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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 2012 Open to Public Inspection
	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 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization UNITED HOSPITAL SYSTEM INC		D Employer identification number 39-0816845
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 6308 8TH AVENUE	Room/suite	E Telephone number (262) 577-8113
	City or town, state or country, and ZIP + 4 KENOSHA, WI 53143		G Gross receipts \$ 334,710,350
	F Name and address of principal officer THOMAS J KELLEY 6308 8TH AVENUE KENOSHA, WI 53143		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ WWW.UNITEDHOSPITALSYSTEM.ORG			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities UNITED HOSPITAL SYSTEM, INC IS COMMITTED TO LIVING OUT THE HEALING MINISTRIES OF THE JUDEO-CHRISTIAN FAITHS BY PROVIDING EXCEPTIONAL AND COMPASSIONATE HEALTHCARE SERVICES THAT PROMOTES THE DIGNITY AND WELL-BEING OF THE PEOPLE WE SERVE THIS IS OUR MISSION AND OUR REASON FOR BEING WE STRIVE TO RECRUIT AND RETAIN THE BEST PHYSICIANS AND STAFF AND PURCHASE THE BEST DIAGNOSTIC AND CURATIVE MEDICAL EQUIPMENT THAT OUR FINANCIAL RESOURCES WILL PERMIT WE ALSO STRIVE TO BE ACCESSIBLE TO ALL MEMBERS OF OUR COMMUNITY WITH EMERGENT AND URGENT HEALTHCARE NEEDS, IRRESPECTIVE OF THEIR ABILITY TO PAY THIS IS OUR COMMITMENT TO THE QUALITY, ACCESSIBILITY AND AFFORDABILITY FUNDAMENTALS AFFECTING THE DELIVERY OF HEALTHCARE		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	14
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	2,451
	6 Total number of volunteers (estimate if necessary)	6	136
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	223,803
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-4,389	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	100,831	162,879
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	303,624,543	309,098,496
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,028,282	2,918,538
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	628,391	612,515
		305,382,047	312,792,428
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	11,745	9,075
	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)	144,860,983	151,482,016
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) $\rightarrow$ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	132,539,069	133,678,103
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	277,411,797	285,169,194
	19 Revenue less expenses Subtract line 18 from line 12	27,970,250	27,623,234
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	323,780,841	343,768,720
	21 Total liabilities (Part X, line 26)	118,963,026	84,369,260
	22 Net assets or fund balances Subtract line 21 from line 20	204,817,815	259,399,460

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	*****				2014-05-14	
	Signature of officer				Date	
Paid Preparer Use Only	THOMAS J KELLEY VP & CFO					
	Type or print name and title					
	Print/Type preparer's name JAY ADKISSON CPA		Preparer's signature		Date 2014-05-13	Check ☐ if self-employed
	PTIN P01360892					
	Firm's name ▶ WIPFLI LLP				Firm's EIN ▶ 39-0758449	
	Firm's address ▶ 10000 INNOVATION DRIVE SUITE 250 MILWAUKEE, WI 532264837				Phone no (414) 431-9300	

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

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

UNITED HOSPITAL SYSTEM, INC. IS A COMPREHENSIVE REGIONAL HEALTHCARE SYSTEM THAT HAS SERVED SOUTHEASTERN WISCONSIN AND NORTHERN ILLINOIS COMMUNITIES FOR MORE THAN 100 YEARS. UNITED HOSPITAL SYSTEM PROVIDES SERVICES PRIMARILY THROUGH THE KENOSHA MEDICAL CENTER CAMPUS AND THE ST. CATHERINE'S MEDICAL CENTER CAMPUS AND SEVERAL OTHER CLINIC LOCATIONS WE, AT UNITED, ARE COMMITTED TO LIVING OUT THE HEALING MINISTRIES OF THE JUDEO-CHRISTIAN FAITHS BY PROVIDING EXCEPTIONAL AND COMPASSIONATE HEALTHCARE SERVICES THAT PROMOTES THE DIGNITY AND WELL BEING OF THE PEOPLE WE SERVE. THIS IS OUR MISSION AND OUR REASON FOR BEING.

If "Yes," describe these new services on Schedule O

If "Yes," describe these changes on Schedule O

4a	(Code	) (Expenses \$	235,140,686	including grants of \$	9,075) (Revenue \$	309,502,590)
ACUTE CARE HOSPITAL THAT PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY CARE SERVICES TO ITS COMMUNITY						

[illegible][illegible]

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

Form **990** (2012)

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI 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 Yes	
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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
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		
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.	61	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c			
2a		2,451	
2b		Yes	
3a		Yes	
3b		Yes	
4a			No
b			
5a			No
5b			No
5c			
6a			No
6b			
7 Organizations that may receive deductible contributions under section 170(c).			
7a		Yes	
7b		Yes	
7c			No
7d			
7e			No
7f			No
7g			
7h			
8			
9 Sponsoring organizations maintaining donor advised funds.			
9a			
9b			
10 Section 501(c)(7) organizations. Enter			
10a			
10b			
11 Section 501(c)(12) organizations. Enter			
11a			
11b			
12a			
12b			
13a			
13b			
13c			
14a			No
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	14	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	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		
8a	The governing body?	8a	Yes
8b	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
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	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
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	No
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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	WI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	THE ORGANIZATION 6308 8TH AVENUE KENOSHA, WI (262) 577-8113

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) DAVID R RILEY DIRECTOR	2 00	X						0	0	0
(2) DR F GREGORY CAMPBELL CHAIRMAN	2 00	X		X				0	0	0
(3) ROBERT A CORNOG VICE-CHAIRMAN/SECRETARY/TREASURER	2 00	X		X				0	0	0
(4) RICHARD O SCHMIDT JR PRESIDENT/CEO/DIRECTOR	45 00	X		X				1,074,473	0	144,537
(5) EDWARD C EMMA DIRECTOR	2 00	X						0	0	0
(6) HAROLD W MAYER DIRECTOR	2 00	X						0	0	0
(7) A JAMES CICCHINI DIRECTOR	2 00	X						0	0	0
(8) JAMES CONCANNON MD DIRECTOR	2 00	X						0	0	0
(9) DON E KAELEBER DIRECTOR	2 00	X						0	0	0
(10) RAYMOND KNIGHT MD DIRECTOR/PHYSICIAN	2 00	X						376,389	0	39,877
(11) ROBERT LEE JR DIRECTOR	2 00	X						0	0	0
(12) THOMAS P MAHONEY DIRECTOR	2 00	X						0	0	0
(13) LAWRENCE REIF MD DIRECTOR	2 00	X						0	0	0
(14) W HARLEY SOBIN MD DIRECTOR/PHYSICIAN	2 00	X						1,011,050	0	39,877
(15) LINDA WOHLGEMUTH ASST SECRETARY/VP-COO-SCMC	45 00			X				437,412	0	52,000
(16) THOMAS KELLEY ASST TREASURER/VP-CFO	45 00			X				303,468	0	64,877
(17) SUSAN VENTURA SVP/COO-KMCC	45 00				X			438,654	0	52,000

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	7,444,492	0	560,839

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 119

		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	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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.

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 ▶41	
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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	30,800				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	132,079				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f		162,879				
Program Service Revenue	2a	NET PATIENT SERVICE REV	Business Code 623000	301,924,037	301,924,037			
	b	OTHER OPERATING REVENUE	623990	7,174,459	6,950,656	223,803		
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		309,098,496				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		1,389,177			1,389,177
4		Income from investment of tax-exempt bond proceeds						
5		Royalties						
6a		(i) Real		(ii) Personal				
		627,897						
		b Less rental expenses 0						
		c Rental income or (loss) 627,897						
d		Net rental income or (loss)		627,897	627,897			
7a		(i) Securities		(ii) Other				
		23,338,311		51,750				
		b Less cost or other basis and sales expenses 21,840,203		20,497				
		c Gain or (loss) 1,498,108		31,253				
d		Net gain or (loss)		1,529,361			1,529,361	
8a		Gross income from fundraising events (not including \$ 30,800 of contributions reported on line 1c) See Part IV, line 18		41,840				
		b Less direct expenses						57,222
		c Net income or (loss) from fundraising events						-15,382
9a		Gross income from gaming activities See Part IV, line 19						
		b Less direct expenses						
		c Net income or (loss) from gaming activities						
10a		Gross sales of inventory, less returns and allowances						
	b Less cost of goods sold							
	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		312,792,428	309,502,590	223,803	2,903,156		

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	9,075	9,075		
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.	7,994,831	6,479,976	1,514,855	
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.	107,098,638	89,799,489	17,299,149	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	8,898,724	7,444,075	1,454,649	
9	Other employee benefits.	20,525,683	4,559,788	15,965,895	
10	Payroll taxes.	6,964,140	5,811,507	1,152,633	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.				
c	Accounting.				
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	13,931,665	9,081,616	4,850,049	
12	Advertising and promotion.	281,497	130,223	151,274	
13	Office expenses.	52,838,753	50,281,466	2,557,287	
14	Information technology.	5,324,606	5,324,606		
15	Royalties.				
16	Occupancy.	6,001,708	5,882,804	118,904	
17	Travel.	571,817	186,083	385,734	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	348,994	314,095	34,899	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	14,864,254	13,377,829	1,486,425	
23	Insurance.	1,012,457	414,233	598,224	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	BAD DEBTS	22,674,994	22,674,994	0	
b	STATE HOSPITAL ASSESSME	7,904,972	7,904,972		
c	REPAIRS	2,585,808	1,843,983	741,825	
d	BLOOD	1,212,296	1,212,296		
e	All other expenses	4,124,282	2,407,576	1,716,706	
25	Total functional expenses. Add lines 1 through 24e.	285,169,194	235,140,686	50,028,508	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		47,819,261	2	71,107,557
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		36,239,122	4	35,183,455
	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	
	8	Inventories for sale or use		4,213,110	8	4,162,748
	9	Prepaid expenses and deferred charges		4,212,357	9	4,086,869
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	261,943,949		
	b	Less: accumulated depreciation	10b	178,817,178	86,152,649	10c 83,126,771
	11	Investments—publicly traded securities			11	
	12	Investments—other securities. See Part IV, line 11		81,786,222	12	96,506,253
	13	Investments—program-related. See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets. See Part IV, line 11		63,358,120	15	49,595,067
	16	Total assets. Add lines 1 through 15 (must equal line 34)		323,780,841	16	343,768,720
Liabilities	17	Accounts payable and accrued expenses		28,493,220	17	28,809,110
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		16,378,570	20	0
	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		74,091,236	25	55,560,150
	26	Total liabilities. Add lines 17 through 25		118,963,026	26	84,369,260
		Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.				
Net Assets or Fund Balances	27	Unrestricted net assets		202,778,673	27	257,368,904
	28	Temporarily restricted net assets		520,158	28	513,136
	29	Permanently restricted net assets		1,518,984	29	1,517,420
		Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		204,817,815	33	259,399,460
	34	Total liabilities and net assets/fund balances		323,780,841	34	343,768,720

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	312,792,428
2	Total expenses (must equal Part IX, column (A), line 25)	2	285,169,194
3	Revenue less expenses Subtract line 2 from line 1	3	27,623,234
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	204,817,815
5	Net unrealized gains (losses) on investments	5	3,976,066
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	22,982,345
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	259,399,460

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	2a	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 ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	2b	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	2c	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?	3a	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	3b	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization UNITED HOSPITAL SYSTEM INC	Employer identification number 39-0816845
--	--

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 | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

