

**Exempt Organization Declaration and Signature for Electronic Filing**

For calendar year 2010, or tax year beginning 07/01, 2010, and ending 06/30, 2011

**2010**

Department of the Treasury  
Internal Revenue Service

**For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868**  
▶ See instructions on back.

Name of exempt organization

Employer identification number

ST. JOSEPH MEDICAL CENTER, INC.

52-0591461

**Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12) . . . . .	1b	325,708,480
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9) . . . . .	2b	
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22). . . . .	3b	
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance due (Form 8868, Part I, line 3c or Part II, line 8c) . . . . .	5b	

**Part II Declaration of Officer**

- 6  I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
- If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2010 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

**Sign Here** ▶ \_\_\_\_\_ Date \_\_\_\_\_ ▶ **VP, CHIEF FINANCIAL OFFICER**  
Signature of officer Title

**Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)**

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature <i>Jeannette Weyer</i>	Date <u>5-8-12</u>	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN P01220584
	Firm's name (or yours if self-employed), address, and ZIP code CATHOLIC HEALTH INITIATIVES 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112			EIN 47-0617373	Phone no. (720)874-1500
	Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.				

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

# 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)

**2010**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

**A For the 2010 calendar year, or tax year beginning** JULY 01 , 2010, **and ending** JUNE 30 , 20 11

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

**C Name of organization** ST. JOSEPH MEDICAL CENTER, INC.  
 Doing Business As \_\_\_\_\_  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
 7601 OSLER DRIVE \_\_\_\_\_  
 City or town, state or country, and ZIP + 4  
 TOWSON, MD 21204

**D Employer identification number**  
52-0591461

**E Telephone number**  
(410)337-1503

**F Name and address of principal officer:** CHARLES NEUMANN, CEO  
7601 OSLER DRIVE, TOWSON, MD 21204

**G Gross receipts \$** 325,734,261

**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** Are all affiliates included?  Yes  No  
 If "No," attach a list. (see instructions)  
**H(c)** Group exemption number ▶ 0928

**I Tax-exempt status:**  501(c)(3)  501(c) ( ) ◀ (insert no.)  4947(a)(1) or  527

**J Website:** ▶ WWW.SJMCMMD.ORG

**K Form of organization:**  Corporation  Trust  Association  Other ▶

**L Year of formation:** 1946 **M State of legal domicile:** MD

**Part I Summary**

Activities & Governance	<b>1</b>	Briefly describe the organization's mission or most significant activities: THE MISSION OF ST. JOSEPH MEDICAL CENTER IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY AND VIABILITY IN THE 21ST CENTURY. FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND SOCIAL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES.		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	17
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	14
	<b>5</b>	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	<b>5</b>	2,338
	<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	275
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	257,490
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	118,064	
Revenue	<b>8</b>	Contributions and grants (Part VIII, line 1h)	Prior Year 594,995	Current Year 3,198,580
	<b>9</b>	Program service revenue (Part VIII, line 2g)	332,484,190	318,730,723
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,080,636	1,599,809
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,542,451	2,179,368
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	336,702,272	325,708,480
Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	9,938,911	11,060,372
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	127,234,978	126,486,441
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	213,446,734	203,841,271
<b>18</b>	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	350,620,623	341,388,084	
<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	-13,918,351	-15,679,604	
Net Assets or Fund Balances	<b>20</b>	Total assets (Part X, line 16)	Beginning of Current Year 263,029,525	End of Year 252,244,496
	<b>21</b>	Total liabilities (Part X, line 26)	173,192,609	174,300,707
	<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20	89,836,916	77,943,789

**Part II Signature Block**

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

**Sign Here**

Signature of officer: RICHARD IMBIMBO, VP, CHIEF FINANCIAL OFFICER  
 Date: \_\_\_\_\_  
 Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name: Jennifer Weeyer  
 Preparer's signature: [Signature]  
 Date: 5-8-12  
 Check  if self-employed  
 PTIN: \_\_\_\_\_  
 Firm's name: CATHOLIC HEALTH INITIATIVES  
 Firm's EIN: \_\_\_\_\_  
 Firm's address: 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112  
 Phone no.: (720)874-1500

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

For Paperwork Reduction Act Notice, see the separate instructions.

Application for Extension of Time To File an Exempt Organization Return

File a separate application for each return.

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file) You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Table with columns: Type or print, Name of exempt organization, Employer identification number, Number, street, and room or suite no., City, town or post office, state, and ZIP code.

Enter the Return code for the return that this application is for (file a separate application for each return)

Table with columns: Application Is For, Return Code, Application Is For, Return Code. Lists various forms like Form 990, Form 990-T, etc.

The books are in the care of RICHARD IMBIMBO

Telephone No. 410 337-1602 FAX No. 410 337-1327

- If the organization does not have an office or place of business in the United States, check this box
If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) 0928.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 02/15, 2012, to file the exempt organization return for the organization named above.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return, Final return, Change in accounting period

Table with columns: Question (3a, 3b, 3c), Amount (\$)

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box  **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

<b>Type or print</b> <small>File by the extended due date for filing your return. See instructions.</small>	Name of exempt organization ST. JOSEPH MEDICAL CENTER, INC.	Employer identification number 52-0591461
	Number, street, and room or suite no. If a P.O. box, see instructions. 7601 OSLER DRIVE	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. TOWSON, MD 21204	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of **RICHARD IMBIMBO**  
Telephone No. **(410)337-1602** FAX No. \_\_\_\_\_
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

- I request an additional 3-month extension of time until May 15, 2012.
- For calendar year \_\_\_\_\_, or other tax year beginning July 01, 2010, and ending June 30, 2011.
- If the tax year entered in line 5 is for less than 12 months, check reason:  Initial return  Final return  
 Change in accounting period
- State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO FILE A COMPLETE AND ACCURATE RETURN.

<b>8a</b> If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>8a</b>	\$
<b>b</b> If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	<b>8b</b>	\$
<b>c Balance due.</b> Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>8c</b>	\$

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature David B. Kwon Title Supervisor Date 2/15/12

**Part III** Statement of Program Service Accomplishments

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

**1** Briefly describe the organization's mission:

THE ORGANIZATION'S MISSION IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE,  
ENERGY AND VIABILITY IN THE 21ST CENTURY. FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND  
SOCIAL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

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

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O.

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: \_\_\_\_\_) (Expenses \$ 282,029,495 including grants of \$ 11,060,372 ) (Revenue \$ 318,606,816 )  
SEE SCHEDULE H

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

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

**4d** Other program services. (Describe in Schedule O.)  
(Expenses \$ 0 including grants of \$ 0 ) (Revenue \$ 0 )

**4e** Total program service expenses **▶** 282,029,495

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	<input type="checkbox"/>	<input type="checkbox"/>
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>9</b> Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>10</b> Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11</b> 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.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>12 a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>14 a</b> Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>20 a</b> Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> If "Yes" to line 20a, did the organization attach its audited financial statements to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Part IV Checklist of Required Schedules** *(continued)*

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	<input checked="" type="checkbox"/>	
<b>22</b> 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> . . . . .		<input checked="" type="checkbox"/>
<b>23</b> 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> . . . . .	<input checked="" type="checkbox"/>	
<b>24a</b> 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> . . . . .		<input checked="" type="checkbox"/>
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .		
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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> . . . . .		<input checked="" type="checkbox"/>
<b>b</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> . . . . .		<input checked="" type="checkbox"/>
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highly 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> . . . . .		<input checked="" type="checkbox"/>
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . .		<input checked="" type="checkbox"/>
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		<input checked="" type="checkbox"/>
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		<input checked="" type="checkbox"/>
<b>c</b> 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> . . . . .	<input checked="" type="checkbox"/>	
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<input checked="" type="checkbox"/>	
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .		<input checked="" type="checkbox"/>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .		<input checked="" type="checkbox"/>
<b>32</b> 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> . . . . .		<input checked="" type="checkbox"/>
<b>33</b> 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> . . . . .		<input checked="" type="checkbox"/>
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	<input checked="" type="checkbox"/>	
<b>35</b> Is any related organization a controlled entity within the meaning of section 512(b)(13)? . . . . .	<input checked="" type="checkbox"/>	
<b>a</b> 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> . . . . . <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .		<input checked="" type="checkbox"/>
<b>37</b> 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> . . . . .		<input checked="" type="checkbox"/>
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<input checked="" type="checkbox"/>	

**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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .	<b>1a</b>	0
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b>	2,338
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . . <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)	<b>2b</b>	✓
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3a</b>	✓
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	<b>3b</b>	✓
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .	<b>4a</b>	✓
<b>b</b>	If "Yes," enter the name of the foreign country: ▶ _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .	<b>5a</b>	✓
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	✓
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5c</b>	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? . . . . .	<b>6a</b>	✓
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .	<b>7a</b>	✓
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7c</b>	✓
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	✓
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .	<b>7f</b>	✓
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966? . . . . .	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders . . . . .	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . .	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? . . . . . <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . .	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand . . . . .	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14a</b>	✓
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .	<b>14b</b>	



**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . .	<b>1a</b>	<b>17</b>
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent . . . . .	<b>1b</b>	<b>14</b>
<b>2</b>	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? . . . . .	<b>2</b>	<input checked="" type="checkbox"/>
<b>3</b>	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? . . . . .	<b>3</b>	<input checked="" type="checkbox"/>
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	<b>4</b>	<input checked="" type="checkbox"/>
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	<b>5</b>	<input checked="" type="checkbox"/>
<b>6</b>	Does the organization have members or stockholders? . . . . .	<b>6</b>	<input checked="" type="checkbox"/>
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	<b>7a</b>	<input checked="" type="checkbox"/>
<b>b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	<b>7b</b>	<input checked="" type="checkbox"/>
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body? . . . . .	<b>8a</b>	<input checked="" type="checkbox"/>
<b>b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	<b>8b</b>	<input checked="" type="checkbox"/>
<b>9</b>	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 . . . . .	<b>9</b>	<input checked="" type="checkbox"/>

