 217 396	-	(3 217 396)	3 217 396
Permanently restricted	8 003 387	5 887 839	-	(5 887 839)	8 003 387	7 755 165	5 639 617	-	(5 639 617)	7 755 165
Total net assets	173 156 297	12 473 422	2 629 810	(14 182 799)	174 076 730	149 202 737	10 800 250	2 487 772	(12 417 302)	150 073 457
Total liabilities and net assets	<u>\$ 251 823 454</u>	<u>\$ 14 216 501</u>	<u>\$ 12 001 903</u>	<u>\$ (14 474 844)</u>	<u>\$ 263 567 014</u>	<u>\$ 232 092 045</u>	<u>\$ 12 430 718</u>	<u>\$ 12 081 877</u>	<u>\$ (12 663 265)</u>	<u>\$ 243 941 375</u>

St. Peter's Hospital and Affiliates
Consolidating Schedules of Operations
Years Ended May 31, 2013 and 2012

	2013					2012				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Unrestricted Revenues, Gains, and Other Support										
Net patient service revenue	\$ 175,178,069	\$ -	\$ -	\$ -	\$ 175,178,069	\$ 161,424,208	\$ -	\$ -	\$ -	\$ 161,424,208
Provision for bad debts	(10,850,345)	-	-	-	(10,850,345)	(8,816,374)	-	-	-	(8,816,374)
Net patient service revenue less provision for bad debts	164,327,724	-	-	-	164,327,724	152,607,834	-	-	-	152,607,834
Other revenue	5,946,330	94,390	2,304,796	(286,584)	8,058,932	3,174,084	69,469	1,650,773	(482,911)	4,411,415
Net assets released from restrictions for operations	-	449,044	-	-	449,044	-	281,883	-	-	281,883
Total unrestricted revenues, gains, and other support	170,274,054	543,434	2,304,796	(286,584)	172,835,700	155,781,918	351,352	1,650,773	(482,911)	157,301,132
Expenses										
Salaries	67,489,546	-	839,806	-	68,329,352	61,982,860	-	594,325	-	62,577,185
Employee benefits	17,798,462	-	44,760	-	17,843,222	15,530,500	-	183,205	-	15,713,705
Drugs	22,949,238	-	-	-	22,949,238	21,563,400	-	-	-	21,563,400
Supplies	17,687,513	-	144,116	-	17,831,629	17,754,978	-	111,395	-	17,866,373
Depreciation and amortization	9,317,533	-	347,941	-	9,665,474	9,062,998	-	318,057	-	9,381,055
Purchased services	9,370,415	-	334,538	-	9,704,953	8,347,351	-	284,107	-	8,631,458
Non-medical fees	7,429,891	-	-	-	7,429,891	6,786,156	-	-	-	6,786,156
Insurance	1,956,923	-	10,884	-	1,967,807	2,101,371	-	11,144	-	2,112,515
Interest and amortization	1,799,258	-	322,730	-	2,121,988	2,014,730	-	368,831	-	2,383,561
Rent	881,480	-	-	-	881,480	943,072	-	-	-	943,072
Physician fees	2,563,584	-	-	-	2,563,584	2,744,464	-	-	-	2,744,464
Travel and education	626,538	-	-	-	626,538	490,149	-	-	-	490,149
Miscellaneous	2,464,028	709,663	141,029	(286,584)	3,028,136	2,069,877	839,196	188,107	(482,910)	2,614,270
Total expenses	162,334,409	709,663	2,185,804	(286,584)	164,943,292	151,391,906	839,196	2,059,171	(482,910)	153,807,363
Operating Income (Loss)	7,939,645	(166,229)	118,992	-	7,892,408	4,390,012	(487,844)	(408,398)	(1)	3,493,769
Other Income (Expense)										
Net investment income	4,713,760	324,158	23,046	-	5,060,964	2,046,875	175,705	26,048	-	2,248,628
Equity in income (loss) of Foundation	310,019	-	-	(310,019)	-	(415,747)	-	-	415,747	-
Equity in income (loss) of Peak	92,325	-	-	(92,325)	-	(248,529)	-	-	248,529	-
Income from joint venture investments	1,147,348	-	-	-	1,147,348	730,479	-	-	-	730,479
Loss on sale of joint venture investment	(20,127)	-	-	-	(20,127)	-	-	-	-	-
Loss on debt refinancing	(574,272)	-	-	-	(574,272)	-	-	-	-	-
Loss on sale of property and equipment	(10,822)	-	-	-	(10,822)	(771,851)	-	-	-	(771,851)
Total other income, net	5,658,231	324,158	23,046	(402,344)	5,603,091	1,341,227	175,705	26,048	664,276	2,207,256
Revenues in Excess of (Less Than) Expenses	13,597,876	157,929	142,038	(402,344)	13,495,499	5,731,239	(312,139)	(382,350)	664,275	5,701,025
Less Change in Net Assets Attributable to Non-controlling Interest	-	-	-	(49,713)	(49,713)	-	-	-	133,822	133,822
Net Assets Released from Restrictions for Capital Expenditures	-	161,584	-	-	161,584	-	355,111	-	-	355,111
Change in Value of Split Interest Agreements	-	(347,293)	-	-	(347,293)	-	-	-	-	-
Change in Unrealized Gains and Losses on Investments	4,713,331	337,799	-	-	5,051,130	(6,210,353)	(458,719)	-	-	(6,669,072)
Minimum Pension Liability Adjustment	4,279,200	-	-	-	4,279,200	(8,542,940)	-	-	-	(8,542,940)
Change in Unrestricted Net Assets Attributable to St. Peter's Hospital and Affiliates	\$ 22,590,407	\$ 310,019	\$ 142,038	\$ (452,057)	\$ 22,590,407	\$ (9,022,054)	\$ (415,747)	\$ (382,350)	\$ 798,097	\$ (9,022,054)