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 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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		☐ Yes ☐ No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ \$ _____

Part III

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

3

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

a

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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	2,039,142	2,012,126	1,998,034	1,973,518	1,955,842
b Contributions					
c Net investment earnings, gains, and losses	489	38,761	23,485	46,211	33,529
d Grants or scholarships					
e Other expenditures for facilities and programs	9,075	11,745	9,395	21,695	15,853
f Administrative expenses					
g End of year balance	2,030,556	2,039,142	2,012,124	1,998,034	1,973,518

2

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

a

Board designated or quasi-endowment ▶ 0 %

b

Permanent endowment ▶ 75 000 %

c

Temporarily restricted endowment ▶ 25 000 %

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

(ii) related organizations

	Yes	No
3a(i)		No
3a(ii)		No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		6,124,397		6,124,397
b Buildings		118,340,040	82,048,032	36,292,008
c Leasehold improvements				
d Equipment		131,871,906	95,006,398	36,865,508
e Other		5,607,606	1,762,748	3,844,858
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				83,126,771

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	340,095,434
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	27,303,006
a	Net unrealized gains on investments	2a	3,976,066
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	23,326,940
e	Add lines 2a through 2d	2e	27,303,006
3	Subtract line 2e from line 1	3	312,792,428
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	0
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	312,792,428

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

1	Total expenses and losses per audited financial statements	1	285,513,789
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	0
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	285,513,789
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :	4c	-344,595
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	285,169,194

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	TEMPORARILY RESTRICTED NET ASSETS ARE RESTRICTED FOR EDUCATION SCHOLARSHIP GRANTS AND VARIOUS HEALTH CARE PROGRAMS. PERMANENTLY RESTRICTED NET ASSETS ARE TO BE HELD IN PERPETUITY, THE INCOME FROM WHICH IS EXPENDABLE FOR HOSPITAL DEVELOPMENT.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, THE CORPORATION DETERMINES WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION ON THE TECHNICAL MERITS OF THE POSITION, ASSUMING THAT TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION. IF THE TAX POSITION DOES NOT MEET THE MORE LIKELY THAN NOT RECOGNITION THRESHOLD, THE BENEFIT OF THAT POSITION IS NOT RECOGNIZED IN THE FINANCIAL STATEMENTS. THE CORPORATION RECORDED NO ASSETS OR LIABILITIES RELATED TO UNCERTAIN TAX POSITIONS IN 2013 AND 2012. TAX RETURNS FOR THE YEARS ENDED JUNE 30, 2009 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE.
PART XI, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN PENSION OBLIGATION OTHER THAN PENSION EXPENSE 32,510,365. REVENUE SHARING WITH AFFILIATE -9,174,350. SCHOLARSHIPS INCLUDED IN INCOME -9,075.
PART XII, LINE 4B - OTHER ADJUSTMENTS		SCHOLARSHIPS INCLUDED IN INCOME 9,075. MACRS DEPRECIATION ADJUSTMENT -353,670.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		<u>GOLF OUTING</u> (event type)	 (event type)	 (total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	72,640		72,640
	2	Less Contributions . . .	30,800		30,800
	3	Gross income (line 1 minus line 2)	41,840		41,840
Direct Expenses	4	Cash prizes	1,100		1,100
	5	Noncash prizes . . .	8,918		8,918
	6	Rent/facility costs . . .			
	7	Food and beverages .	32,080		32,080
	8	Entertainment	9,760		9,760
	9	Other direct expenses .	5,364		5,364
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			
					(57,222)
					-15,382

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
Direct Expenses	6	Volunteer labor			
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? ☐ **Yes** ☐ **No**

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ **Yes** ☐ **No**

13 Indicate the percentage of gaming activity operated in

a The organization's facility	13a	
b An outside facility	13b	

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name 

Address 

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ **Yes** ☐ **No**

b If "Yes," enter the amount of gaming revenue received by the organization  \$ _____ and the amount of gaming revenue retained by the third party  \$ _____

c If "Yes," enter name and address of the third party

Name 

Address 

16 Gaming manager information

Name 

Gaming manager compensation  \$

Description of services provided 

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ **Yes** ☐ **No**

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year  \$ _____

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % 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 ☒ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care	3a	Yes	
		3b	Yes	
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)			3,757,954		3,757,954	1 430 %
b Medicaid (from Worksheet 3, column a)			42,997,320	24,952,912	18,044,408	6 870 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .						
d Total Financial Assistance and Means-Tested Government Programs .			46,755,274	24,952,912	21,802,362	8 300 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	306	107,382	334,830		334,830	0 130 %
f Health professions education (from Worksheet 5) . . .		71	674,403		674,403	0 260 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			60,000		60,000	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	26	550	242,981		242,981	0 090 %
j Total. Other Benefits	332	108,003	1,312,214		1,312,214	0 500 %
k Total. Add lines 7d and 7j .	332	108,003	48,067,488	24,952,912	23,114,576	8 800 %

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	11		4,061		4,061	0 %
3Community support		37	148,918		148,918	0 060 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development	10	150	1,015		1,015	0 %
9Other						
10Total	21	187	153,994		153,994	0 060 %

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

7,913,573

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

49,946,344

6

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

6

63,859,558

7

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

7

-13,913,214

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

b

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

9b

Yes

Part 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 %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

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	KENOSHA MEDICAL CENTER CAMPUS 6308 8TH AVENUE KENOSHA, WI 53143	X	X					X			
2	SAINT CATHERINE'S MEDICAL CENTER CAMPUS 9555 76TH STREET PLEASANT PRAIRIE, WI 53158	X	X					X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

KENOSHA MEDICAL CENTER CAMPUS

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	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☒ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <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	☒ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☒ Execution of the implementation strategy		
c	☒ Participation in the development of a community-wide plan		
d	☒ Participation in the execution of a community-wide plan		
e	☐ Inclusion of a community benefit section in operational plans		
f	☒ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☒ Prioritization of health needs in its community		
h	☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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>200 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>200 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 ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☒ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		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		No

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

SAINT CATHERINE'S MEDICAL CENTER CAMPUS

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)

2

		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	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☒ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <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	☒ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☒ Execution of the implementation strategy		
c	☒ Participation in the development of a community-wide plan		
d	☒ Participation in the execution of a community-wide plan		
e	☐ Inclusion of a community benefit section in operational plans		
f	☒ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☒ Prioritization of health needs in its community		
h	☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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>200 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>200 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 ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☒ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		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		No

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

8

Name and address	Type of Facility (describe)
1 KENOSHA NORTHSIDE CLINIC 3601 30TH AVENUE SUITE 205 KENOSHA, WI 53143	OUTPATIENT PHYSICIAN CLINIC
2 PADDOCK LAKE FAMILY MEDICINE CLINIC 7322 236TH AVENUE PADDOCK LAKE, WI 53168	OUTPATIENT PHYSICIAN CLINIC
3 THE GURNEE CLINIC 1790 NATIONS DRIVE SUITE 106 GURNEE, IL 60031	OUTPATIENT PHYSICIAN CLINIC
4 LAKEVIEW RECPLEX 9900 TERWALL TERRACE PLEASANT PRAIRIE, WI 53158	REHABILITATION CLINIC
5 VERNON ELEMENTARY SCHOOL - POOL AREA 8518 22ND AVENUE KENOSHA, WI 53143	REHABILITATION CLINIC
6 NORTH CENTRAL CLINIC 6127 GREEN BAY ROAD SUITE 200 KENOSHA, WI 53142	OUTPATIENT PHYSICIAN CLINIC
7 SCMCC-MMB 9697 ST CATHERINES DRIVE PLESANT PRAIRIE, WI 53158	OUTPATIENT PHYSICIAN CLINIC
8 RCW ADMINISTRATIVE BUILDING 5000 68TH AVE KENOSHA, WI 53144	ADMINISTRATIVE BUILDING
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 7 THE COST METHOD USED TO CALCULATE THE COST OF THE COMMUNITY BENEFIT PROGRAMS WAS THE COST-TO-CHARGE RATIO WORKSHEET 2 WAS USED TO CALCULTE THE RATIO OF PATIENT CARE COST TO CHARGES
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 22674994

Identifier	ReturnReference	Explanation
		PART II MANY STAFF MEMBERS ARE UTILIZED TO PROMOTE THE HEALTH OF THE COMMUNITY AND THE GENERAL WELL-BEING OF THE COMMUNITY WE SERVE THROUGH OUR EMERGENCY PREPAREDNESS COMMITTEE, STAFF ARE ALWAYS PLANNING AND PREPARING TO BE READY TO MEET THE NEEDS OF THE COMMUNITY AS EVENTS OCCUR ADDITIONALLY, A VARIETY OF STAFF WORK WITH LOCAL SCHOOLS AND OTHER ORGANIZATIONS TO GIVE TALKS PROMOTING HEALTH AND CAREERS IN HEALTHCARE A NUMBER OF STAFF MEMBERS ARE INVOLVED IN MENTORING PROGRAMS WITHIN THE LOCAL SCHOOLS RECOGNIZING THE IMPORTANCE OF SUSTAINING AND GROWING OUR ECONOMY, WE PARTICIPATE IN OUR LOCAL BUSINESS ALLIANCE
		PART III, LINE 4 MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS, PRIMARILY UNINSURED PATIENTS AND AMOUNTS PATIENTS ARE PERSONALLY RESPONSIBLE FOR, THROUGH A CHARGE TO OPERATIONS AND A CREDIT TO A VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF HISTORICAL COLLECTION EXPERIENCE AND THE CURRENT STATUS OF INDIVIDUAL ACCOUNTS BALANCES THAT ARE STILL OUTSTANDING AFTER MANAGEMENT HAS USED REASONABLE COLLECTION EFFORTS ARE WRITTEN OFF THROUGH A CHARGE TO THE VALUATION ALLOWANCE AND A CREDIT TO PATIENT ACCOUNTS RECEIVABLE WORKSHEET A IN THE INSTRUCTIONS WAS USED TO DETERMINE THE COSTING METHODOLOGY

Identifier	ReturnReference	Explanation
		PART III, LINE 8 SCHEDULE H PART III SECTION B LINE 6 REPORTS "ALLOWABLE COSTS OF CARE" AS TAKEN FROM THE MOST RECENTLY FILED MEDICARE COST REPORT AVAILABLE AT THE TIME THE COMMUNITY BENEFIT REPORT IS PUBLISHED THE MEDICARE COST REPORT CALCULATES ITS ALLOWABLE TOTAL COSTS BASED ON APPLICABLE MEDICARE REGULATIONS MEDICARE AND MEDICAID COST IS DETERMINED USING INDIVIDUAL COST CENTER COST-TO-CHARGE RATIOS THIS COST TO CHARGE RATIO IS DETERMINED USING ALL PAYER COST AND ALL PAYER CHARGES THE COST TO CHARGE RATIO IS APPLIED TO THE ACTUAL MEDICARE AND MEDICAID CHARGES TO DETERMINE THE MEDICARE AND MEDICAID COST THIS ORGANIZATION HAS ADOPTED THE COST AND CHARGE PRACTICES AS RECOMMENDED BY THE CATHOLIC HEALTH ASSOCIATION AND THE WISCONSIN, IOWA, OR ILLINOIS HOSPITAL ASSOCIATION AS APPLICABLE, AND THEREFORE, DOES NOT COUNT ANY MEDICARE SHORTFALL NUMBERS IN ITS ANNUAL REPORTING OF COMMUNITY BENEFIT AMOUNTS
		PART III, LINE 9B OUR COLLECTION PROCESS IS THE SAME FOR ALL PATIENTS, REGARDLESS IF THEY QUALIFY FOR FINANCIAL ASSISTANCE WE BILL ALL INSURANCES PATIENT DOES NOT RECEIVE A COPY OF THE BILL UNTIL IT IS THEIR BALANCE WE SEND THREE STATEMENTS FROM OUR FINANCIAL SYSTEM WE HAVE AN OUTSIDE COLLECTION AGENCY SEND OUT OUR REQUIRED FINAL REQUEST LETTERS FROM THIS POINT THE OUTSTANDING BALANCE IS HANDLED BY THE COLLECTION AGENCY THE ACCOUNT DOES STAY ACTIVE ON OUR FINANCIAL SYSTEM FOR ONE YEAR AT THAT TIME THE OUTSTANDING BALANCE IS MOVED OVER TO A BAD DEBT STATUS