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

		Yes	No
<b>10a</b>	Does the organization have local chapters, branches, or affiliates? . . . . .	<b>10a</b>	<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	<b>10b</b>	
<b>11a</b>	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? . . . . .	<b>11a</b>	<input checked="" type="checkbox"/>
<b>b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	<b>12a</b>	<input checked="" type="checkbox"/>
<b>b</b>	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	<b>12b</b>	<input checked="" type="checkbox"/>
<b>c</b>	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	<b>12c</b>	<input checked="" type="checkbox"/>
<b>13</b>	Does the organization have a written whistleblower policy? . . . . .	<b>13</b>	<input checked="" type="checkbox"/>
<b>14</b>	Does the organization have a written document retention and destruction policy? . . . . .	<b>14</b>	<input checked="" type="checkbox"/>
<b>15</b>	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?		
<b>a</b>	The organization's CEO, Executive Director, or top management official . . . . .	<b>15a</b>	<input checked="" type="checkbox"/>
<b>b</b>	Other officers or key employees of the organization . . . . .	<b>15b</b>	<input checked="" type="checkbox"/>
	If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.) . . . . .		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	<b>16a</b>	<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	<b>16b</b>	<input checked="" type="checkbox"/>

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ► MD
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
 Own website     Another's website     Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► RICHARD IMBIMBO  
7601 OSLER DRIVE, TOWSON, MD 21204, (410)337-1602

**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, and 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 (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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) EDWARD GILLISS, ESQ CHAIR	1	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(2) CAROLINE GRIFFIN, ESQ. SECRETARY	1	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(3) JEFFREY NORMAN CEO	40	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	535,273	57,120
(4) WILLIAM MCCARTHY, ESQ FORMER CHAIR	1	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(5) SISTER ESTHER ANDERSON, OSF MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(6) HARRY BRANDT, MD MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(7) KENNETH DEFONTES, JR MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(8) CARMEN DEYESU MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(9) HAMED FARIDI, PH D MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(10) PATRICK GOLES MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(11) DAVID GONANO MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(12) SR. PATRICIA MCCARRON MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(13) MARY ELIZABETH O'BRIEN MEMBER/DIVISION OFFICER	1	<input checked="" type="checkbox"/>						0	953,385	83,485
(14) JAMES O'CONOR MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(15) MARK BUSSARD MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(16) BERNARD COOK MEMBER	1	<input checked="" type="checkbox"/>						0	0	0

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
(17) GAIL CUNNINGHAM PRESIDENT MEDICAL STAFF	40	<input checked="" type="checkbox"/>						123,372	0	0
(18) MONSIGNOR BRUCE JARBOE MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(19) MARY PAT SEURKAMP, PH D MEMBER	1	<input checked="" type="checkbox"/>						0	0	0
(20) MARGARET MORTENSEN EXECUTIVE VICE PRESIDENT/COO	40			<input checked="" type="checkbox"/>				232,347	0	13,117
(21) RICHARD IMBIMBO CFO	40			<input checked="" type="checkbox"/>				0	0	0
(22) TERRY CONRAD TREASURER/INTERIM CFO	40			<input checked="" type="checkbox"/>				313,121	0	0
(23) CRAIG CARMICHAEL VP SUPPORT OPERATIONS	40				<input checked="" type="checkbox"/>			248,100	0	39,290
(24) DANIEL DIETRICK HEAD, DEPARTMENT OF SURGERY	40				<input checked="" type="checkbox"/>			227,194	0	20,228
(25) DANIEL HARDESTY HEAD, DEPARTMENT OF MEDICINE	40				<input checked="" type="checkbox"/>			254,620	0	36,362
(26) PAMELA JAMIESON VP OPERATIONS CNO	40				<input checked="" type="checkbox"/>			279,092	0	50,453
(27) DIANNE WASSALL DIRECTOR HR	40				<input checked="" type="checkbox"/>			167,789	0	29,656
(28) JAMES KLEEMAN INTERIM CMO	40				<input checked="" type="checkbox"/>			224,896	0	18,029
<b>1b Sub-total</b>								2,070,531	1,488,658	347,740
<b>c Total from continuation sheets to Part VII, Section A</b>								2,290,213	2,581,476	353,704
<b>d Total (add lines 1b and 1c)</b>								4,360,744	4,070,134	701,444

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **▶ 69**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>4</b> 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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>5</b> 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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**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.

(A) Name and business address	(B) Description of services	(C) Compensation
FIRST COLONIES ANESTHESIA ASSC LLC, 1901 RESEARCH BLVD., STE 350, ROCKVILLE, MD 20850	ANESTHESIOLOGY SERVICES	1,153,250
KOHLER HEALTHCARE CONSULTING INC, 2929 HERNWOOD RD., STE 100, WOODSTOCK, MD 21163	CONSULTING SERVICES	1,024,840
INSIGHT HEALTH PARTNERS LLC, 695 CENTRAL AVE., STE 5010, ST. PETERSBURG, FL 33701	CONSULTING SERVICES	926,960
NAVIGANT CONSULTING INC, 4511 PAYSHERE CIRCLE, CHICAGO, IL 60674	CONSULTING SERVICES	880,814
CARDIAC ANESTHESIA ASSOCIATES PA, P. O. BOX 72, WHITE MARSH, MD 21162	ANESTHESIOLOGY SERVICES	823,358

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶ 39**

**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>					
	<b>b</b> Membership dues . . . . .	<b>1b</b>					
	<b>c</b> Fundraising events . . . . .	<b>1c</b>					
	<b>d</b> Related organizations . . . . .	<b>1d</b>	1,183,422				
	<b>e</b> Government grants (contributions)	<b>1e</b>					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	2,015,158				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$		2,000,000				
	<b>h Total.</b> Add lines 1a-1f . . . . .		3,198,580				
<b>Program Service Revenue</b>	<b>Business Code</b>						
	<b>2a</b> PATIENT SERVICES		310,878,962	310,878,962			
	<b>b</b> EQUITY CHANGES IN UNCONSOLIDATED ORGS		4,192,150	4,192,150			
	<b>c</b> RENTAL INCOME		2,005,713	1,881,806	123,907		
	<b>d</b> CANCER CARE PROGRAM		1,653,898	1,653,898			
	<b>e</b>		0				
	<b>f</b> All other program service revenue .		0	0	0	0	
<b>g Total.</b> Add lines 2a-2f . . . . .		318,730,723					
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		527,011		1,449	525,562	
	<b>4</b> Income from investment of tax-exempt bond proceeds		0				
	<b>5</b> Royalties . . . . .		0				
	<b>6a</b> Gross Rents . . . . .	(i) Real	141,740				
		(ii) Personal					
		<b>b</b> Less: rental expenses					
	<b>c</b> Rental income or (loss)		141,740	0			
	<b>d</b> Net rental income or (loss) . . . . .		141,740			141,740	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	1,067,530	31,049			
		(ii) Other					
		<b>b</b> Less: cost or other basis and sales expenses . . . . .			25,781		
	<b>c</b> Gain or (loss) . . . . .		1,067,530	5,268			
	<b>d</b> Net gain or (loss) . . . . .		1,072,798			1,072,798	
	<b>8a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 . . . . .	<b>a</b>					
		<b>b</b> Less: direct expenses . . . . .	<b>b</b>				
		<b>c</b> Net income or (loss) from fundraising events .		0			
	<b>9a</b> Gross income from gaming activities. See Part IV, line 19 . . . . .	<b>a</b>					
		<b>b</b> Less: direct expenses . . . . .	<b>b</b>				
		<b>c</b> Net income or (loss) from gaming activities . .		0			
	<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
<b>b</b> Less: cost of goods sold . . . . .		<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory . .			0				
Miscellaneous Revenue		<b>Business Code</b>					
<b>11a</b> PARKING LOT		812930	1,276,508			1,276,508	
<b>b</b> GUEST ROOM FEES		900099	304,021			304,021	
<b>c</b> LABORATORY SERVICES		900099	136,398		64,830	71,568	
<b>d</b> All other revenue . . . . .		900099	320,701	0	67,304	253,397	
<b>e Total.</b> Add lines 11a-11d . . . . .			2,037,628				
<b>12 Total revenue.</b> See instructions. . . . .			325,708,480	318,606,816	257,490	3,645,594	

**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) but are not required to complete columns (B), (C), and (D).

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		(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 U.S. See Part IV, line 21 . . . . .	11,060,372	11,060,372		
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22 . . . . .	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16 . . . . .	0			
4	Benefits paid to or for members . . . . .	0			
5	Compensation of current officers, directors, trustees, and key employees . . . . .	2,435,342	762,161	1,673,181	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7	Other salaries and wages . . . . .	99,618,013	71,695,721	27,922,292	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	5,462,227	3,878,181	1,584,046	
9	Other employee benefits . . . . .	11,269,190	8,001,125	3,268,065	
10	Payroll taxes . . . . .	7,701,669	5,468,185	2,233,484	
11	Fees for services (non-employees):				
a	Management . . . . .	0			
b	Legal . . . . .	195		195	
c	Accounting . . . . .	0			
d	Lobbying . . . . .	0			
e	Professional fundraising services. See Part IV, line 17 . . . . .	0			
f	Investment management fees . . . . .	0			
g	Other . . . . .	68,539,062	57,413,552	11,125,510	
12	Advertising and promotion . . . . .	0			
13	Office expenses . . . . .	75,226,071	73,164,955	2,061,116	
14	Information technology . . . . .	0			
15	Royalties . . . . .	0			
16	Occupancy . . . . .	5,040,863	3,579,013	1,461,850	
17	Travel . . . . .	235,104	185,732	49,372	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19	Conferences, conventions, and meetings . . . . .	12,901	10,192	2,709	
20	Interest . . . . .	6,249,983	6,249,983		
21	Payments to affiliates . . . . .	7,686,948	6,072,689	1,614,259	
22	Depreciation, depletion, and amortization . . . . .	18,200,972	13,770,422	4,430,550	
23	Insurance . . . . .	3,753,505	2,965,269	788,236	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a	<u>BAD DEBTS</u> . . . . .	12,225,163	12,225,163		
b	<u>REPAIRS AND MAINTENANCE</u> . . . . .	3,559,147	2,811,726	747,421	
c	<u>DUES &amp; SUBSCRIPTIONS</u> . . . . .	1,188,765	975,186	213,579	
d	<u>IMPAIRMENT LOSSES</u> . . . . .	825,873	825,873		
e	<u>INCOME/SALES/PROPERTY TAXES</u> . . . . .	428,845	378,501	50,344	
f	All other expenses . . . . .	667,874	535,494	132,380	0
25	<b>Total functional expenses.</b> Add lines 1 through 24f	341,388,084	282,029,495	59,358,589	0
26	<b>Joint costs.</b> Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation . . . . .	0			

**Part X Balance Sheet**

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	2,070	<b>1</b>	2,095
	<b>2</b> Savings and temporary cash investments . . . . .	12,466,716	<b>2</b>	2,340,019
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .	45,985,302	<b>4</b>	44,704,019
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> 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) . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .	5,934,334	<b>8</b>	5,008,462
	<b>9</b> Prepaid expenses and deferred charges . . . . .	435,091	<b>9</b>	620,852
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b> 417,398,817		
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b> 251,688,629	167,261,486	<b>10c</b> 165,710,188
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>	
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .	19,833,830	<b>12</b>	23,479,901
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .	0	<b>13</b>	0
	<b>14</b> Intangible assets . . . . .	1,868,483	<b>14</b>	1,868,483
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	9,242,213	<b>15</b>	8,510,477
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	263,029,525	<b>16</b>	252,244,496	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	34,756,951	<b>17</b>	35,989,574
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	784,971
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	13,076,507	<b>23</b>	13,033,820
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b>	0
	<b>25</b> Other liabilities. Complete Part X of Schedule D . . . . .	125,359,151	<b>25</b>	124,492,342
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	173,192,609	<b>26</b>	174,300,707
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	89,443,474	<b>27</b>	77,535,988
	<b>28</b> Temporarily restricted net assets . . . . .	393,442	<b>28</b>	407,801
	<b>29</b> Permanently restricted net assets . . . . .		<b>29</b>	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
	<b>33</b> Total net assets or fund balances . . . . .	89,836,916	<b>33</b>	77,943,789
<b>34</b> Total liabilities and net assets/fund balances . . . . .	263,029,525	<b>34</b>	252,244,496	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	325,708,480
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	341,388,084
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	-15,679,604
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	89,836,916
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	3,786,477
<b>6</b>	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	77,943,789

**Part XII Financial Statements and Reporting**

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

- 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? . . .
- b** Were the organization's financial statements audited by an independent accountant? . . .
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- 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? . . .
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
<b>2a</b>		✓
<b>2b</b>	✓	
<b>2c</b>	✓	
<b>3a</b>		✓
<b>3b</b>		

**Part VII**

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (Check all that apply)						(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			
(29) RICHARD BOEHLER VP/CHIEF MEDICAL OFFICER	40				✓			390,351	0	28,368
(30) MARK KRASNA PHYSICIAN	40					✓		629,678	282,666	40,366
(31) MICHAEL SCHULTZ PHYSICIAN	40					✓		172,572	572,320	40,366
(32) ELLEN BARTON VP GOVERNANCE/ADMINISTRATIVE SVCS	40					✓		233,171	0	12,503
(33) LINDA PILLA CRO	40					✓		217,018	0	11,420
(34) DURENDA JUERGENSEN AVP NURSING	40					✓		182,313	0	37,569
(35) JANICE DUNN CHIEF FINANCIAL OFFICER	0						✓	337,487	0	31,288
(36) SYLVIA MOORE FORMER EXECUTIVE VICE PRESIDENT/COO	0						✓	122,035	0	27,197
(37) JOHN TOLMIE FORMER PRESIDENT AND CEO	0						✓	0	440,475	44,939
(38) R.C. FINNEY JR. PHYSICIAN	0						✓	5,588	656,139	41,002
(39) STEPHEN POLLOCK, MD DIRECTOR OF CARDIOLOGY	0						✓	0	629,876	38,686



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Public Charity Status and Public Support**

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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.

<b>Name of the organization</b> ST. JOSEPH MEDICAL CENTER, INC.	<b>Employer identification number</b> 52-0591461
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

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

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I      b  Type II      c  Type III—Functionally integrated      d  Type III—Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									0

**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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> 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) . . . . .						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)) . . . . .	<b>14</b>	%
<b>15</b> Public support percentage from 2009 Schedule A, Part II, line 14 . . . . .	<b>15</b>	%
<b>16a 33 1/3% support test—2010.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 33 1/3% support test—2009.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>17a 10%-facts-and-circumstances test—2010.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 10%-facts-and-circumstances test—2009.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> 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 . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . .						
<b>b</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 . . . .						
<b>c</b> Add lines 7a and 7b . . . .						
<b>8 Public support</b> (Subtract line 7c from line 6.) . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>9</b> Amounts from line 6 . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . .						
<b>c</b> Add lines 10a and 10b . . . .						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) . . . .						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . .						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f)) . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2009 Schedule A, Part III, line 15 . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2010</b> (line 10c, column (f) divided by line 13, column (f)) . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2009</b> Schedule A, Part III, line 17 . . . .	<b>18</b>	%

- 19a 33 1/3% support tests—2010.** 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—2009.** 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 . . . .

**Schedule of Contributors**

**2010**

▶ Attach to Form 990, 990-EZ, or 990-PF.

<b>Name of the organization</b>  ST. JOSEPH MEDICAL CENTER, INC.	<b>Employer identification number</b>  52-0591461
--	---

**Organization type** (check one):

**Filers of:**

**Section:**

- Form 990 or 990-EZ
  - 501(c)( 3 ) (enter number) organization
  - 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
  - 527 political organization
- Form 990-PF
  - 501(c)(3) exempt private foundation
  - 4947(a)(1) nonexempt charitable trust treated as a private foundation
  - 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

**Special Rules**

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33<sup>1</sup>/<sub>3</sub> % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

<b>Name of organization</b> ST. JOSEPH MEDICAL CENTER, INC.	<b>Employer identification number</b> 52-0591461
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**Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	MR & MRS HACKERMAN ----- 1 SLADE AVENUE APT 806 ----- TOWSON, MD 21208 -----	\$ 2,000,000 -----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	ST. JOSEPH MEDICAL CENTER FOUNDATION ----- 7601 OSLER DRIVE ----- TOWSON, MD 21204 -----	\$ 1,183,422 -----	<b>Person</b> <input checked="" type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- ----- -----	\$ ----- -----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- ----- -----	\$ ----- -----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- ----- -----	\$ ----- -----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- ----- -----	\$ ----- -----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

<b>Name of organization</b> ST. JOSEPH MEDICAL CENTER, INC.	<b>Employer identification number</b> 52-0591461
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**Part II Noncash Property** (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	CONSTRUCTION OF HACKERMAN PATZ HOUSE - UP TO \$2,000,000 ----- ----- -----	\$ 2,000,000	11/2/2010
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----

<b>Name of organization</b> ST. JOSEPH MEDICAL CENTER, INC.	<b>Employer identification number</b> 52-0591461
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**Part III** *Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year.* Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ► \$

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

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

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

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

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

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

**If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then**

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

Name of organization <b>ST. JOSEPH MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0591461</b>
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

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

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

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

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

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

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				



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

- A** Check  if the filing organization belongs to an affiliated group.  
**B** Check  if the filing organization checked box A and "limited control" provisions apply.

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

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
<b>2a</b>	Lobbying nontaxable amount				
<b>b</b>	Lobbying ceiling amount (150% of line 2a, column (e))				
<b>c</b>	Total lobbying expenditures				
<b>d</b>	Grassroots nontaxable amount				
<b>e</b>	Grassroots ceiling amount (150% of line 2d, column (e))				
<b>f</b>	Grassroots lobbying expenditures				

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

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?		✓	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
<b>c</b> Media advertisements?		✓	
<b>d</b> Mailings to members, legislators, or the public?		✓	
<b>e</b> Publications, or published or broadcast statements?		✓	
<b>f</b> Grants to other organizations for lobbying purposes?	✓		18,884
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
<b>i</b> Other activities? If "Yes," describe in Part IV		✓	
<b>j</b> Total. Add lines 1c through 1i			18,884
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

**Part IV Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

[SEE NEXT PAGE](#)

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**Part IV**

**Supplemental Information** Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE C, PART II-B, LINE F	LOBBYING ACTIVITIES EXPLANATION	PORTION OF DUES PAID TO OTHER ORGANIZATIONS FOR LOBBYING PURPOSES; CATHOLIC HEALTH ASSOCIATION \$ 3,297 AMERICAN HOSPITAL ASSOCIATION \$ 1,096 MARYLAND HOSPITAL ASSOCIATION \$14,491

**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

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

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization

ST. JOSEPH MEDICAL CENTER, INC.

Employer identification number

52-0591461

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

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

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).  
 Preservation of land for public use (e.g., recreation or education)     Preservation of an historically important land area  
 Protection of natural habitat     Preservation of a certified historic structure  
 Preservation of open space
- 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax 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 XIV, 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 XIV, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
  - (i) Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$ \_\_\_\_\_
  - (ii) Assets included in Form 990, Part X . . . . . ▶ \$ \_\_\_\_\_
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
  - a Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$ \_\_\_\_\_
  - b Assets included in Form 990, Part X . . . . . ▶ \$ \_\_\_\_\_

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

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

- a**  Public exhibition
- b**  Scholarly research
- c**  Preservation for future generations
- d**  Loan or exchange programs
- e**  Other \_\_\_\_\_

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

**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 XIV and complete the following table:

	Amount
<b>1c</b> Beginning balance . . . . .	
<b>1d</b> Additions during the year . . . . .	
<b>1e</b> Distributions during the year . . . . .	
<b>1f</b> Ending balance . . . . .	

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

**b** If "Yes," explain the arrangement in Part XIV.

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

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

**2** Provide the estimated percentage of the year end balance held as:

- a** Board designated or quasi-endowment ▶ \_\_\_\_\_%
- b** Permanent endowment ▶ \_\_\_\_\_%
- c** Term endowment ▶ \_\_\_\_\_%

**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
<b>3a(i)</b>		
<b>3a(ii)</b>		
<b>3b</b>		

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

**4** Describe in Part XIV the intended uses of the organization's endowment funds.

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land . . . . .		444,986		444,986
<b>b</b> Buildings . . . . .		16,603,715	1,571,246	15,032,469
<b>c</b> Leasehold improvements . . . . .		170,697,774	70,740,204	99,957,570
<b>d</b> Equipment . . . . .		218,672,260	175,912,215	42,760,045
<b>e</b> Other . . . . .		10,980,082	3,464,964	7,515,118

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶ 165,710,188

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other		
(A) CHI OPERATING INVESTMENT PROGRAM - FIXED INCOME	11,146,857	END OF YEAR MARKET VALUE
(B) CHI OPERATING INVESTMENT PROGRAM - EQUITY SECURITIES	12,333,044	END OF YEAR MARKET VALUE
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶	<b>23,479,901</b>	

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

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

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

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

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

1. (a) Description of liability	(b) Amount	
(1) Federal income taxes		
(2) UCC LIABILITY	1,995,948	
(3) RAC LIABILITY	5,119,992	
(4) JOINT VENTURE PROFESSIONAL FEES	1,103,891	
(5) CONSULTING / PHYSICIAN PAYMENTS	730,988	
(6) UNCLAIMED PROPERTY	231,841	
(7) OIG LIABILITY	4,000,000	
(8) INTERCOMPANY PAYABLES	111,309,682	
(9)		
(10)		
(11)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	<b>124,492,342</b>	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