Identifier	ReturnReference	Explanation
KENOSHA MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 3 AS PART OF THE CHNA PROCESS, SEVERAL PERSONS WHO REPRESENT THE COMMUNITY SERVED BY UNITED HOSPITAL SYSTEM PROVIDED VALUE FEEDBACK REGARDING THEIR VIEWS OF THE HEALTHCARE CHALLENGES FACING OUR COMMUNITY THOSE COMMUNITY REPRESENTATIVES INCLUDED [1] THE MEDICAL DIRECTOR OF THE HOSPITALIST GROUP CONTRACTED TO PROVIDE SERVICES AT UNITED HOSPITAL SYSTEM, [2] THE DIRECTOR/HEALTH OFFICER FROM THE KENOSHA PUBLIC HEALTH DEPARTMENT FOR KENOSHA COUNTY, WISCONSIN, [3] THE CHIEF EXECUTIVE OFFICER FOR THE UNITED WAY OF KENOSHA COUNTY, [4] A COMMUNITY-BASED, INDEPENDENT MASTERS OF SOCIAL WORK TRAINED MENTAL HEALTH PROFESSIONAL, [5] THE PRESIDENT OF THE KENOSHA AREA BUSINESS ALLIANCE (A KENOSHA BUSINESS COMMUNITY ORGANIZATION) AND [6] THE DIRECTOR OF THE KENOSHA COUNTY DIVISION OF AGING AND DISABILITY SERVICES THE INFORMATION/FEEDBACK PROVIDED BY THESE PERSONS WHO REPRESENT THE COMMUNITY SERVED BY UNITED HOSPITAL SYSTEM WAS INCORPORATED INTO THE COMMUNITY HEALTH NEEDS ASSESSMENT, IDENTIFICATION, PRIORITIZATION AND IMPLEMENTATION PLANNING SUMMARY
SAINT CATHERINE'S MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 3 AS PART OF THE CHNA PROCESS, SEVERAL PERSONS WHO REPRESENT THE COMMUNITY SERVED BY UNITED HOSPITAL SYSTEM PROVIDED VALUE FEEDBACK REGARDING THEIR VIEWS OF THE HEALTHCARE CHALLENGES FACING OUR COMMUNITY THOSE COMMUNITY REPRESENTATIVES INCLUDED [1] THE MEDICAL DIRECTOR OF THE HOSPITALIST GROUP CONTRACTED TO PROVIDE SERVICES AT UNITED HOSPITAL SYSTEM, [2] THE DIRECTOR/HEALTH OFFICER FROM THE KENOSHA PUBLIC HEALTH DEPARTMENT FOR KENOSHA COUNTY, WISCONSIN, [3] THE CHIEF EXECUTIVE OFFICER FOR THE UNITED WAY OF KENOSHA COUNTY, [4] A COMMUNITY-BASED, INDEPENDENT MASTERS OF SOCIAL WORK TRAINED MENTAL HEALTH PROFESSIONAL, [5] THE PRESIDENT OF THE KENOSHA AREA BUSINESS ALLIANCE (A KENOSHA BUSINESS COMMUNITY ORGANIZATION) AND [6] THE DIRECTOR OF THE KENOSHA COUNTY DIVISION OF AGING AND DISABILITY SERVICES THE INFORMATION/FEEDBACK PROVIDED BY THESE PERSONS WHO REPRESENT THE COMMUNITY SERVED BY UNITED HOSPITAL SYSTEM WAS INCORPORATED INTO THE COMMUNITY HEALTH NEEDS ASSESSMENT, IDENTIFICATION, PRIORITIZATION AND IMPLEMENTATION PLANNING SUMMARY

Identifier	ReturnReference	Explanation
KENOSHA MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 7 THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED DURING THE 2013 TAX YEAR AS PART OF THE COMMUNITY HEALTH NEEDS ASSESSMENT, A THREE (3) YEAR ACTION PLAN WAS DEVELOPED IN AN EFFORT TO ADDRESS THE NEEDS IDENTIFIED WITHIN THE COMMUNITY HEALTH NEEDS ASSESSMENT UNITED HOSPITAL SYSTEM IS ACTIVELY WORKING ON THE ACTION ITEMS ESTABLISHED FOR YEAR ONE
SAINT CATHERINE'S MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 7 THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED DURING THE 2013 TAX YEAR AS PART OF THE COMMUNITY HEALTH NEEDS ASSESSMENT, A THREE (3) YEAR ACTION PLAN WAS DEVELOPED IN AN EFFORT TO ADDRESS THE NEEDS IDENTIFIED WITHIN THE COMMUNITY HEALTH NEEDS ASSESSMENT UNITED HOSPITAL SYSTEM IS ACTIVELY WORKING ON THE ACTION ITEMS ESTABLISHED FOR YEAR ONE

Identifier	ReturnReference	Explanation
KENOSHA MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 20D SELF-PAY PATIENTS ARE OFFERED A FLAT DISCOUNT AND A PROMPT PAY DISCOUNT OFF BILLED SERVICES MEANS TEST IS APPLIED TO DETERMINE IF ADDITIONAL DISCOUNTING IS POSSIBLE PAYMENT AMOUNT IS DETERMINED BASED UPON 2012 HSS POVERTY GUIDELINES
SAINT CATHERINE'S MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 20D SELF-PAY PATIENTS ARE OFFERED A FLAT DISCOUNT AND A PROMPT PAY DISCOUNT OFF BILLED SERVICES MEANS TEST IS APPLIED TO DETERMINE IF ADDITIONAL DISCOUNTING IS POSSIBLE PAYMENT AMOUNT IS DETERMINED BASED UPON 2012 HSS POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 IN AN EFFORT TO UNDERSTAND AND ASSIST IN ADDRESSING THE NEEDS OF THE COMMUNITY WE SERVE, UNITED HOSPITAL SYSTEM HAS INVOLVEMENT IN A VARIETY OF COMMUNITY COMMITTEES UNITED HOSPITAL SYSTEM HAS MULTIPLE STAFF, MANAGEMENT AND ADMINISTRATIVE LEVEL EMPLOYEES PARTICIPATE IN COMMITTEES THAT ARE SET UP TO ASSESS AND ADDRESS NEEDS IN THE COMMUNITY SUCH AS A HEALTHY LIFESTYLE COMMITTEE, MENTAL HEALTH COMMITTEE, INJURY PREVENTION COMMITTEE, SUICIDE PREVENTION COMMITTEE, INFANT MORTALITY COMMITTEE THROUGH OUR PARTICIPATION IN COMMUNITY COMMITTEES WE GAIN AN UNDERSTANDING ABOUT THE NEEDS OF THE COMMUNITY AS WELL AS THE OPPORTUNITY TO WORK TOGETHER TO ADDRESS THE NEEDS
		PART VI, LINE 3 WHEN STATEMENTS ARE SENT FROM OUR FINANCIAL SYSTEM, THERE IS A PHONE NUMBER FOR THE PATIENT TO CALL FOR ASSISTANCE WITH THEIR BALANCES PATIENTS CALL AND WE WORK WITH THEM TO SET UP PAYMENT ARRANGEMENTS IF THEY EXPRESS ANY CONCERNS FOR FINANCIAL NEEDS WE OFFER TO SEND THEM A COMMUNITY CARE APPLICATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 KENOSHA COUNTY IS A FAST GROWING LAKESHORE COUMMUNITY IN SOUTHEASTERN WISCONSIN LOCATED BETWEEN CHICAGO AND MILWAUKEE, KENOSHA COUNTY BOASTS A DIVERSE ECONOMY KENOSHA IS THE FOURTH LARGEST CITY IN THE STATE OF WISCONSIN WITH 99,218 RESIDENTS REPORTED IN THE 2010 CENSUS KENOSHA IS NOW THE EIGHTH LARGEST COUNTY IN WISCONSIN IN TERMS OF POPULATION WITH 166,426 RESIDENTS UNITED HOSPITAL SYSTEM SERVES PEOPLE IN SOUTHEASTERN WISCONSIN AND NORTHERN ILLINOIS THROUGH ITS TWO HOSPITAL CAMPUSES, ST CATHERINE'S MEDICAL CENTER AND KENOSHA MEDICAL CENTER AURORA MEDICAL CENTER ALSO HAS A HOSPITAL CAMPUS IN KENOSHA
		PART VI, LINE 5 UNITED HOSPITAL SYSTEM IS COMMITTED TO IMPROVING THE HEALTH OF OUR PATIENTS AND NEIGHBORS WE OFFER A VARIETY OF COMMUNITY OUTREACH PROGRAMS TO HELP THE GENERAL PUBLIC MAINTAIN GOOD HEALTH THESE INCLUDE FREE COMMUNITY EDUCATION SEMINARS, HEALTH SCREENINGS, AND VARIOUS SUPPORT GROUPS

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	WI

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
UNITED HOSPITAL SYSTEM INC

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
39-0816845

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) SCHOLARSHIP FINANCIAL ASSISTANCE TO INDIVIDUALS	9	9,075			

Part IV Supplemental Information.		
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Written employment contract ☒ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☒ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization: a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4a		No
		4b		No
		4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: a The organization? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III	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 net earnings of: a The organization? b Any related organization? If "Yes," to line 6a or 6b, 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				
See Additional Data Table								

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1 a, 1b, 3, 4 a, 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
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Software ID:
Software Version:
EIN: 39-0816845
Name: UNITED HOSPITAL SYSTEM INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
RICHARD O SCHMIDT JR	(i) (ii)	736,135 0	325,467 0	12,871 0	119,450 0	25,087 0	1,219,010 0	0 0
RAYMOND KNIGHT MD	(i) (ii)	373,341 0	0 0	3,048 0	19,450 0	20,427 0	416,266 0	0 0
W HARLEY SOBIN MD	(i) (ii)	258,357 0	751,109 0	1,584 0	19,450 0	20,427 0	1,050,927 0	0 0
LINDA WOHLGEMUTH	(i) (ii)	363,044 0	72,046 0	2,322 0	44,450 0	7,550 0	489,412 0	0 0
THOMAS KELLEY	(i) (ii)	252,966 0	50,000 0	502 0	44,450 0	20,427 0	368,345 0	0 0
SUSAN VENTURA	(i) (ii)	363,044 0	72,046 0	3,564 0	44,450 0	7,550 0	490,654 0	0 0
ASHWANI SETHI MD	(i) (ii)	446,180 0	558,746 0	552 0	19,450 0	22,266 0	1,047,194 0	0 0
MARIO GARRETTO MD	(i) (ii)	518,980 0	434,749 0	1,584 0	19,450 0	22,075 0	996,838 0	0 0
KATHERINE ABBO MD	(i) (ii)	603,708 0	0 0	1,584 0	19,450 0	5,564 0	630,306 0	0 0
RAMANUJA MANDA MD	(i) (ii)	599,885 0	0 0	1,584 0	19,450 0	18,441 0	639,360 0	0 0
JAMES SHAPIRO MD	(i) (ii)	259,942 0	375,000 0	552 0	19,450 0	2,075 0	657,019 0	0 0

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNITED HOSPITAL SYSTEM INC

Employer identification number

39-0816845

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 IVBusiness 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) ROBERT LEE	DIRECTOR	289,516	SERVICES PROVIDED BY LEE PLUMBING		No
(2) DAVID RILEY	DIRECTOR	1,129,442	SERVICES PROVIDED BY RILEY CONSTRUCTION		No

Part VSupplemental 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 UNITED HOSPITAL SYSTEM INC	Employer identification number 39-0816845
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	
	FORM 990, PART VI, SECTION B, LINE 12C	UNITED HOSPITAL SYSTEM'S WRITTEN CONFLICT OF INTEREST POLICY FOR THE BOARD IS REVIEWED ANNUALLY BY EACH BOARD MEMBER, AND ANY POTENTIAL CONFLICTS OF INTEREST ARE DISCLOSED AT THAT TIME. THE WRITTEN CONFLICT OF INTEREST POLICY FOR EMPLOYEES IS REVIEWED DURING ORIENTATION AND PERIODICALLY AT ORGANIZATION MEETINGS, AND IS INCORPORATED INTO THE PERFORMANCE STANDARDS OF THEIR ANNUAL EVALUATIONS. IF A CONFLICT ARISES, DEPENDING UPON THE NATURE OF THE FINANCIAL INTEREST AND WORK DONE BY THE BOARD, SEVERAL ACTIONS MAY BE CONSIDERED. THE BOARD MEMBER WITH A FINANCIAL INTEREST WOULD NEED TO VOLUNTARILY EXCUSE HIM OR HERSELF FROM THE DELIBERATIONS OR VOTING ON SUCH A MATTER, OR, IF NECESSARY, THE BOARD WOULD DETERMINE THAT THE SUBJECT'S FINANCIAL INTEREST WAS AN ACTUAL CONFLICT OF INTEREST, IN WHICH CASE THE BOARD MEMBER WOULD BE INFORMED BY THE BOARD CHAIRPERSON THAT HE OR SHE WOULD NOT BE ALLOWED TO VOTE IN ANY SUCH MATTERS DUE TO THIS REAL OR PERCEIVED CONFLICT OF INTEREST. MINUTES OF THE BOARD MEETING WOULD DOCUMENT THIS DECISION PROCESS, AND REFLECT WHATEVER ACTION(S) ARE ULTIMATELY TAKEN.
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION FOR THE PRESIDENT, CEO AND GENERAL COUNSEL AND THE COMPENSATION FOR THE VICE PRESIDENTS REPORTING DIRECTLY TO THE PRESIDENT, CEO AND GENERAL COUNSEL ARE DETERMINED BY THE BOARD EXECUTIVE COMMITTEE WHICH SERVES AS THE BOARD COMPENSATION COMMITTEE. THE BOARD COMPENSATION COMMITTEE CONTRACTS WITH THE HEALTHCARE COMPENSATION FIRM NAMED THE GROVES GROUP, LLC, AND HAS UTILIZED THE PRESIDENT OF THE GROVES GROUP, LLC AS THE COMPENSATION CONSULTANT SINCE 2005. THE COMPENSATION CONSULTANT UTILIZES A METHODOLOGY THAT EVALUATES INTERNAL AND EXTERNAL EQUITY AFTER EVALUATING THE RESPONSIBILITIES OF EACH POSITION AND MAKES A RECOMMENDATION TO THE BOARD COMPENSATION COMMITTEE. THE BOARD COMPENSATION COMMITTEE HAS FOLLOWED THE DETAILED RECOMMENDATIONS OF THE COMPENSATION CONSULTANT ANNUALLY SINCE 2005 AND THE COMPENSATION CONSULTANT HAS BEEN RETAINED THROUGH 2015.
	FORM 990, PART VI, SECTION C, LINE 19	THESE DOCUMENTS ARE MADE AVAILABLE UPON REQUEST.
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN MINIMUM PENSION OBLIGATION 32,510,365. REVENUE SHARING WITH AFFILIATE -9,174,350. MACRS DEPRECIATION ADJUSTMENT -353,670.

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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 CATHERINE'S HOSPITAL INC 6308 8TH AVENUE KENOSHA, WI 53143 39-0855075	HEALTHCARE	WI	501(C)(3)	LINE 11B, II			No
(2) UHS INC 6308 8TH AVENUE KENOSHA, WI 53143 39-1956749	HEALTHCARE	WI	501(C)(3)	LINE 9			No

Part III

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

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

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

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

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: 39-0816845
Name: UNITED HOSPITAL SYSTEM INC

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	
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UHS, Inc. and Affiliates

Kenosha, Wisconsin

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

UHS, Inc. and Affiliates

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

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Independent Auditor's Report

Board of Directors
UHS, Inc.
Kenosha, Wisconsin

We have audited the accompanying combined financial statements of UHS, Inc. and Affiliates, which comprise the combined balance sheets as of June 30, 2013 and 2012, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of UHS, Inc. and Affiliate as of June 30, 2013 and 2012, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

October 10, 2013

Milwaukee, Wisconsin

UHS, Inc. and Affiliates

Combined Balance Sheets

June 30, 2013 and 2012

<i>Assets</i>	2013	2012
Current assets		
Cash and cash equivalents	\$ 77,129,398	\$ 54,631,023
Patient accounts receivable - Net	35,183,455	36,239,122
Inventory	4,162,748	4,213,110
Investments	2,168,394	1,946,289
Prepaid expenses and other	4,102,169	4,232,520
Amounts receivable from third-party reimbursement programs	68,097	-
Total current assets	122,814,261	101,262,064
Assets limited as to use	94,337,859	79,839,933
Property and equipment - Net	212,152,474	222,383,744
TOTAL ASSETS	\$ 429,304,594	\$ 403,485,741

<i>Liabilities and Net Assets</i>	2013	2012
Current liabilities		
Current maturities of long-term debt	\$ -	\$ 1,458,462
Accounts payable		
Trade	4,384,934	3,612,413
Construction	941,936	682,745
Accrued salaries, wages, and payroll taxes	17,567,081	17,689,486
Other accrued expenses	5,915,159	4,499,209
Amounts payable to third-party reimbursement programs	-	2,074,748
Total current liabilities	28,809,110	30,017,063
Long-term debt, less current maturities	-	14,920,108
Deferred compensation	10,908,216	8,067,658
Pension liability	44,651,934	66,023,578
Total liabilities	84,369,260	119,028,407
Net assets		
Unrestricted	342,904,778	282,418,192
Temporarily restricted	513,136	520,158
Permanently restricted	1,517,420	1,518,984
Total net assets	344,935,334	284,457,334
TOTAL LIABILITIES AND NET ASSETS	\$ 429,304,594	\$ 403,485,741

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Combined Statements of Operations

Years Ended June 30, 2013 and 2012

	2013	2012
Revenue		
Patient service revenue (net of contractual allowances and discounts)	\$ 301,924,037	\$ 298,212,244
Provision for bad debts	(22,674,994)	(20,309,686)
Net patient service revenue, less provisions for bad debts	279,249,043	277,902,558
Other operating income	7,937,628	6,155,702
Total revenue	287,186,671	284,058,260
Expenses.		
Salaries and wages	115,093,469	114,329,894
Employee benefits and payroll taxes	36,383,538	30,531,089
Supplies	46,001,728	46,190,055
Other	45,492,987	44,843,589
Interest	348,994	1,192,513
Depreciation	22,839,050	22,258,416
Total expenses	266,159,766	259,345,556
Income from operations	21,026,905	24,712,704
Nonoperating gains (losses)		
Investment return in excess of amounts designed for current operations	2,804,347	1,686,535
Other - Net	159,828	(662,789)
Excess of revenue over expenses	23,991,080	25,736,450
Other changes in unrestricted net assets		
Change in net unrealized gains and losses on investments other than trading securities	3,976,066	(906,169)
Net assets released from restrictions	9,075	11,745
Change in pension obligation other than pension expense	32,510,365	(44,964,082)
Change in unrestricted net assets	\$ 60,486,586	\$ (20,122,056)

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Combined Statements of Changes in Net Assets

Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted net assets		
Excess of revenue over expenses	\$ 23,991,080	\$ 25,736,450
Other changes in unrestricted net assets		
Change in net unrealized gains and losses on investments other than trading securities	3,976,066	(906,169)
Net assets released from restrictions	9,075	11,745
Change in pension obligation other than pension expense	32,510,365	(44,964,082)
Increase (decrease) in unrestricted net assets	60,486,586	(20,122,056)
Temporarily restricted net assets		
Contributions and earnings	2,053	36,660
Net assets released from restrictions	(9,075)	(11,745)
Increase (decrease) in temporarily restricted net assets	(7,022)	24,915
Increase (decrease) in permanently restricted net assets - Contributions and earnings (losses)	(1,564)	2,101
Change in net assets	60,478,000	(20,095,040)
Net assets at beginning	284,457,334	304,552,374
Net assets at end	\$ 344,935,334	\$ 284,457,334

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Combined Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Change in net assets	\$ 60,478,000	\$ (20,095,040)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	22,839,050	22,283,411
Provision for bad debts	22,674,994	20,309,686
Change in pension obligation other than pension expense	(32,510,365)	44,964,082
(Gain) loss from disposal of property and equipment	(31,253)	47,399
Change in net unrealized gains and losses on investments other than trading securities	(3,976,066)	906,169
Net realized gain on sale of marketable securities	(1,498,108)	(451,964)
Loss on early retirement of debt	-	645,156
Changes in operating assets and liabilities		
Patient accounts receivable	(21,619,327)	(22,013,160)
Inventory	50,362	(630,946)
Prepaid expenses and other	130,351	377,400
Accounts payable	772,521	(373,298)
Accrued expenses	1,293,545	(1,058,783)
Amounts receivable from/payable to third-party reimbursement programs	(2,142,845)	1,129,451
Other liabilities	13,979,279	916,215
Net cash provided by operating activities	60,440,138	46,955,778

UHS, Inc. and Affiliates

Combined Statements of Cash Flows (Continued)

Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from investing activities		
Net sales (purchases) of investments and assets limited as to use	\$ (9,245,857)	\$ 8,375,607
Capital expenditures	(12,369,086)	(20,759,695)
Proceeds from disposal of property and equipment	51,750	155,000
Net cash used in investing activities	(21,563,193)	(12,229,088)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	-	16,855,000
Principal payments on long-term debt	(16,378,570)	(7,686,430)
Early retirement of long-term debt	-	(16,855,000)
Net cash used in financing activities	(16,378,570)	(7,686,430)
Net increase in cash and cash equivalents	22,498,375	27,040,260
Cash and cash equivalents at beginning	54,631,023	27,590,763
Cash and cash equivalents at end	\$ 77,129,398	\$ 54,631,023
Supplemental cash flow information:		
Cash paid for interest	\$ 348,994	\$ 1,251,967
Noncash financing activities:		
Capital expenditures in accounts payable	\$ 941,936	\$ 682,745

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 Summary of Significant Accounting Policies

The Organization

UHS, Inc. ("UHS") is a nonstock, not-for-profit corporation located in Kenosha, Wisconsin, and is the operating member of United Hospital System, Inc. and St. Catherine's Hospital, Inc. (collectively the "Corporation"). UHS does not currently have any assets or liabilities.