<b>Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements</b>		
<b>1</b>	Total revenue (Form 990, Part VIII, column (A), line 12)	<b>1</b>
<b>2</b>	Total expenses (Form 990, Part IX, column (A), line 25)	<b>2</b>
<b>3</b>	Excess or (deficit) for the year. Subtract line 2 from line 1	<b>3</b>
<b>4</b>	Net unrealized gains (losses) on investments	<b>4</b>
<b>5</b>	Donated services and use of facilities	<b>5</b>
<b>6</b>	Investment expenses	<b>6</b>
<b>7</b>	Prior period adjustments	<b>7</b>
<b>8</b>	Other (Describe in Part XIV.)	<b>8</b>
<b>9</b>	Total adjustments (net). Add lines 4 through 8	<b>9</b>
<b>10</b>	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	<b>10</b>

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

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

**Part XIV 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, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.  
[SEE NEXT PAGE](#)

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**Part XIV**

**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, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Identifier	Explanation
SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE	ST. JOSEPH MEDICAL CENTER, INC.'S FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION. CHI'S FIN 48 (ASC 740) FOOTNOTE FOR THE YEAR ENDED JUNE 30, 2011 READS AS FOLLOWS: "CHI IS A TAX-EXEMPT COLORADO CORPORATION AND HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. CHI OWNS CERTAIN TAXABLE SUBSIDIARIES AND ENGAGES IN CERTAIN ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AND THEREFORE SUBJECT TO INCOME TAX. AS OF JUNE 30, 2011, CHI HAS CURRENT NET DEFERRED TAX ASSETS OF \$2.1 MILLION AND A NONCURRENT NET DEFERRED TAX LIABILITY OF \$5.4 MILLION RELATED TO THESE TAXABLE ACTIVITIES. MANAGEMENT REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE CONSOLIDATED FINANCIAL STATEMENTS."



**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

**2010**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.**

▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization

ST. JOSEPH MEDICAL CENTER, INC.

Employer identification number

52-0591461

**Part I** **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

**1 For grantmakers.** 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 For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.

**3 Activities per Region.** (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
SUB SAHARAN AFRICA			PROGRAM SERVICES	VILLAGE WELLNESS	
(1)	1	1			103,446
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total . . . . .	1	1			103,446
<b>b</b> Total from continuation sheets to Part I . . . . .	0	0			0
<b>c Totals</b> (add lines 3a and 3b)	1	1			103,446

**Part II Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000 . . . . .   
 Part II can be duplicated if additional space is needed.

<b>1</b> (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)								
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

**2** Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . .

**3** Enter total number of other organizations or entities . . . . .

**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
 Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

**Part IV Foreign Forms**

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* . . . . .  Yes  No
  
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* . . . . .  Yes  No
  
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see Instructions for Form 5471)* . . . . .  Yes  No
  
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* . . . . .  Yes  No
  
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see Instructions for Form 8865)* . . . . .  Yes  No
  
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713)* . . . . .  Yes  No

**Part V**

**Supplemental Information** Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f)(accounting method); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

Return Reference	Identifier	Explanation
SCHEDULE F, PART I, LINE 3	METHOD OF ACCOUNTING FOR EXPENDITURES	EXPENDITURES WERE ACCOUNTED FOR ON AN ACCRUAL BASIS WHICH IS CONSISTENT WITH THE ST. JOSEPH MEDICAL CENTER'S ACCOUNTING METHODS.

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

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

Department of the Treasury  
Internal Revenue Service

<b>Name of the organization</b> ST. JOSEPH MEDICAL CENTER, INC.	<b>Employer identification number</b> 52 0591461
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**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	✓	
<b>b</b> If "Yes," was it a written policy? . . . . .	✓	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> 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.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: . . . . . <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____%		✓
<b>b</b> Did the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . . <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%		✓
<b>c</b> If the organization did not use FPG to determine 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, to determine eligibility for free or discounted care.		
<b>4</b> 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"? . . . . .	✓	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	✓	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .		✓
<b>c</b> 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? . . . . .		
<b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .	✓	
<b>b</b> If "Yes," did the organization make it available to the public? . . . . .	✓	

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(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
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheets 1 and 2) . . . . .		1,676	3,063,406		3,063,406	0.93
<b>b</b> Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .			596,195	0	596,195	0.18
<b>c</b> Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .			0	0	0	0.00
<b>d Total</b> Financial Assistance and Means-Tested Government Programs . . . . .	0	1,676	3,659,601	0	3,659,601	1.11
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	54	56,580	1,282,227	3,600	1,278,627	0.39
<b>f</b> Health professions education (from Worksheet 5) . . . . .	2	569	153,447	0	153,447	0.05
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .	1	3	330	0	330	0.00
<b>h</b> Research (from Worksheet 7) . . . . .	1	0	291,319		291,319	0.09
<b>i</b> Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .	5	750,648	63,218	0	63,218	0.02
<b>j Total.</b> Other Benefits . . . . .	63	807,800	1,790,541	3,600	1,786,941	0.55
<b>k Total.</b> Add lines 7d and 7j . . . . .	63	809,476	5,450,142	3,600	5,446,542	1.66

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing					0	0.00
2 Economic development					0	0.00
3 Community support					0	0.00
4 Environmental improvements					0	0.00
5 Leadership development and training for community members	2	250	1,031		1,031	0.00
6 Coalition building	1	94	825		825	0.00
7 Community health improvement advocacy	1	14	82		82	0.00
8 Workforce development					0	0.00
9 Other					0	0.00
10 <b>Total</b>	<b>4</b>	<b>358</b>	<b>1,938</b>	<b>0</b>	<b>1,938</b>	<b>0.00</b>

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

**Section A. Bad Debt Expense**

- Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?
- Enter the amount of the organization's bad debt expense (at cost)
- Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy
- Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.

	Yes	No
1	✓	
2		
3		
4		
5		
6		
7		
9a	✓	
9b	✓	

**Section B. Medicare**

- Enter total revenue received from Medicare (including DSH and IME)
- Enter Medicare allowable costs of care relating to payments on line 5
- Subtract line 6 from line 5. This is the surplus (or shortfall)
- 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**

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

**Part IV Management Companies and Joint Ventures**

(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** (continued)

**Section B. Facility Policies and Practices**

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

Name of Hospital Facility: \_\_\_\_\_

Line Number of Hospital Facility (from Schedule H, Part V, Section A): \_\_\_\_\_

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)			
<b>1</b>	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8 If "Yes," indicate what the Needs Assessment describes (check all that apply):		
	<ul style="list-style-type: none"> <li>a <input type="checkbox"/> A definition of the community served by the hospital facility</li> <li>b <input type="checkbox"/> Demographics of the community</li> <li>c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community</li> <li>d <input type="checkbox"/> How data was obtained</li> <li>e <input type="checkbox"/> The health needs of the community</li> <li>f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups</li> <li>g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs</li> <li>h <input type="checkbox"/> The process for consulting with persons representing the community's interests</li> <li>i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs</li> <li>j <input type="checkbox"/> Other (describe in Part VI)</li> </ul>		
<b>2</b>	Indicate the tax year the hospital facility last conducted a Needs Assessment:		
<b>3</b>	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? 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		
<b>4</b>	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		
<b>5</b>	Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):		
	<ul style="list-style-type: none"> <li>a <input type="checkbox"/> Hospital facility's website</li> <li>b <input type="checkbox"/> Available upon request from the hospital facility</li> <li>c <input type="checkbox"/> Other (describe in Part VI)</li> </ul>		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
	<ul style="list-style-type: none"> <li>a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community</li> <li>b <input type="checkbox"/> Execution of the implementation strategy</li> <li>c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan</li> <li>d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan</li> <li>e <input type="checkbox"/> Inclusion of a community benefit section in operational plans</li> <li>f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment</li> <li>g <input type="checkbox"/> Prioritization of health needs in its community</li> <li>h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community</li> <li>i <input type="checkbox"/> Other (describe in Part VI)</li> </ul>		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		
<b>Financial Assistance Policy</b>			
<b>8</b>	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?		
<b>9</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for free care: ___ %		

**Part V Facility Information** (continued)

		Yes	No
<b>10</b>	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care: %	<b>10</b>	
<b>11</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply):	<b>11</b>	
<b>a</b>	<input type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input type="checkbox"/> Medical indigency		
<b>d</b>	<input type="checkbox"/> Insurance status		
<b>e</b>	<input type="checkbox"/> Uninsured discount		
<b>f</b>	<input type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>12</b>	Explained the method for applying for financial assistance? . . . . .	<b>12</b>	
<b>13</b>	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):	<b>13</b>	
<b>a</b>	<input type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input type="checkbox"/> The policy was available on request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

<b>14</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	<b>14</b>	
<b>15</b>	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other actions (describe in Part VI)		
<b>16</b>	Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply):	<b>16</b>	
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other actions (describe in Part VI)		
<b>17</b>	Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply):		
<b>a</b>	<input type="checkbox"/> Notified patients of the financial assistance policy on admission		
<b>b</b>	<input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
<b>c</b>	<input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
<b>d</b>	<input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance		
<b>e</b>	<input type="checkbox"/> Other (describe in Part VI)		

**Part V Facility Information** *(continued)*

**Policy Relating to Emergency Medical Care**

		Yes	No
<b>18</b>	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 the reasons why (check all that apply):		
<b>a</b>	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
<b>b</b>	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
<b>c</b>	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
<b>d</b>	<input type="checkbox"/> Other (describe in Part VI)		

**Charges for Medical Care**

<b>19</b>	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):		
<b>a</b>	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
<b>b</b>	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
<b>c</b>	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
<b>d</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>20</b>	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and 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.		
<b>21</b>	Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient? . . . . .		
	If "Yes," explain in Part VI.		