United Hospital System, Inc. ("United") is an acute care hospital that provides inpatient, outpatient, and emergency care services for residents of southeastern Wisconsin and northern Illinois. United also operates medical clinics. United includes two hospital campuses, the Kenosha campus on the east side of Kenosha and the St. Catherine's campus on the west side of Kenosha.

St. Catherine's Hospital, Inc.'s ("St. Catherine's") sole corporate member is OSF Services, Inc. ("OSF"). Wheaton Franciscan Healthcare, Inc. (WFH) is the sole corporate member of OSF. WFH operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values of the Franciscan Sisters. St. Catherine's owns the St. Catherine's campus which is operated by United.

On July 6, 1998, United, St. Catherine's, OSF, and WFH entered into an Integration Agreement. Under the Integration Agreement, United and St. Catherine's formed UHS, which became the operating member of both United and St. Catherine's, with significant reserved powers. The purpose of the integration was to facilitate the development and operation of a health care system for the Kenosha, Wisconsin regional community, reduce the cost and duplication of services, and provide appropriate new services that most efficiently and effectively meet the needs of the community. The Integration Agreement provides for the sharing of income or losses on a percentage basis of the combined results of operations of United, St. Catherine's, and UHS as follows: United 75% and St. Catherine's 25%.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

The Organization (Continued)

UHS has entered into a membership and affiliation agreement with Froedert & Community Health, Inc. (F&CH). UHS is structured such that there are two classes of members. United and St. Catherine's are the "Class A members" and F&CH is the sole "Class B member" of UHS. F&CH has the rights vested pursuant to the agreement, including entitlement to share in certain distributions made by the members of UHS. F&CH has no rights, interests, obligations, commitments, or liabilities under the Integration Agreement between United and St. Catherine's.

Financial Statement Presentation

The Corporation follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

The combined financial statements include the accounts of United and St. Catherine's. All significant intercompany accounts and transactions have been eliminated in preparing the accompanying combined financial statements.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying combined financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Corporation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in the Corporation's investment portfolio and amounts whose use is limited or restricted. Income earned on cash and cash equivalents is reported as other operating income.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from residents of Kenosha County, Wisconsin, and Lake County, Illinois, most of whom are insured under third-party payor agreements. The Corporation bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for coinsurance, copay, and deductible amounts that are the patients' responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement.

The Corporation does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying combined balance sheets net of contractual allowances and allowances for doubtful accounts, which reflect management's best estimate of the amounts that will not be collected. Management provides for contractual allowances under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In evaluating the collectibility of patient accounts receivable, management analyzes historical loss experience of uninsured patients and amounts for which patients are personally responsible. Using the loss experience rate, management estimates the appropriate allowance for doubtful accounts and provision for bad debts. 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 doubtful accounts.

Inventory

Inventory of supplies are valued at the lower of cost, determined using the first-in, first-out (FIFO) method, or market.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Investments and Investment Income

Certificates of deposit are stated at the principal contributed plus any accrued interest earned. All other investments, including investment in assets limited as to use, are recorded at fair value in the accompanying combined balance sheets.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) on funds held by a trustee for principal and interest payments is reported as other operating revenue. All other investment income (including realized gains and losses, interest, and dividends) is reported as nonoperating gains (losses) and is included in the excess of revenue over expenses unless the income is restricted by donor or law.

Unrealized gains and losses on investments are excluded from the excess of revenue over expenses unless the investments are trading securities. Realized gains or losses are determined by specific identification.

The Corporation monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other-than-temporary results in an impairment and the Corporation reduces the investment's carrying value to fair value. A new cost basis is established for the investment and any impairment loss is recorded as a realized loss in investment income.

Assets Limited as to Use

Assets limited as to use include assets designated by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes, assets set aside to fund donor restricted net assets, and assets held in trust under deferred compensation arrangements.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in nonoperating gains and losses. Depreciation is provided over the estimated useful life of each class of depreciable asset and is primarily computed using the straight-line method. Estimated useful lives range from 5 to 25 years for land improvements, 5 to 40 for buildings and improvements, and 3 to 25 years for equipment.

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

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

Asset Retirement Obligation

ASC Topic 410-20, *Accounting for Conditional Asset Retirement Obligations*, clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. Management has considered ASC Topic 410-20, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its properties. Management believes there is asbestos at the Kenosha campus, however, there is an indeterminate settlement date for the asset retirement obligation because the range of time over which the Corporation may settle the obligation is unknown and the Corporation cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2013.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. When a temporary donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of operations and statements of changes in net assets as net assets released from restrictions.

Excess of Revenue Over Expenses

The accompanying combined statements of operations include excess of revenue over expenses, which is considered the operating indicator. Changes in unrestricted net assets, which are excluded from the operating indicator include unrealized gains and losses on investments other than trading securities, net assets released from restrictions, and changes in the minimum pension obligation other than pension expense.

Patient Service Revenue (net of contractual allowances and discounts)

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 and any discounts provided to patients. 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. Retroactive adjustments and discounts are deducted from gross patient service revenue to determine patient service revenue (net of contractual allowances and discounts).

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Charity Care

The Corporation 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 Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue or patient accounts receivable in the accompanying combined financial statements. The Corporation did not change its charity care policy during 2013 or 2012.

The estimated cost of providing care to patients under the Corporation's charity care policy is calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charity care charges. The costs to provide charity care under the charity care policy was approximately \$3,989,000 and \$3,602,000 for the years ended June 30, 2013 and 2012, respectively.

Hospital Assessments

Wisconsin state regulations require eligible hospitals to pay the state an annual assessment. The assessment period is the state's fiscal year which runs from July 1 to June 30. The assessment is based on each hospital's gross revenue, as defined by the regulations. The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program. The Corporation's assessment expense was approximately \$7,905,000 and \$7,967,000 for the year ended June 30, 2013 and 2012, respectively, and is included in other expense in the accompanying combined statements of operations. Any increases in reimbursement from Medicaid are included in patient service revenue.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Donor-Restricted Gifts

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Corporation 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. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying combined financial statements.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

UHS, United, and St. Catherine's are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. They are also exempt from state income taxes on related income.

In order to account for any uncertain tax positions, the Corporation determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming that taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Corporation has not recorded any assets or liabilities related to uncertain tax positions in 2013 and 2012. Tax returns for the tax years 2009 and beyond remain subject to examination by the applicable taxing authorities.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Fair Value Measurements

The Corporation measures fair value of its financial instruments, including assets within the defined benefit noncontributory retirement plan, using a three-tier hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets in inactive markets,
- Inputs, other than quoted prices, that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In July 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*. This ASU amends ASC Topic 954 and requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Entities are also required to enhance disclosures about their policies for recognizing revenue and assessing bad debts. Additionally, this guidance requires disclosure of qualitative and quantitative information about changes in the allowance for doubtful accounts. The Corporation adopted the guidance in ASU No. 2011-07 for the year ended June 30, 2013. The presentation of the provision for bad debts for the year ended June 30, 2012 has been reclassified in the accompanying combined financial statements in order to conform to the classifications used in 2013.

Subsequent Events

Subsequent events have been evaluated through October 10, 2013 which is the date the combined financial statements were available to be issued.

Note 2 Reimbursement Arrangements With Third-Party Payors

The Corporation has agreements with third-party payors that provide for reimbursement at amounts which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services provided to Medicare beneficiaries are reimbursed on a prospective payment methodology, which is based on a patient classification system.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 2 **Reimbursement Arrangements With Third-Party Payors** (Continued)

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors similar to the Medicare system. Outpatient services are paid on a prospectively determined rate per occasion of service.

Others - The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes charges and discounts from established charges.

Medical Clinics - Reimbursement for clinic services rendered is based on charges, discounted charges, or fee schedules.

Accounting for Contractual Arrangements

The Corporation is reimbursed for certain cost reimbursable items at an interim rate, and final settlements are determined after audit of the Corporation's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying combined financial statements. The Corporation's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through June 30, 2009.

Electronic Health Record Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology. The provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 2 **Reimbursement Arrangements With Third-Party Payors** (Continued)

Electronic Health Record Payments (Continued)

Incentive payments will generally be made over a four year period. For the first payment year, the Corporation must attest that it met the meaningful use criteria for a continuous 90-day period. For subsequent payment years, the Corporation must demonstrate meaningful use for the entire year. The incentive payments are made based on a statutory formula, with the payments subject to final adjustment based in part on information from the Corporation's Medicare cost reports. The Corporation recognizes revenue from the EHR program when the conditions of the program have been met and payment is reasonably assured.

The Corporation recorded approximately \$2,529,000 in EHR incentive revenue from the Medicare program in 2013, which is recorded in other operating income in the accompanying combined statements of operations. In addition, the Corporation recorded approximately \$149,000 in EHR incentive revenue from the Medicaid program in 2013, which is also included in other operating income in the accompanying combined statements of operations. No Medicare or Medicaid EHR incentive revenue was recorded in 2012.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly 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. Violations of these laws and regulations could result in the imposition of significant fines and penalties, as well as repayments of previously billed and collected revenue from show services. Management believes that the Corporation is in substantial compliance with current laws and regulations.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

Compliance (Continued)

The Centers for Medicare and Medicaid Services (CMS) uses Recovery Audit Contractors (RACs) as part of its efforts to ensure accurate payments under the Medicare program. RACs search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The provider will then have the opportunity to appeal the adjustment before final settlement of the claim is made. As of June 30, 2013, the Corporation has received notice from the RAC of certain claims identified by the RAC as inaccurate. A liability of approximately \$1,400,000 and \$4,500,000 for estimated adjustments related to the RAC audits has been recorded in amounts payable to third-party reimbursement programs as of June 30, 2013 and 2012, respectively, in the accompanying combined balance sheets.

Note 3 Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30.

	2013	2012
Patient accounts receivable	\$106,819,639	\$111,970,280
Less		
Contractual adjustments	49,495,202	55,729,864
Allowance for doubtful accounts	22,140,982	20,001,294
Patient accounts receivable - Net	\$ 35,183,455	\$ 36,239,122

Write-offs as a percentage of gross revenue increased 0.6% in 2013 compared to 2012. The Corporation's patient accounts receivable from uninsured patients increased approximately 9.1% in 2013 compared to 2012. These factors contributed to the allowance for doubtful accounts increasing from 17.9% of patient accounts receivable at June 30, 2012 to 20.7% of patient accounts receivable at June 30, 2013. The Corporation has not changed its charity care or uninsured discount policies during 2013 or 2012.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 4 Investments, Assets Limited as to Use and Investment Income

Investments

Investments, stated at fair value, consisted of the following at June 30

	2013	2012
Cash equivalents	\$ 17,914	\$ 15,792
Fixed income mutual funds	780,850	736,240
Equity mutual funds	1,369,630	1,194,257
Total investments	\$ 2,168,394	\$ 1,946,289

Assets Limited as to Use

Assets limited as to use consisted of the following at June 30

	2013	2012
Cash equivalents	\$ 5,506,192	\$ 8,964,230
Certificates of deposit	20,000,000	15,000,000
Corporate debt securities	5,241,786	-
Fixed income funds	20,313,643	19,122,013
Equity mutual funds	32,310,269	28,595,707
Equity securities	10,965,969	8,157,983
Total assets limited as to use	\$ 94,337,859	\$ 79,839,933

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 4 Investments, Assets Limited as to Use and Investment Income (Continued)

Assets Limited as to Use (Continued)

The composition of assets limited to use at June 30 is as follows.

	2013	2012
Internally designated		
Capital improvements	\$ 79,854,358	\$ 68,495,434
Deferred compensation	10,889,376	8,050,992
Other	1,563,569	1,254,365
Donor designated		
Scholarships	513,136	520,158
Permanent endowment	1,517,420	1,518,984
Total assets limited as to use	\$ 94,337,859	\$ 79,839,933

Investment Income

Investment income including gains and losses on cash equivalents, investments, and assets limited as to use consisted of the following for the years ended June 30

	2013	2012
Investment income - Other operating income		
Interest and dividend income	\$ 92,496	\$ 48,276
Investment income - Nonoperating gains		
Interest and dividend income	1,306,239	1,234,571
Net realized gains on sale of marketable securities	1,498,108	451,964
Total investment income - Nonoperating gains	2,804,347	1,686,535
Total investment income	\$ 2,896,843	\$ 1,734,811
Other change in unrestricted net assets - Change in net unrealized gains and losses on investments other than trading securities	\$ 3,976,066	\$ (906,169)

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 4 **Investments, Assets Limited as to Use and Investment Income** (Continued)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Management assesses individual investment securities as to whether declines in market value are other-than-temporary and result in an impairment. For equity securities and mutual funds, the Corporation considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For debt securities, if the Corporation has made a decision to sell the security, or if it's more likely than not the Corporation will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Corporation has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than temporary impairment is considered to have occurred.

Because the Corporation has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at June 30, 2013 and 2012, are not considered temporarily impaired, and no impairment losses were recognized by the Corporation during 2013 and 2012.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 5 Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value, including assets held by the Corporation's defined benefit retirement plan (Note 12).

Cash equivalents, consisting primarily of money market funds, sweep agreements, and repurchase agreements, are valued using a net asset value (NAV) of \$1. Equity securities listed on exchanges and preferred stocks are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds and exchange traded funds are valued at the daily closing price as reported by the fund. These funds are registered with the Securities and Exchange Commission and are required to publish their daily NAV and to transact at that price. Corporate and foreign debt securities, U.S. government and agency obligations and some equity securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Closely held securities and alternative investments are valued by an outside custodian using unobservable inputs and assumptions by the party valuing the assets. The common trust fund is valued at the NAV of units of the trust, and the NAV as provided by the trustee, is used as the practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments held by the fund less any liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 5 Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of June 30

	2013			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 5,524,106	\$ 78,337,333	\$ -	\$83,861,439
Fixed income funds				
Mutual funds	3,599,205	-	-	3,599,205
Common trust	-	17,495,288	-	17,495,288
Corporate debt securities	-	5,241,786	-	5,241,786
Equity mutual funds	33,679,899	-	-	33,679,899
Equity securities	10,709,827	256,142	-	10,965,969
Totals	\$ 53,513,037	\$ 101,330,549	\$ -	\$ 154,843,586

	2012			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 8,980,022	\$ 55,045,766	\$ -	\$64,025,788
Fixed income funds				
Mutual funds	3,327,991	-	-	3,327,991
Common trust	-	16,530,262	-	16,530,262
Equity mutual funds	29,789,964	-	-	29,789,964
Equity securities	7,935,546	222,437	-	8,157,983
Totals	\$ 50,033,523	\$ 71,798,465	\$ -	\$121,831,988

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 5 Fair Value Measurements (Continued)

The following table sets forth additional disclosures of the Corporation's investments whose fair value is estimated at net asset value per share as of June 30

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Common trust (a)				
2013	\$17,495,288	-	Continuously	N/A
2012	\$16,530,262	-	Continuously	N/A

(a) Invests primarily in a diversified portfolio of intermediate and long-term domestic and international debt securities.

Note 6 Property and Equipment

Property and equipment consisted of the following at June 30

	2013	2012
Land	\$ 15,374,397	\$ 14,769,546
Land improvements	9,454,391	9,371,821
Buildings and improvements	265,526,884	260,843,518
Equipment	131,871,906	123,948,289
Total property and equipment	422,227,578	408,933,174
Less - Accumulated depreciation	219,483,717	197,015,761
Net depreciated value	202,743,861	211,917,413
Construction in progress	9,408,613	10,466,331
Property and equipment - Net	\$ 212,152,474	\$ 222,383,744

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 6 **Property and Equipment** (Continued)

Construction in progress at June 30, 2013, primarily relates to the St. Catherine's campus and consists of costs associated with an expansion and remodel of the existing facilities. At June 30, 2013 approximately \$7,000,000 related to a pediatric unit/NICU, with remaining balances related to various other projects. The expansion project is being financed from internal resources.

Note 7 **Long-Term Debt**

Long-term debt consisted of the following at June 30

	2013	2012
Note payable to Johnson Bank, dated February 29, 2012, paid in June 2013.	\$	- \$ 16,378,570

On February 29, 2012 the Corporation entered into a Business Loan Agreement with Johnson Bank to refinance the Wisconsin Health and Educational Facilities Authority Series 1999 Revenue Bonds, with a note payable maturing in February 2022. In June 2013, the Business Loan Agreement was terminated early and the associated debt was paid in full.

In conjunction with the refinancing of the Series 1999 Revenue Bonds, the Corporation expensed \$645,156 of the remaining unamortized bond issue costs and unamortized bond discount, which are included in other nonoperating gains (losses) in the accompanying combined statements of operations in 2012.

Note 8 **Line of Credit**

The Corporation has a bank line of credit under which it could borrow up to \$2,000,000. The line of credit bears interest at the Johnson Bank Reference Rate (3.00% at June 30, 2013), and expires July 1, 2013. There were no outstanding borrowings under this agreement at June 30, 2013 and 2012. Effective July 1, 2013, the line of credit was extended to July 1, 2014 at an amount of \$2,000,000.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 9 Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets of \$513,136 and \$520,158 are restricted for educational scholarship grants at June 30, 2013 and 2012, respectively. Permanently restricted net assets of \$1,517,420 and \$1,518,984 at June 30, 2013 and 2012, respectively, are to be held in perpetuity, the income from which is expendable for hospital operations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released for scholarship grants totaled \$9,075 and \$11,745 during the years ended June 30, 2013 and 2012, respectively.

Note 10 Deferred Compensation

The Corporation has employment agreements with certain members of management and certain physicians whereby the Corporation is to maintain separate deferred compensation accounts corresponding to employment contract years. Corporation contributions under the agreements are at the sole discretion of the Corporation's Board of Directors. The expense recognized related to these agreements was approximately \$605,000 and \$250,000 for the years ended June 30, 2013 and 2012, respectively.

Contributions by the Corporation are to be deposited in investment accounts, subject to certain investment discretion. A portion of the contributions may be funded subsequent to the Corporation's fiscal year-end. The deferred compensation liability was \$10,908,216 and \$8,067,658 as of June 30, 2013 and 2012, respectively. Until ownership of an investment account is transferred to the beneficiary, each investment account is owned by the Corporation and is subject to the claims of the Corporation's creditors. Income earned on investment accounts is reinvested in the respective account.

Deferred compensation accounts become fully vested and nonforfeitable on the earlier of the end of one to five-year terms for each account or on the death or total disability of the participant.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 11 Malpractice Insurance

The Corporation has professional liability insurance for claim losses of \$1,000,000 per claim and \$3,000,000 aggregate per year for claims incurred during a policy year regardless of when claims are reported (occurrence coverage). Losses in excess of policy limits are covered through mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. The professional liability insurance policy is renewable annually and is scheduled to expire on January 1, 2014, at which time management expects to renew the policy as part of its risk management procedures.

Note 12 Retirement Plans

The Corporation sponsors a defined benefit pension plan, which was frozen in 2013, that covers substantially all of its employees with one year of credited service prior to the freeze.

The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Corporation and their compensation near retirement. Contributions to the plan reflect benefits attributed to employees' services to date and also for services expected to be earned in the future.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 12 Retirement Plans (Continued)

The following provides further information about the plan for the years ended June 30.

	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 181,156,397	\$ 134,288,693
Service cost	8,898,724	6,510,943
Interest cost	7,534,831	7,566,218
Curtailments	-	(2,394,792)
Benefits paid	(3,014,563)	(2,505,093)
Actuarial (gain) loss	(23,929,903)	37,690,428
Benefit obligation at end of year	170,645,486	181,156,397
Change in plan assets		
Fair value of plan assets at beginning of year	111,469,687	107,839,050
Actual return on plan assets	11,373,919	(3,464,270)
Employer contributions	1,900,000	9,600,000
Benefits paid	(3,014,563)	(2,505,093)
Fair value of plan assets at end of year	121,729,043	111,469,687
Funded status	\$ (48,916,443)	\$ (69,686,710)
Accumulated benefit obligation	\$ 148,459,908	\$ 153,868,586

Amounts recognized in the accompanying combined balance sheets consisted of the following at June 30

	2013	2012
Current liability	\$ 4,264,509	\$ 3,663,132
Noncurrent liability	\$ 44,651,934	\$ 66,023,578
Net assets		
Prior service cost	\$ 50,012	\$ 69,495
Net actuarial loss	56,061,139	88,552,021
Total amount recognized in net assets	\$ 56,111,151	\$ 88,621,516

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 12 Retirement Plans (Continued)

Pension expense for the years ended June 30 was comprised of the following.

	2013	2012
Pension expense		
Service cost	\$ 8,898,724	\$ 6,510,943
Interest cost	7,534,831	7,566,218
Expected return on assets	(8,885,042)	(8,787,442)
Amortization of prior service cost	19,483	22,294
Amortization of unrecognized actuarial loss	6,072,102	2,550,953
Curtailment loss	-	10,019
Total pension expense	13,640,098	7,872,985
Other changes in plan assets and benefit obligations recognized in other changes in net assets:		
Net actuarial (gain) loss	(32,490,882)	44,996,395
Prior service cost	(19,483)	(32,313)
Total recognized in other changes in unrestricted net assets	(32,510,365)	44,964,082
Total recognized as pension expense and other changes in unrestricted net assets	<u><u>\$(18,870,267)</u></u>	<u><u>\$ 52,837,067</u></u>

The estimated net actuarial loss and prior service cost that will be amortized from net assets into pension expense over the next fiscal year are \$3,471,000 and \$6,146,000, respectively.

Weighted average assumptions used as of June 30, the measurement date, in developing the projected benefit obligation were as follows

	2013	2012
Discount rate for obligation	5.18 %	4.20 %
Discount rate for expense	4.20 %	5.70 %
Expected return on plan assets	8.00 %	8.00 %
Rate of compensation increase	3.50 %	3.50 %

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 12 Retirement Plans (Continued)

To develop the expected long-term rate of return on asset assumptions, the Corporation considered the historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio.