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; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 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

Return Reference	Identifier	Explanation
SCHEDULE H, PART I, LINE 3C	ELIGIBILITY CRITERIA FOR FREE OR DISCOUNTED CARE	<p>A: WHEN CATHOLIC HEALTH INITIATIVES (THE ULTIMATE PARENT ORGANIZATION TO ST. JOSEPH MEDICAL CENTER) ESTABLISHED ITS FINANCIAL ASSISTANCE POLICY IT WAS DETERMINED THAT ESTABLISHING A HOUSEHOLD INCOME SCALE BASED ON THE HUD VERY LOW INCOME GUIDELINES MORE ACCURATELY REFLECTS THE SOCIOECONOMIC DISPERSIONS AMONG THE 69 URBAN AND RURAL COMMUNITIES IN 19 STATES SERVED BY CHI HOSPITALS AND HEALTH CARE FACILITIES.</p> <p>ST. JOSEPH MEDICAL CENTER BASES ITS FINANCIAL ASSISTANCE ELIGIBILITY ON HUD'S 130% OF VERY LOW INCOME GUIDELINES BASED ON GEOGRAPHY, AND AFFORDS THE UNINSURED AND UNDERINSURED THE ABILITY TO OBTAIN FINANCIAL ASSISTANCE WRITE-OFFS, BASED ON A SLIDING SCALE, RANGING FROM 25%-100% OF CHARGES.</p> <p>B: AN INDIVIDUAL'S INCOME UNDER THE HUD GUIDELINES IS A SIGNIFICANT FACTOR IN DETERMINING ELIGIBILITY FOR FINANCIAL ASSISTANCE. HOWEVER, IN DETERMINING WHETHER TO EXTEND DISCOUNTED OR FREE CARE TO A PATIENT, THE PATIENT'S ASSETS MAY ALSO BE TAKEN INTO CONSIDERATION. FOR EXAMPLE, A PATIENT SUFFERING A CATASTROPHIC ILLNESS MAY HAVE A REASONABLE LEVEL OF INCOME, BUT A LOW LEVEL OF LIQUID ASSETS SUCH THAT THE PAYMENT OF MEDICAL BILLS WOULD BE SERIOUSLY DETRIMENTAL TO THE PATIENT'S BASIC FINANCIAL (AND ULTIMATELY PHYSICAL) WELL-BEING AND SURVIVAL. SUCH A PATIENT MAY BE EXTENDED DISCOUNTED OR FREE CARE BASED UPON THE FACTS AND CIRCUMSTANCES.</p>
SCHEDULE H, PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES	THERE ARE NO PHYSICIAN CLINICS INCLUDED IN SUBSIDIZED HEALTH SERVICES.
SCHEDULE H, PART I, LINE 7, COLUMN(F)	BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	12,225,163
SCHEDULE H, PART I, LINE 7	COSTING METHODOLOGY USED TO CALCULATE FINANCIAL ASSISTANCE	<p>A-1: A COST ACCOUNTING SYSTEM WAS NOT USED TO COMPUTE AMOUNTS IN THE TABLE; RATHER COSTS IN THE TABLE WERE COMPUTED USING THE ORGANIZATION'S COST-TO-CHARGE RATIO. THE COST-TO-CHARGE RATIO COVERS ALL PATIENT SEGMENTS.</p> <p>B-1: THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/11 WAS COMPUTED USING THE FOLLOWING FORMULA: OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE.</p> <p>WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO.</p>
SCHEDULE H, PART III, LINE 4	BAD DEBT EXPENSE - FINANCIAL STATEMENT FOOTNOTE	<p>A: COSTING METHODOLOGY FOR AMOUNTS REPORTED ON LINE 2 IS DETERMINED USING THE ORGANIZATION'S COST/CHARGE RATIO OF 177.55%. WHEN DISCOUNTS ARE EXTENDED TO SELF-PAY PATIENTS, THESE PATIENT ACCOUNT DISCOUNTS ARE RECORDED AS A REDUCTION IN REVENUE, NOT AS BAD DEBT EXPENSE.</p> <p>B: ST. JOSEPH MEDICAL CENTER DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SINCE AMOUNTS DUE FROM THOSE INDIVIDUALS' ACCOUNTS WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE DATE THAT THE PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE. A PATIENT IS CLASSIFIED AS A CHARITY PATIENT IN ACCORDANCE WITH ESTABLISHED CRITERIA. CHARITY CARE REPRESENTS SERVICES FOR WHICH NO PAYMENT IS EXPECTED AND IS NOT REPORTED IN THE STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS. CHARITY CARE IS REPORTED ON THE BASIS OF CHARGES IN THE STATE OF MARYLAND.</p> <p>ST. JOSEPH MEDICAL CENTER DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS. HOWEVER, THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES. THE CONSOLIDATED FOOTNOTE READS AS FOLLOWS: "THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS. MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE."</p>
SCHEDULE H, PART III, LINE 8	COMMUNITY BENEFIT & METHODOLOGY FOR DETERMINING MEDICARE COSTS	NOT APPLICABLE

Return Reference	Identifier	Explanation
SCHEDULE H, PART III, LINE 9B	COLLECTION PRACTICES FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE	<p>ST. JOSEPH MEDICAL CENTER'S DEBT COLLECTION POLICY PROVIDES THAT SJMC WILL PERFORM A REASONABLE REVIEW OF EACH INPATIENT ACCOUNT PRIOR TO TURNING AN ACCOUNT OVER TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT, TO ASSURE THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E.G. MEDICAID) AND DO NOT QUALIFY FOR COVERAGE THROUGH SJMC'S COMMUNITY ASSISTANCE POLICY. AFTER HAVING BEEN TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY PATIENT ACCOUNT THAT IS SUBSEQUENTLY DETERMINED TO MEET THE SJMC'S COMMUNITY ASSISTANCE POLICY IS REQUIRED TO BE RETURNED IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO SJMC FOR APPROPRIATE FOLLOW-UP. SJMC REQUIRES ITS THIRD-PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON ALL STATEMENTS INDICATING THAT IF A PATIENT OR PATIENT GUARANTOR MEETS CERTAIN STIPULATED INCOME REQUIREMENTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE.</p> <p>ALL OF CATHOLIC HEALTH INITIATIVES' HOSPITALS' CONTRACTS WITH THIRD PARTY COLLECTION AGENCIES INCLUDE THE FOLLOWING STANDARDS:</p> <ul style="list-style-type: none"> <li>•NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL REQUEST BENCH OR ARREST WARRANTS AS A RESULT OF NON-PAYMENT;</li> <li>•NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL SEEK LIENS THAT WOULD REQUIRE THE SALE OR FORECLOSURE OF A PRIMARY RESIDENCE; AND</li> <li>•NO CATHOLIC HEALTH INITIATIVES' COLLECTION AGENCY MAY SEEK COURT ACTION WITHOUT HOSPITAL APPROVAL.</li> </ul> <p>FINALLY, COLLECTION AGENCIES ARE TRAINED ON THE CATHOLIC HEALTH INITIATIVES MISSION, CORE VALUES AND STANDARD OF CONDUCT TO MAKE SURE ALL PATIENTS ARE TREATED WITH DIGNITY AND RESPECT.</p>