The Corporation's weighted average asset allocations at June 30 were as follows

	2013	2012
Asset category		
Cash and cash equivalents	5.3 %	4.4 %
Fixed income	21.6	24.4
Alternative	2.5	2.6
Equity funds and securities	70.6	68.6
Totals	100.0 %	100.0 %

The Corporation's investment objectives for the plan's investments emphasize total return, that is, the aggregate return from capital appreciation and dividends and interest. The goal of the investment policy is to achieve over a five-year market cycle an absolute return of 8%, exceed the return of a balanced market index of the same style as the plan's investments, and exceed the rate of inflation by at least 4%.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 12 Retirement Plans (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's Plan assets at fair value as of June 30

	2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ -	\$ 2,648,353	\$ 3,848,063	\$ 6,496,416
Closely held securities	-	-	3,862,419	3,862,419
Corporate debt securities	-	15,148,249	-	15,148,249
Exchange traded funds	12,307,684	-	-	12,307,684
Foreign debt securities	-	2,023,731	-	2,023,731
Alternative investments	-	-	3,042,668	3,042,668
Preferred stocks	269,592	73,516	-	343,108
Equity securities	61,115,762	8,249,076	-	69,364,838
U.S. Government and agency obligations	-	9,139,930	-	9,139,930
Total assets at fair value	\$ 73,693,038	\$ 37,282,855	\$ 10,753,150	\$ 121,729,043

	2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ -	\$ 246,380	\$ 4,627,702	\$ 4,874,082
Closely held securities	-	-	4,930,175	4,930,175
Corporate debt securities	-	12,383,837	-	12,383,837
Exchange traded funds	17,695,061	-	-	17,695,061
Foreign debt securities	-	888,497	-	888,497
Alternative investments	-	-	2,910,914	2,910,914
Preferred stocks	56,543	-	-	56,543
Equity securities	48,662,144	5,114,687	-	53,776,831
U.S. Government and agency obligations	-	13,953,747	-	13,953,747
Total assets at fair value	\$ 66,413,748	\$ 32,587,148	\$ 12,468,791	\$ 111,469,687

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 12 Retirement Plans (Continued)

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets.

	2013	2012
Balance, beginning of year	\$ 12,468,791	\$ 9,003,237
Net purchases and (sales) and change in fair value	(1,715,641)	3,465,554
Balance, end of year	\$ 10,753,150	\$ 12,468,791

The Corporation expects to contribute approximately \$10,000,000 to the plan in fiscal 2014.

Benefit payments are expected to be paid as follows for the years ending June 30

2014	\$ 4,264,509
2015	\$ 4,975,924
2016	\$ 5,658,331
2017	\$ 6,361,160
2018	\$ 7,233,623
Succeeding five years	\$ 48,104,133

The Corporation also sponsors two tax-deferred annuity plans that cover substantially all employees, and, the Corporation sponsors a matching contribution plan that covers employees at least 21 years of age with at least one year of service, who are not participating in the defined benefit plan. Employees may contribute to the tax-deferred annuity plans on a tax-deferred basis subject to plan and regulatory limits. The Corporation contributes to the matching contribution plan an amount equal to 100% of employees' contributions to the tax deferred annuity plan up to 3% of employees' eligible compensation and 50% of employees contributions that exceed 3% of eligible compensation but not exceeding 5% of eligible compensation. The Corporation recognized expense of \$370,000 and \$13,000 related to these plans in 2013 and 2012, respectively.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 13 Patient Service Revenue (Net of Contractual Allowances and Discounts)

Patient service revenue (net of contractual allowances and discounts) consisted of the following

	(In Thousands)	
	2013	2012
Gross patient service revenue	\$690,916,704	\$ 679,635,804
Deductions - Contractual allowances and discounts		
Medicare	221,399,568	213,094,178
Medicaid	76,241,293	75,018,457
Managed care	80,498,294	83,580,959
Other governmental and commercial	3,767,144	3,420,623
Uninsured patients	7,086,368	6,309,343
Patient service revenue (net of contractual allowances and discounts)	\$301,924,037	\$ 298,212,244

Patient service revenue (net of contractual allowances and discounts) from these major payor sources is as follows.

	2013	2012
Medicare, Medicaid, Managed care, other governmental and commercial	\$286,941,296	\$287,136,836
Uninsured patients	14,982,741	11,075,408
Patient service revenue (net of contractual allowances and discounts)	\$301,924,037	\$298,212,244

Medicare revenue as a percent of gross service revenue totaled 43.4% and 43.3% in 2013 and 2012, respectively. Medicaid revenue as a percent of gross service revenue totaled 14.3% and 14.4% in 2013 and 2012, respectively.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 14 Self-Insurance

The Corporation maintains self-insurance programs covering workers' compensation and unemployment claims and employee hospital, medical, and short-term disability benefits. Provisions for self-insurance claims and benefits are accrued as accidents or medical treatments occur based upon the Corporation's estimate of the aggregate exposure on claims or potential claims. The Corporation's expenses associated with the health plan were approximately \$12,105,000 and \$13,164,000 for 2013 and 2012, respectively. A liability of approximately \$2,516,000 and \$2,619,000 for claims outstanding at June 30, 2013 and 2012, respectively, has been recorded in accrued salaries, wages, and payroll taxes in the accompanying combined balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported.

Note 15 Leases

The Corporation has entered into various operating lease agreements for land, buildings, and equipment with unrelated parties. Minimum future rental payments under these lease agreements consisted of the following at June 30, 2013.

2014	\$ 653,405
2015	439,949
2016	271,873
2017	99,883
2018	38,952

Total minimum lease payments	\$ 1,504,062
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Total lease expense was approximately \$1,434,000 and \$1,907,000 in 2013 and 2012, respectively.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 15 Leases (Continued)

The Corporation is the lessor of certain facilities and hospital space under noncancelable lease agreements which expire in various years through 2018. These leases are accounted for as operating leases. The Corporation recorded \$1,010,077 and \$963,758 in rental income for the leases in 2013 and 2012, respectively, which is included in other operating income in the accompanying combined statements of operations. Minimum future rentals to be received on noncancelable leases with remaining terms of more than one year consisted of the following at June 30, 2013.

2014	\$ 541,560
2015	493,492
2016	447,647
2017	358,517
2018	107,572
Total	\$ 1,948,788

Note 16 Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to possible credit risk consist principally of accounts receivable and cash deposits in excess of insured limits.

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients.

The mix of receivables from patients and third-party payors was as follows at June 30.

	2013	2012
Medicare	29 %	32 %
Medicaid	9	12
Other third-party payors	23	23
Patients	39	33
Totals	100 %	100 %

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 16 **Concentration of Credit Risk** (Continued)

The Corporation maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. The Corporation maintains cash in accounts at these institutions which are insured by the FDIC up to \$250,000. At June 30, 2013, the Corporation's deposits exceeded the insured limits by approximately \$68,839,000.

Note 17 **Functional Expenses**

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services consisted of the following.

	2013	2012
Health care services	\$ 224,220,816	\$ 215,086,299
General and administrative	41,938,950	44,259,257
Total expenses	\$ 266,159,766	\$ 259,345,556

Supplementary Information



Independent Auditor's Report on Supplementary Information

Board of Directors
UHS, Inc.
Kenosha, Wisconsin

We have audited the basic combined financial statements of UHS, Inc. and Affiliates as of and for the years ended June 30, 2013 and 2012, and our report thereon dated October 10, 2013, which expressed an unmodified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplementary information appearing on pages 42 through 51 is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly presented in all material respects in relation to the basic combined financial statements taken as a whole.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

October 10, 2013
Milwaukee, Wisconsin

UHS, Inc. and Affiliates

Combining Balance Sheet

June 30, 2013

<i>Assets</i>	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Current assets				
Cash and cash equivalents	\$ 71,107,557	\$ 6,021,841	\$ -	\$ 77,129,398
Patient accounts receivable - Net	35,183,455	-	-	35,183,455
Receivable from affiliate	49,526,970	-	(49,526,970)	-
Inventory	4,162,748	-	-	4,162,748
Investments	2,168,394	-	-	2,168,394
Prepaid expenses and other	4,086,869	15,300	-	4,102,169
Amounts receivable from third-party reimbursement programs	68,097	-	-	68,097
Total current assets	166,304,090	6,037,141	(49,526,970)	122,814,261
Assets limited as to use	94,337,859	-	-	94,337,859
Property and equipment - Net	83,126,771	129,025,703	-	212,152,474
TOTAL ASSETS	\$ 343,768,720	\$ 135,062,844	\$ (49,526,970)	\$ 429,304,594

<i>Liabilities and Net Assets</i>	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Current liabilities				
Accounts payable.				
Trade	\$ 4,384,934	\$ -	\$ -	\$ 4,384,934
Construction	941,936	-	-	941,936
Payable to affiliate	-	49,526,970	(49,526,970)	-
Accrued salaries, wages, and payroll taxes	17,567,081	-	-	17,567,081
Other accrued expenses	5,915,159	-	-	5,915,159
Total current liabilities	28,809,110	49,526,970	(49,526,970)	28,809,110
Deferred compensation	10,908,216	-	-	10,908,216
Pension liability	44,651,934	-	-	44,651,934
Total liabilities	84,369,260	49,526,970	(49,526,970)	84,369,260
Net assets.				
Unrestricted	257,368,904	85,535,874	-	342,904,778
Temporarily restricted	513,136	-	-	513,136
Permanently restricted	1,517,420	-	-	1,517,420
Total net assets	259,399,460	85,535,874	-	344,935,334
TOTAL LIABILITIES AND NET ASSETS	\$ 343,768,720	\$ 135,062,844	\$ (49,526,970)	\$ 429,304,594

UHS, Inc. and Affiliates

Combining Balance Sheet

June 30, 2012

<i>Assets</i>	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Current assets.				
Cash and cash equivalents	\$ 47,819,261	\$ 6,811,762	\$ -	\$ 54,631,023
Patient accounts receivable - Net	36,239,122	-	-	36,239,122
Receivable from affiliate	63,358,120	-	(63,358,120)	-
Inventory	4,213,110	-	-	4,213,110
Investments	1,946,289	-	-	1,946,289
Prepaid expenses and other	4,212,357	20,163	-	4,232,520
Total current assets	157,788,259	6,831,925	(63,358,120)	101,262,064
Assets limited as to use	79,839,933	-	-	79,839,933
Property and equipment - Net	86,152,649	136,231,095	-	222,383,744
TOTAL ASSETS	\$ 323,780,841	\$ 143,063,020	\$ (63,358,120)	\$ 403,485,741

<i>Liabilities and Net Assets</i>	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Current liabilities				
Current maturities of long-term debt	\$ 1,458,462	\$ -	\$ -	\$ 1,458,462
Accounts payable				
Trade	3,578,503	33,910	-	3,612,413
Construction	651,274	31,471	-	682,745
Payable to affiliate	-	63,358,120	(63,358,120)	-
Accrued salaries, wages, and payroll taxes	17,689,486	-	-	17,689,486
Other accrued expenses	4,499,209	-	-	4,499,209
Amounts payable to third-party reimbursement programs	2,074,748	-	-	2,074,748
Total current liabilities	29,951,682	63,423,501	(63,358,120)	30,017,063
Long-term debt, less current maturities	14,920,108	-	-	14,920,108
Deferred compensation	8,067,658	-	-	8,067,658
Pension liability	66,023,578	-	-	66,023,578
Total liabilities	118,963,026	63,423,501	(63,358,120)	119,028,407
Net assets.				
Unrestricted	202,778,673	79,639,519	-	282,418,192
Temporarily restricted	520,158	-	-	520,158
Permanently restricted	1,518,984	-	-	1,518,984
Total net assets	204,817,815	79,639,519	-	284,457,334
TOTAL LIABILITIES AND NET ASSETS	\$ 323,780,841	\$ 143,063,020	\$ (63,358,120)	\$ 403,485,741

UHS, Inc. and Affiliates

Combining Statement of Operations

Year Ended June 30, 2013

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Revenue:				
Patient service revenue (net of contractual allowances and discounts)	\$ 301,924,037	\$ -	\$ -	\$ 301,924,037
Provision for bad debts	(22,674,994)	-	-	(22,674,994)
Net patient service revenue, less provision for bad debts	279,249,043	-	-	279,249,043
Other operating revenue	7,900,712	4,693,716	(4,656,800)	7,937,628
Total revenue	287,149,755	4,693,716	(4,656,800)	287,186,671
Expenses:				
Salaries and wages	115,093,469	-	-	115,093,469
Employee benefits and payroll taxes	36,383,538	-	-	36,383,538
Supplies	46,001,728	-	-	46,001,728
Other	49,793,142	356,645	(4,656,800)	45,492,987
Interest	348,994	-	-	348,994
Depreciation	15,217,924	7,621,126	-	22,839,050
Total expenses	262,838,795	7,977,771	(4,656,800)	266,159,766
Income (loss) from operations	24,310,960	(3,284,055)	-	21,026,905
Nonoperating gains:				
Investment return in excess of amounts designated for current operations	2,804,347	-	-	2,804,347
Other - Net	153,768	6,060	-	159,828
Excess (deficiency) of revenue over expenses before revenue sharing with affiliate	27,269,075	(3,277,995)	-	23,991,080
Revenue sharing with affiliate	(9,174,350)	9,174,350	-	-
Excess of revenue over expenses	18,094,725	5,896,355	-	23,991,080
Other changes in unrestricted net assets:				
Change in net unrealized gains and losses on investments other than trading securities	3,976,066	-	-	3,976,066
Net assets released from restrictions	9,075	-	-	9,075
Change in pension obligation other than pension expense	32,510,365	-	-	32,510,365
Change in unrestricted net assets	\$ 54,590,231	\$ 5,896,355	\$ -	\$ 60,486,586

UHS, Inc. and Affiliates

Combining Statement of Operations

Year Ended June 30, 2012

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Revenue:				
Patient service revenue (net of contractual allowances and discounts)	\$ 298,212,244	\$ -	\$ -	\$ 298,212,244
Provision for bad debts	(20,309,686)	-	-	(20,309,686)
Net patient service revenue, less provision for bad debts	277,902,558	-	-	277,902,558
Other operating revenue	6,145,929	4,666,573	(4,656,800)	6,155,702
Total revenue	284,048,487	4,666,573	(4,656,800)	284,058,260
Expenses:				
Salaries and wages	114,329,894	-	-	114,329,894
Employee benefits and payroll taxes	30,531,089	-	-	30,531,089
Supplies	46,190,055	-	-	46,190,055
Other	49,164,841	335,548	(4,656,800)	44,843,589
Interest	1,192,513	-	-	1,192,513
Depreciation	15,581,967	6,676,449	-	22,258,416
Total expenses	256,990,359	7,011,997	(4,656,800)	259,345,556
Income (loss) from operations	27,058,128	(2,345,424)	-	24,712,704
Nonoperating gains (losses):				
Investment return in excess of amounts designated for current operations	1,686,535	-	-	1,686,535
Other - Net	(669,898)	7,109	-	(662,789)
Excess of revenue over expenses before revenue sharing with affiliate	28,074,765	(2,338,315)	-	25,736,450
Revenue sharing with affiliate	(8,654,478)	8,654,478	-	-
Excess of revenue over expenses	19,420,287	6,316,163	-	25,736,450
Other changes in unrestricted net assets:				
Change in net unrealized gains and losses on investments other than trading securities	(906,169)	-	-	(906,169)
Net assets released from restrictions	11,745	-	-	11,745
Change in pension obligation other than pension expense	(44,964,082)	-	-	(44,964,082)
Change in unrestricted net assets	\$ (26,438,219)	\$ 6,316,163	\$ -	\$ (20,122,056)

UHS, Inc. and Affiliates

Combining Statement of Changes in Net Assets

Year Ended June 30, 2013

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Unrestricted net assets				
Excess of revenue over expenses	\$ 18,094,725	\$ 5,896,355	\$ -	\$ 23,991,080
Other changes in unrestricted net assets				
Change in net unrealized gains and losses on investments other than trading securities	3,976,066	-	-	3,976,066
Net assets released from restrictions	9,075	-	-	9,075
Change in pension obligation other than pension expense	32,510,365	-	-	32,510,365
Increase in unrestricted net assets	54,590,231	5,896,355	-	60,486,586
Temporarily restricted net assets.				
Contributions and earnings	2,053	-	-	2,053
Net assets released from restrictions	(9,075)	-	-	(9,075)
Decrease in temporarily restricted net assets	(7,022)	-	-	(7,022)
Decrease in permanently restricted net assets - Contributions and earnings (losses)	(1,564)	-	-	(1,564)
Change in net assets	54,581,645	5,896,355	-	60,478,000
Net assets at beginning	204,817,815	79,639,519	-	284,457,334
Net assets at end	\$ 259,399,460	\$ 85,535,874	\$ -	\$ 344,935,334

UHS, Inc. and Affiliates

Combining Statement of Changes in Net Assets

Year Ended June 30, 2012

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Unrestricted net assets				
Excess of revenue over expenses	\$ 19,420,287	\$ 6,316,163	\$ -	\$ 25,736,450
Other changes in unrestricted net assets				
Change in net unrealized gains and losses on investments other than trading securities	(906,169)	-	-	(906,169)
Net assets released from restrictions	11,745	-	-	11,745
Change in pension obligation other than pension expense	(44,964,082)	-	-	(44,964,082)
Increase (decrease) in unrestricted net assets	(26,438,219)	6,316,163	-	(20,122,056)
Temporarily restricted net assets				
Contributions and earnings	36,660	-	-	36,660
Net assets released from restrictions	(11,745)	-	-	(11,745)
Increase in temporarily restricted net assets	24,915	-	-	24,915
Increase in permanently restricted net assets - Contributions and earnings	2,101	-	-	2,101
Change in net assets	(26,411,203)	6,316,163	-	(20,095,040)
Net assets at beginning	231,229,018	73,323,356	-	304,552,374
Net assets at end	\$ 204,817,815	\$ 79,639,519	\$ -	\$ 284,457,334

UHS, Inc. and Affiliates

Combining Statement of Cash Flows

Year Ended June 30, 2013

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Increase (decrease) in cash and cash equivalents				
Cash flows from operating activities				
Change in net assets	\$ 54,581,645	\$ 5,896,355	\$ -	\$ 60,478,000
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	15,217,924	7,621,126	-	22,839,050
Provision for bad debts	22,674,994	-	-	22,674,994
Change in pension obligation other than pension expense	(32,510,365)	-	-	(32,510,365)
Gain from disposal of property and equipment	(31,253)	-	-	(31,253)
Change in net unrealized gains and losses on investments other than trading securities	(3,976,066)	-	-	(3,976,066)
Net realized gain on sale of marketable securities	(1,498,108)	-	-	(1,498,108)
Changes in operating assets and liabilities				
Patient accounts receivable	(21,619,327)	-	-	(21,619,327)
Inventory	50,362	-	-	50,362
Receivable/payable to affiliate - Net	13,831,150	(13,831,150)	-	-
Prepaid expenses and other	125,488	4,863	-	130,351
Accounts payable	806,431	(33,910)	-	772,521
Accrued expenses	1,293,545	-	-	1,293,545
Amounts receivable from/payable to third-party reimbursement programs	(2,142,845)	-	-	(2,142,845)
Other liabilities	13,979,279	-	-	13,979,279
Net cash provided by (used in) operating activities	60,782,854	(342,716)	-	60,440,138

UHS, Inc. and Affiliates

Combining Statement of Cash Flows (Continued)

Year Ended June 30, 2013

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Cash flows from investing activities				
Net purchases of investments and assets limited as to use	\$ (9,245,857)	\$ -	\$ -	\$ (9,245,857)
Capital expenditures	(11,921,881)	(447,205)	-	(12,369,086)
Proceeds from disposal of property and equipment	51,750	-	-	51,750
Net cash used in investing activities	(21,115,988)	(447,205)	-	(21,563,193)
Net cash used in financing activities - Principal payments on long-term debt	(16,378,570)	-	-	(16,378,570)
Net increase (decrease) in cash and cash equivalents	23,288,296	(789,921)	-	22,498,375
Cash and cash equivalents at beginning	47,819,261	6,811,762	-	54,631,023
Cash and cash equivalents at end	\$ 71,107,557	\$ 6,021,841	\$ -	\$ 77,129,398
Supplemental cash flow information:				
Cash paid for interest	\$ 348,994	\$ -	\$ -	\$ 348,994
Noncash financing activities:				
Capital expenditures in accounts payable	\$ 941,936	\$ -	\$ -	\$ 941,936

UHS, Inc. and Affiliates

Combining Statement of Cash Flows

Year Ended June 30, 2012

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Increase (decrease) in cash and cash equivalents				
Cash flows from operating activities				
Change in net assets	\$ (26,411,203)	\$ 6,316,163	\$ -	\$ (20,095,040)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	15,606,962	6,676,449	-	22,283,411
Provision for bad debts	20,309,686	-	-	20,309,686
Change in pension obligation other than pension expense	44,964,082	-	-	44,964,082
Loss from disposal of property and equipment	47,399	-	-	47,399
Change in net unrealized gains and losses on investments other than trading securities	906,169	-	-	906,169
Net realized gain on sale of marketable securities	(451,964)	-	-	(451,964)
Loss on early retirement of debt	645,156	-	-	645,156
Changes in operating assets and liabilities				
Patient accounts receivable	(22,013,160)	-	-	(22,013,160)
Inventory	(630,946)	-	-	(630,946)
Receivable/payable to affiliate - Net	5,628,503	(5,628,503)	-	-
Prepaid expenses and other	(599,682)	977,082	-	377,400
Accounts payable	(407,208)	33,910	-	(373,298)
Accrued expenses	(1,058,783)	-	-	(1,058,783)
Amounts payable to third-party reimbursement programs	1,129,451	-	-	1,129,451
Other liabilities	916,215	-	-	916,215
Net cash provided by operating activities	38,580,677	8,375,101	-	46,955,778

UHS, Inc. and Affiliates

Combining Statement of Cash Flows (Continued)

Year Ended June 30, 2012

	United Hospital System, Inc.	St. Catherine's Hospital, Inc.	Eliminations	Combined Total
Cash flows from investing activities				
Net sales in investments and assets limited as to use	\$ 8,375,607	\$ -	\$ -	\$ 8,375,607
Capital expenditures	(11,837,507)	(8,922,188)	-	(20,759,695)
Proceeds from disposal of property and equipment	155,000	-	-	155,000
Net cash used in investing activities	(3,306,900)	(8,922,188)	-	(12,229,088)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	16,855,000	-	-	16,855,000
Principal payments on long-term debt	(7,686,430)	-	-	(7,686,430)
Early retirement of long-term debt	(16,855,000)	-	-	(16,855,000)
Net cash used in financing activities	(7,686,430)	-	-	(7,686,430)
Net increase (decrease) in cash and cash equivalents	27,587,347	(547,087)	-	27,040,260
Cash and cash equivalents at beginning	20,231,914	7,358,849	-	27,590,763
Cash and cash equivalents at end	\$ 47,819,261	\$ 6,811,762	\$ -	\$ 54,631,023
Supplemental cash flow information:				
Cash paid for interest	\$ 1,251,967	\$ -	\$ -	\$ 1,251,967
Noncash financing activities:				
Capital expenditures in accounts payable	\$ 651,274	\$ 31,471	\$ -	\$ 682,745