Return Reference	Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 2</p>	<p>NEEDS ASSESSMENT.</p>	<p>ST. JOSEPH MEDICAL CENTER WAS FOUNDED TO ALLEVIATE A SHORTAGE OF HOSPITAL BEDS IN THE COMMUNITY IN 1864 BY THE SISTERS OF ST. FRANCIS OF PHILADELPHIA. THE HOSPITAL WAS MOVED TO ITS CURRENT LOCATION, TOWSON, MARYLAND IN 1965. AS THE FIRST CATHOLIC HOSPITAL TO SERVE THE COMMUNITY; ST. JOSEPH MEDICAL CENTER EMBRACED THE MISSION OF THE FOUNDING RELIGIOUS CONGREGATION, WHICH HAS SINCE JOINED WITH OTHER RELIGIOUS CONGREGATIONS TO FORM CATHOLIC HEALTH INITIATIVES. THE MISSION OF ST. JOSEPH MEDICAL CENTER AND CATHOLIC HEALTH INITIATIVES IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY AND VIABILITY IN THE 21ST CENTURY. FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND SOCIAL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES.</p> <p>IN ADDITION, ST. JOSEPH MEDICAL CENTER STRIVES TO DEVELOP A HEALTHY COMMUNITY AND PROVIDE CARE TO ALL IN NEED. IT ALSO HAS A BOARD OF DIRECTORS THAT IS COMPRISED OF INDEPENDENT COMMUNITY REPRESENTATIVES. THE MEDICAL CENTER HAS A RICH HERITAGE OF COMPASSIONATE SERVICE AND SUPERB CLINICAL PROGRAMS. OUR PRIMARY GOAL IS TO BUILD UPON THAT HERITAGE BY ENHANCING OUR RELATIONSHIP AMONG OUR COMMUNITY, EMPLOYEES AND PHYSICIANS WITHIN THE GREATER BALTIMORE AREA IN MARYLAND.</p> <p>THE EMERGENCY DEPARTMENT IS OPEN TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY. ST. JOSEPH MEDICAL CENTER HAS AN OPEN MEDICAL STAFF, PARTICIPATES IN MEDICARE AND MEDICAID, AND HAS AN ACTIVE CHARITY CARE PROGRAM. ST. JOSEPH MEDICAL CENTER SERVES ALL PERSONS IN THE COMMUNITY ON A NON-DISCRIMINATORY BASIS AND OPERATES A 24 HOUR EMERGENCY DEPARTMENT, 365 DAYS PER YEAR.</p> <p>COMMUNITY SERVICE HAS ALWAYS BEEN AT THE CORE OF ST. JOSEPH MEDICAL CENTER'S ACTIVITIES. EACH YEAR, SERVICES AND PROGRAMS ARE EXPANDED TO PROMOTE A HEALTHY COMMUNITY. THE PROGRAMS AND SERVICES DESCRIBED THROUGHOUT THIS REPORT NOT ONLY SERVE THE COMMUNITY, BUT ALSO REDUCE THE BURDENS ON THE GOVERNMENT. FOR EXAMPLE, IF ST. JOSEPH MEDICAL CENTER DID NOT PROVIDE CHARITY CARE, THE BURDEN OF PROVIDING CHARITY CARE WOULD FALL ON OTHER COUNTY HOSPITALS AND OTHER GOVERNMENT-SUPPORTED INSTITUTIONS.</p> <p>THE CANCER INSTITUTE AT ST. JOSEPH MEDICAL CENTER HAS RECEIVED ADDITIONAL FUNDING FROM THE NATIONAL CANCER INSTITUTE TO EXTEND ITS PILOT PROGRAM, EXTENDING THE REACH OF NATIONAL CANCER INSTITUTE (NCI) RESEARCH AND STATE-OF-THE-ART TREATMENT INTO COMMUNITY HOSPITALS ACROSS THE COUNTRY. ST. JOSEPH MEDICAL CENTER IS THE ONLY MARYLAND HOSPITAL TO BE CHOSEN FOR THIS PILOT PROGRAM, KNOWN AS THE NCI COMMUNITY CANCER CENTERS PROGRAM (NCCCP).</p> <p>ST. JOSEPH MEDICAL CENTER ENGAGES ANNUALLY IN TRAINING AND EDUCATION OF HEALTH CARE PROFESSIONALS, BOTH CLINICAL AND NON-CLINICAL THROUGH SMALL AND LARGE GROUP TRAININGS AS WELL AS NATIONAL AND LOCAL ONLINE TRAININGS.</p> <p>ST. JOSEPH MEDICAL CENTER IS INCLUDED IN THE OFFICIAL CATHOLIC DIRECTORY AS A TAX-EXEMPT HOSPITAL. ST. JOSEPH MEDICAL CENTER RECEIVED ITS TAX EXEMPTION NOTIFICATION FROM THE DEPARTMENT OF TREASURY ON DECEMBER 3, 1996. PREVIOUSLY, THE ORGANIZATION RECEIVED THEIR TAX-EXEMPT STATUS IN MARCH 1946 AS ST. JOSEPH HOSPITAL.</p> <p><b>COMMUNITY BENEFIT APPROACH</b> LOCATED IN TOWSON, MD, ST. JOSEPH MEDICAL CENTER SERVES THE BALTIMORE –TOWSON METROPOLITAN AREA, MARYLAND AS OF 2010, WAS ESTIMATED TO HAVE A POPULATION DENSITY OF 594.8 PEOPLE PER SQUARE MILE. THERE WERE 316,715 HOUSEHOLDS, OUT OF WHICH 31.4 % HAD CHILDREN UNDER THE AGE OF 18 LIVING WITH THEM. THE AVERAGE HOUSEHOLD SIZE WAS 2.48, AND THE AVERAGE FAMILY SIZE WAS 3.62. ACCORDING TO THE U.S. CENSUS BUREAU, THE DEMOGRAPHIC INFORMATION REGARDING BALTIMORE COUNTY (A SIGNIFICANT COMPONENT OF OUR PRIMARY SERVICE AREA) ABOUT 8.1% OF THE POPULATION WERE BELOW THE POVERTY LINE, INCLUDING 11% OF THOSE UNDER AGE 18 AND 7.7% OF THOSE AGES 65 OR OVER. ST. JOSEPH MEDICAL CENTER'S PSA (PRIMARY SERVICE AREA) INCLUDES AREAS WHERE SJMC CAPTURES APPROXIMATELY 60% OF INPATIENT CASES. THE STATISTICS FOR THOSE LIVING UNDER THE POVERTY LINE WOULD BE SIGNIFICANTLY HIGHER IF THE ENTIRE PRIMARY SERVICE AREA WERE FACTORED INTO THE CALCULATIONS.</p> <p>SINCE THE LATE 1970'S ST. JOSEPH MEDICAL CENTER HAS BEEN INTIMATELY INVOLVED IN COMMUNITY HEALTH COLLABORATION, SPEARHEADED THE ORIGINAL TEAM TO LOOK AT AREA HEALTH ISSUES AND SET PRIORITIES AND PLANS FOR IMPROVEMENT. ST. JOSEPH CONTINUES OUR DEEP COMMITMENT AND INVOLVEMENT IN THE COMMUNITY HEALTH COLLABORATIVE TODAY.</p> <p><b>PROCESS</b> THE COMMUNITY HEALTH NEEDS REFLECTED IN SJMC'S FY '11 COMMUNITY BENEFIT REPORT HAVE BEEN IDENTIFIED THROUGH THE USE OF ON-LINE DATABASES INCLUDING: THE COMMUNITY HEALTH RANKINGS DATABASE; THE U.S. CENSUS BUREAU DATABASE REFLECTING 2000 – 2009 DATA; THE AMERICA'S HEALTH RANKINGS DATABASE; THE CATHOLIC HEALTHCARE WEST COMMUNITY NEEDS DATABASE (WHICH HAS ALLOWED US TO DRILL DOWN TO THE NEIGHBORHOOD/STREET LEVEL FOR INFORMATION); THE DATABASE OF THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES; AND THE NEW YORK TIMES DATABASE "MAPPING AMERICA: EVERY CITY, EVERY BLOCK". THESE DATABASES WERE USED TO IDENTIFY IN OUR SERVICE AREA ETHNIC/MINORITY POPULATIONS, HEALTH RISK FACTORS AND THEIR DEGREE OF SEVERITY, BASIC DEMOGRAPHIC INFORMATION (AGE, EDUCATION, INCOME LEVELS), MORTALITY RATES, AND RATES OF VIOLENCE/SUICIDE AND OTHER MORTALITY AND HEALTH RISK INDICATORS.</p> <p>THE DIRECTOR OF THE BALTIMORE COUNTY HEALTH DEPARTMENT, DR. GREGORY BRANCH AND HIS STAFF HAVE BEEN A VALUABLE RESOURCE IN IDENTIFYING VULNERABLE POPULATIONS AND UNMET HEALTH CARE NEEDS IN BALTIMORE COUNTY. PARTICIPATION IN THE LOCAL HEALTH COALITION OF BALTIMORE COUNTY BY THE VICE PRESIDENT FOR MISSION INTEGRATION AT ST. JOSEPH MEDICAL CENTER HAS ALSO PROVIDED INFORMATION AND A VENUE FOR LEARNING FROM OTHER HEALTH CARE PROVIDERS IN THE AREA. THE MOST URGENT HEALTH CARE NEEDS IN BALTIMORE COUNTY THAT ARE PRIORITIES FOR THE BALTIMORE COUNTY HEALTH DEPARTMENT ARE CHILDHOOD OBESITY, LOW BIRTH WEIGHT/INFANT MORTALITY AND REDUCTION OF TOBACCO/SUBSTANCE USE.</p> <p>WORKING WITH CATHOLIC CHARITIES OF THE BALTIMORE ARCHDIOCESE HAS PROVIDED DATA ON POPULATIONS THEY SERVE WITHIN SJMC'S SERVICE AREA AND THE HEALTH NEEDS OF THESE POPULATIONS. THESE NEEDS ARE CONSISTENT WITH THOSE ALREADY IDENTIFIED BY THE BALTIMORE COUNTY HEALTH DEPARTMENT.</p> <p>SPECIFIC DEPARTMENTS OF THE MEDICAL CENTER, SUCH AS COMMUNITY HEALTH OUTREACH, THE ST. JOSEPH FOUNDATION, ST. CLARE MEDICAL OUTREACH AND THE CANCER INSTITUTE WERE PARTICULARLY INVOLVED IN COLLABORATIVE RELATIONSHIPS TO IDENTIFY AREAS OF SPECIFIC AND SIGNIFICANT HEALTH CARE NEEDS. THE CANCER INSTITUTE IS COLLABORATING WITH SEVERAL AFRICAN AMERICAN AND LATINO/HISPANIC HEALTH INITIATIVES TO IDENTIFY AT RISK POPULATIONS FOR COLORECTAL CANCER, BREAST CANCER, AND PROSTATE CANCER AND HAVE OFFERED FREE SCREENINGS IN STRATEGICALLY IDENTIFIED LOCATIONS AND ALSO HAS PROVIDED FOLLOW UP/TREATMENT SERVICES AS NEEDED FOR THE PARTICIPANTS.</p> <p>A SUBSIDIARY OF THE SJMC FOUNDATION, FANS (FRIENDS, ALUMNI, NEIGHBORS AND SUPPORTERS) VOLUNTEERS ARE ANOTHER GREAT RESOURCE FOR THE HOSPITAL TO HELP UPDATE AND REFINE OUR GAUGE OF EMERGING NEEDS IN THE COMMUNITY.</p> <p>IN THE PAST FOUR YEARS THE HOSPITAL HAS BEEN COMPLETING PLANNING FOR THE GROWTH OF THE CANCER INSTITUTE AT ST. JOSEPH MEDICAL CENTER. WE HAVE BEEN WORKING CLOSELY WITH THE AMERICAN CANCER SOCIETY AS WELL AS THE NATIONAL CANCER INSTITUTE TO LEARN MORE ABOUT HEALTH DISPARITIES. THE AREAS OF MOST NEED IDENTIFIED WERE: TRANSPORTATION, ACCESS TO CARE AND LIFESTYLE CHOICES.</p> <p>LEADERSHIP FROM THE HOSPITAL PARTICIPATED ON BOARDS AND COMMITTEES WHICH HAS PROVIDED ANOTHER AVENUE FOR IDENTIFYING COMMUNITY HEALTH NEEDS. THE ORGANIZATIONS ON WHICH OUR LEADERSHIP HAS PARTICIPATED INCLUDE:</p> <p>THE AMERICAN HEART ASSOCIATION THE CANCER COALITION MARYLAND HOSPITAL ASSOCIATION THE AMERICAN CANCER SOCIETY HEALTH DEPARTMENT COMMITTEES</p> <p>UNTIL OUR FORMAL COMMUNITY HEALTH NEED ASSESSMENT (WHICH WILL BE DONE IN 2012-2013 IN COLLABORATION WITH TWO OTHER HEALTH CARE INSTITUTIONS IN OUR SERVICE AREA) IS COMPLETED, WE BELIEVE WE ARE AWARE OF THE MORE SIGNIFICANT HEALTH NEEDS OF THE POPULATIONS IN OUR SERVICE AREA THROUGH THE FEEDBACK FROM OUR COMMUNITY HEALTH OUTREACH STAFF, THE USE OF PUBLIC HEALTH CARE DATA BASES AND CONSULTATION WITH THE ADMINISTRATION OF THE BALTIMORE COUNTY HEALTH DEPARTMENT.</p> <p><b>SUMMARY OF ASSESSMENT FINDINGS</b></p> <p>THE COMMUNITY HEALTH NEEDS IDENTIFIED BY ST. JOSEPH MEDICAL CENTER WITHIN ITS PRIMARY SERVICE AREA INCLUDE:</p> <ul style="list-style-type: none"> <li>•CANCER AND RELATED LIFESTYLE CHOICES THAT CONTRIBUTE TO THE DEVELOPMENT OF CANCER</li> </ul>

Return Reference	Identifier	Explanation
		<p>•HEART DISEASE AND RELATED LIFESTYLE CHOICES  •OBESITY/WEIGHT MANAGEMENT  •DIABETES MANAGEMENT  •SMOKING CESSATION  •EDUCATION REGARDING SUBSTANCE ABUSE  •INTERNATIONAL HEALTH CARE OUTREACH</p> <p>A.THERE IS A GROWING HISPANIC COMMUNITY IN THE SJMC PRIMARY SERVICE AREA WHOSE HEALTH CARE NEEDS ARE OFTEN UNMET BECAUSE OF LANGUAGE BARRIERS AND THEIR LACK OF HEALTH INSURANCE. ST. CLARE MEDICAL OUTREACH IS A FREE PRIMARY CARE CLINIC SPONSORED BY ST. JOSEPH MEDICAL CENTER THAT SERVES PEOPLE WHO HAVE NO HEALTH INSURANCE AT ALL (NO MEDICARE, MEDICAID, ETC.) MANY OF THE PATIENTS OF ST. CLARE MEDICAL OUTREACH ARE HISPANIC AND ALMOST ALL THE STAFF OF ST. CLARE OUTREACH ARE BILINGUAL. THEY SEE OVER 2000 PATIENTS EACH YEAR. THE PRIMARY MEDICAL CONDITIONS OF THE PATIENTS OF ST. CLARE OUTREACH ARE HYPERTENSION, OBESITY, DIABETES AND HIGH BLOOD PRESSURE, BUT AT THE SAME TIME THEY SEE PATIENTS WHO ARE DIAGNOSED WITH CANCER AND NEED IMMEDIATE AND AGGRESSIVE INTERVENTIONS.</p> <p>THE STAFF AT ST. CLARE OUTREACH INCLUDE A PHARMACY LIAISON WHOSE FULL-TIME POSITION IS WORKING WITH PHARMACEUTICAL COMPANIES TO SECURE AT LITTLE OR NO COST THE DRUGS THAT THEIR PATIENTS URGENTLY REQUIRE BUT CANNOT AFFORD. WHEN PATIENTS PRESENT WITH NEEDS FOR CARE BY SPECIALISTS, THE STAFF OF ST. CLARE CAN REFER MANY OF THEM TO PHYSICIANS WHO WILL PROVIDE PRO BONO CARE IN THEIR AREA OF SPECIALTY. THE DIABETES EDUCATOR WHO IS PART OF THE ST. CLARE MEDICAL OUTREACH STAFF HAS DEVELOPED TEACHING TOOLS SPECIFICALLY DESIGNED FOR PATIENTS WHO READ NEITHER ENGLISH NOR SPANISH AND YET NEED INSTRUCTION ON HOW TO CONTROL THEIR DIABETES THROUGH BOTH DIET AND THE USE OF INSULIN.</p> <p>THE ST. CLARE MEDICAL OUTREACH PROGRAM IS RELOCATING TO AN OFF-SITE LOCATION NEAR THE HOSPITAL, AND ON A MAJOR NORTH/SOUTH BUS LINE TO PROVIDE EASIER ACCESS FOR THE PATIENTS WHO COME FOR MEDICAL CARE. MANY OF THEM TAKE PUBLIC TRANSPORTATION, AND THE CURRENT LOCATION OF ST. CLARE MEDICAL OUTREACH IS DIFFICULT FOR THOSE WHO DON'T HAVE ACCESS TO A CAR.</p> <p>THE REQUEST FOR SERVICES THROUGH ST. CLARE MEDICAL OUTREACH HAS BEEN SO STRONG THAT WE ARE INITIATING A PROGRAM TO HAVE PHYSICIANS WHO HAVE RETIRED FROM ST. JOSEPH MEDICAL CENTER PROVIDE VOLUNTEER CARE SO PATIENTS MAY BE SEEN MORE QUICKLY.</p> <p>B.THE STATE OF MARYLAND RANKS 41 OUT OF THE 50 STATES IN INFANT MORTALITY. IN ADDITION, 9.2% OF THE BABIES BORN IN BALTIMORE COUNTY HAVE LOW OR VERY LOW BIRTH WEIGHT, COMPARED WITH 7%+ IN THE SURROUNDING COUNTIES. SJMC'S WOMEN'S HEALTH ASSOCIATES (WHA) ADDRESSES THIS HEALTH CARE PRIORITY BY PROVIDING NEEDED GYNECOLOGICAL AND OBSTETRICAL SERVICES FOR WOMEN WHO HAVE LIMITED FINANCIAL RESOURCES AND/OR HAVE NO HEALTH INSURANCE. EACH YEAR THE WHA STAFF OF FOUR PHYSICIANS AND SIX MIDWIVES SEES APPROXIMATELY 10,500 - 11,000 PATIENTS AND DELIVERS 550 BABIES AT MINIMAL OR NO COST TO THE PATIENT. THIS PROGRAM IS FLOURISHING AND WILL CONTINUE.</p> <p>C.ADULTS IN BALTIMORE COUNTY (THE PRIMARY AREA OF OUR PSA) HAVE A TOBACCO USE OF 22.2%, HIGHER THAN THE AVERAGE IN MARYLAND AND SIGNIFICANTLY HIGHER THAN THE NATIONAL BENCHMARK OF 15%. TO ADDRESS THIS HEALTH CARE ISSUE, ST. JOSEPH MEDICAL CENTER UNDERWRITES THE SALARY OF FULL-TIME ADDICTIONS SPECIALIST, MIKE GIMBEL, WHO HAS DEVELOPED A PROGRAM ENTITLED, "POWERED BY ME!" WHICH FOCUSES PARTICULARLY ON STUDENT ATHLETES AT THE HIGH SCHOOL AND COLLEGE LEVEL. THIS HIGHLY SUCCESSFUL AND SOUGHT-AFTER PROGRAM PROVIDES, AT NO EXPENSE TO SCHOOLS OR PARTICIPANTS, EFFECTIVE STRATEGIES AND MOTIVATION TO NOT USE TOBACCO OR ANY OTHER SUBSTANCE. IN FY '11, THE POWERED BY ME! PROGRAM WAS RECEIVED BY MORE THAN 28,700 YOUNG ADULTS.</p> <p>SMOKING CESSATION CLASSES ARE ALSO OFFERED BY SJMC THROUGH OUR COMMUNITY HEALTH OUTREACH. IN FY '11, SJMC'S FREE TOBACCO EDUCATION CLASSES WERE RECEIVED BY OVER 400 PARTICIPANTS.</p> <p>BOTH OF THESE UNCOMPENSATED PROGRAMS ARE JUDGED VERY SUCCESSFUL FROM THE CONSTANT INCREASE IN REQUESTS FOR THEM. THEY WILL BOTH CONTINUE.</p> <p>D.INTERNATIONAL OUTREACH – TANZANIA</p> <p>ESTABLISHED IN 2002 BY ST. JOSEPH MEDICAL CENTER, THE VILLAGE WELLNESS PROJECT (VWP, FORMERLY KNOWN AS THE VILLAGE WELLNESS PROGRAM) SERVES 70,000 VILLAGERS IN 21 VILLAGES OF THE KARATU DISTRICT OF TANZANIA, EAST AFRICA. THE VWP IS A COMPREHENSIVE INITIATIVE AND INCLUDES A VARIETY OF SUSTAINABLE PROJECTS DESIGNED TO IMPROVE THE OVERALL HEALTH AND WELL-BEING OF THE VILLAGERS.</p> <p>DURING FY'11, THE PRIORITIES IN OUR TANZANIA OUTREACH BECAME MORE FOCUSED BASED ON DEMONSTRABLE POSITIVE RESULTS IN PROJECTS WE FUNDED IN PREVIOUS YEARS AND CONVERSATIONS WITH LOCAL HEALTH CARE LEADERS AND THE LEADERSHIP OF THE ROMAN CATHOLIC DIOCESE OF KARATU DURING AN ON-SITE VISIT BY SJMC STAFF IN OCTOBER, 2010. THE THREE PRIORITIES THAT SJMC NOW SUPPORTS IN TANZANIA ARE THE SMALL ANIMAL PROJECTS, EDUCATION OF HEALTH CARE WORKERS, AND MICROLOANS FOR WOMEN. THESE THREE PRIORITIES WERE CHOSEN BECAUSE THEY ALREADY HAVE SHOWN EXCELLENT RESULTS AND POSITIVE IMPACT ON THE LIVES AND HEALTH OF VILLAGERS AND PARTICULARLY WOMEN AND CHILDREN (THE MICROLOANS FOR WOMEN AND THE SMALL ANIMAL PROJECT) OR THEY RESPOND TO THE NEEDS IDENTIFIED BY THE LEADERS WITH WHOM WE SPOKE(EDUCATION OF HEALTH CARE WORKERS).</p> <p>THE TANZANIA INITIATIVE WILL CONTINUE. WE JUDGE IT SUCCESSFUL FROM THE HIGHLY POSITIVE EVALUATION BY THE HEALTH CARE AND RELIGIOUS LEADERS WITH WHOM WE SPOKE IN KARATU AND BY THE DEMONSTRABLE RESULTS OF THE PROGRAMS THAT ARE NOW THE PRIORITY.</p> <p>E.CANCER AND RELATED LIFESTYLE CHOICES  YEAR OF EVALUATION: FY 2011  NATURE OF EVALUATION: DATA COLLECTION FROM ASSESSMENTS, SCREENINGS AND EDUCATION REGARDING BREAST, SKIN, CERVICAL, COLON AND PROSTATE CANCER.  RESULT OF EVALUATION: PROGRAMS CONTINUED</p> <p>F.OBESITY/WEIGHT MANAGEMENT – DIABETES EDUCATION/MANAGEMENT  YEAR OF EVALUATION:FY 2011  NATURE OF EVALUATION: ADDRESSED THROUGH PRIMARY CARE SERVICES PROVIDED BY ST. CLARE MEDICAL OUTREACH, PARTICULARLY IN ITS DIABETES MANAGEMENT SERVICES. THE STAFF OF ST. CLARE MEDICAL OUTREACH HAVE TRANSLATED MANY OF THE MATERIALS FOR OBESITY, WEIGHT MANAGEMENT AND DIABETES EDUCATION INTO SPANISH TO SERVE THE HISPANIC PATIENTS.  RESULTS OF EVALUATION: PROGRAMS CONTINUED</p> <p>DIABETES EDUCATION/MANAGEMENT ALSO TAKES PLACE THROUGH THE WORK OF OUR DIABETES EDUCATION STAFF WHO PROVIDE SCREENINGS AND EDUCATION AT NO COST TO PATIENTS IN ADDITION TO THE WORK OF THE ST. CLARE MEDICAL OUTREACH STAFF WITH HISPANIC PATIENTS.</p>
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE.	ST. JOSEPH MEDICAL CENTER (SJMC) INCLUDES INFORMATION CONCERNING ITS FINANCIAL ASSISTANCE POLICY ON ITS WEBSITE. IN ADDITION, SJMC PROMINENTLY DISPLAYS ITS FINANCIAL ASSISTANCE POLICY IN BOTH ENGLISH AND SPANISH IN OBVIOUS LOCATIONS THROUGHOUT THE HOSPITALS, INCLUDING THE EMERGENCY ROOMS AND OTHER PATIENT INTAKE AREAS, AS WELL AS IN SJMC OUTPATIENT FACILITIES. IN ADDITION, SJMC REGISTRATION CLERKS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER SJMC'S FINANCIAL ASSISTANCE POLICY. UPON REGISTRATION (AND ONCE ALL EMTALA REQUIREMENTS ARE MET), PATIENTS WHO ARE IDENTIFIED AS UNINSURED (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET OF INFORMATION THAT ADDRESSES THE FINANCIAL ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE. SJMC REGISTRATION CLERKS READ THE ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING, AND PROVIDE TRANSLATORS FOR NON ENGLISH-SPEAKING INDIVIDUALS. SJMC'S STAFF WILL ALSO ASSIST THE PATIENT/GUARANTOR WITH APPLYING FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICAID), IF NECESSARY. COUNSELORS ASSIST MEDICARE ELIGIBLE PATIENTS IN ENROLLMENT BY PROVIDING REFERRALS TO THE APPROPRIATE GOVERNMENT AGENCIES.
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION.	PLEASE REFER TO THE NEEDS ASSESSMENT NARRATIVE, PART VI, ITEM 2. ABOVE.
SCHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	PLEASE REFER TO THE NEEDS ASSESSMENT NARRATIVE, PART VI, ITEM 2. ABOVE.



Return Reference	Identifier	Explanation
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	<p>ST. JOSEPH MEDICAL CENTER, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES.</p> <p>CATHOLIC HEALTH INITIATIVES (CHI) IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO. CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS. AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER.</p> <p>CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 73 HOSPITALS; 40 LONG-TERM CARE, ASSISTED- AND RESIDENTIAL-LIVING FACILITIES; TWO COMMUNITY HEALTH-SERVICES ORGANIZATIONS; TWO ACCREDITED NURSING COLLEGES; AND HOME HEALTH AGENCIES. TOGETHER, THESE FACILITIES PROVIDED \$612 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2011 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH.</p> <p>CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS. THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES -- INCLUDING AREAS SUCH AS ACCOUNTING, HUMAN RESOURCES, PAYROLL AND SUPPLY CHAIN -- PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS.</p> <p>THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY.</p> <p>ST. JOSEPH MEDICAL CENTER OPERATES WITH ITS WHOLLY OWNED AFFILIATES AND COMMUNITY PARTNERS, ALONG WITH ITS FUNDRAISING ARM, THE ST. JOSEPH MEDICAL CENTER FOUNDATION, TO SERVE THE HEALTH CARE NEEDS OF THE BALTIMORE, MARYLAND COMMUNITIES.</p>
SCHEDULE H, PART VI, LINE 7	STATE FILING OF COMMUNITY BENEFIT REPORT	MD
SCHEDULE H, PART I, LINE 6A	COMMUNITY BENEFIT REPORT, COMBINED OR SEPERATE	ST. JOSEPH MEDICAL CENTER PREPARES ITS OWN ANNUAL WRITTEN COMMUNITY BENEFIT REPORT. ITS COMMUNITY BENEFIT REPORT IS NOT CONTAINED IN THAT OF A RELATED ORGANIZATION.
SCHEDULE H, PART I, LINE 7A	FINANCIAL ASSISTANCE AND CERTAIN COMMUNITY BENEFITS AT COST	MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.

**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

ST. JOSEPH MEDICAL CENTER, 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

**2010**

**Open to Public  
Inspection**

Employer identification number

52-0591461

**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. Check this box if no one recipient 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 section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ST JOSEPH PHYSICIAN ENTERPRISES 7601 OSLER DRIVE, TOWSON, MD 21040	52-1311775	501(C)(3)	10,425,416				PROGRAM SUPPORT
(2) ST JOSEPH MEDICAL CENTER FOUNDATION, INC 7601 OSLER DRIVE, TOWSON, MD 21040	52-1681044	501(C)(3)	627,677				PROGRAM SUPPORT
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

**2** Enter total number of section 501(c)(3) and government organizations ▶ 2

**3** Enter total number of other organizations ▶ 0



**Part IV****Supplemental Information** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Return Reference	Identifier	Explanation
SCHEDULE I, PART I, LINE 2	PROCEDURES FOR MONITORING USE OF GRANT FUNDS	ST. JOSEPH MEDICAL CENTER PROVIDED GRANTS ONLY TO ITS WHOLLY OWNED AND CONTROLLED SUBSIDIARIES AND OTHER RELATED TAX-EXEMPT ORGANIZATION DURING FY 2011.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

ST. JOSEPH MEDICAL CENTER, INC.

**Compensation Information**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Employer identification number

52-0591461

**Part I Questions Regarding Compensation**

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

- |  |   |
|--|---|
| <input type="checkbox"/> First-class or charter travel             | <input checked="" type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence            |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees              |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)            |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? . . . . .

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment from the organization or a related organization? **4a** ✓
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? **4b** ✓
- c** Participate in, or receive payment from, an equity-based compensation arrangement? **4c** ✓
- If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? **5a** ✓
- b** Any related organization? **5b** ✓
- If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? **6a** ✓
- b** Any related organization? **6b** ✓
- If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III . . . . . **7** ✓

**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** ✓

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

	Yes	No
<b>1a</b>	✓	
<b>2</b>	✓	
<b>3</b>		
<b>4a</b>	✓	
<b>4b</b>	✓	
<b>4c</b>		✓
<b>5a</b>		✓
<b>5b</b>		✓
<b>6a</b>		✓
<b>6b</b>		✓
<b>7</b>	✓	
<b>8</b>		✓
<b>9</b>		

**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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(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 in prior Form 990 or Form 990-EZ	
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation					
1	JEFFREY NORMAN	(i)	0	0	0	0	0	0	
		(ii)	439,715	41,588	53,970	39,600	17,520	592,393	0
2	MARY ELIZABETH O'BRIEN	(i)	0	0	0	0	0	0	
		(ii)	590,267	334,408	28,710	73,013	10,472	1,036,870	0
3	MARGARET MORTENSEN	(i)	157,199	20,000	55,148	8,021	5,096	245,464	0
		(ii)	0	0	0	0	0	0	0
4	TERRY CONRAD	(i)	0	0	313,121	0	0	313,121	0
		(ii)	0	0	0	0	0	0	0
5	CRAIG CARMICHAEL	(i)	192,340	40,000	15,760	27,298	11,992	287,390	9,128
		(ii)	0	0	0	0	0	0	0
6	DANIEL DIETRICK	(i)	227,194	0	0	20,228	0	247,422	0
		(ii)	0	0	0	0	0	0	0
7	DANIEL HARDESTY	(i)	250,937	0	3,683	22,678	13,684	290,982	0
		(ii)	0	0	0	0	0	0	0
8	PAMELA JAMIESON	(i)	222,983	46,798	9,311	31,928	18,525	329,545	0
		(ii)	0	0	0	0	0	0	0
9	DIANNE WASSALL	(i)	166,963	0	826	11,335	18,321	197,445	0
		(ii)	0	0	0	0	0	0	0
10	JAMES KLEEMAN	(i)	210,325	0	14,571	5,009	13,020	242,925	0
		(ii)	0	0	0	0	0	0	0
11	RICHARD BOEHLER	(i)	50,302	13,338	326,711	20,228	8,140	418,719	0
		(ii)	0	0	0	0	0	0	0
12	MARK KRASNA	(i)	482,621	145,125	1,932	20,228	20,138	670,044	0
		(ii)	282,666	0	0	0	0	282,666	0
13	MICHAEL SCHULTZ	(i)	172,572	0	0	0	0	172,572	0
		(ii)	566,776	0	5,544	20,228	20,138	612,686	0
14	ELLEN BARTON	(i)	225,000	0	8,171	11,917	586	245,674	0
		(ii)	0	0	0	0	0	0	0
15	LINDA PILLA	(i)	209,997	0	7,021	10,500	920	228,438	0
		(ii)	0	0	0	0	0	0	0
16	DURENDA JUERGENSEN	(i)	144,691	29,870	7,752	19,362	18,207	219,882	0
		(ii)	0	0	0	0	0	0	0

**Part III**

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

Return Reference	Identifier	Explanation
SCHEDULE J, PART I, LINE 1A	HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE	ST JOSEPH MEDICAL CENTER'S (SJMC) EXECUTIVE VICE PRESIDENT (VP)/CHIEF OPERATING OFFICER (COO) IS COMPENSATED BY SJMC. THE EXECUTIVE VP/COO WAS PROVIDED WITH EMPLOYER-PAID TEMPORARY HOUSING IN CONJUNCTION WITH THE RECRUITMENT AND RELOCATION OF THE INDIVIDUAL TO SJMC. ALL SUCH BENEFITS ARE INCLUDED IN THE EMPLOYEE'S FORM W-2.
SCHEDULE J, PART I, LINE 4A	SEVERANCE OR CHANGE-OF-CONTROL PAYMENT	<p>POST-TERMINATION PAYMENTS ARE ADDRESSED IN EXECUTIVE EMPLOYMENT AGREEMENTS FOR CATHOLIC HEALTH INITIATIVES ("CHI") AND RELATED ORGANIZATIONS' EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE, INCLUDING THE MBO CEOS. THESE EMPLOYMENT AGREEMENTS REQUIRE THAT IN ORDER FOR THE EXECUTIVE TO RECEIVE POST-TERMINATION PAYMENTS, THESE INDIVIDUALS MUST EXECUTE A GENERAL RELEASE AND SETTLEMENT AGREEMENT. POST-TERMINATION PAYMENT ARRANGEMENTS ARE PERIODICALLY REVIEWED FOR OVERALL REASONABLENESS IN LIGHT OF THE EXECUTIVE'S OVERALL COMPENSATION PACKAGE.</p> <p>THE FOLLOWING REPORTABLE INDIVIDUAL RECEIVED SEVERANCE PAYMENTS FROM CATHOLIC HEALTH INITIATIVES (A RELATED ORGANIZATION) DURING THE 2010 CALENDAR YEAR, AND THESE SEVERANCE PAYMENTS WERE INCLUDED IN THE INDIVIDUAL'S W-2 INCOME AND REPORTABLE COMPENSATION ON SCHEDULE J: JOHN TOLMIE \$444,934</p> <p>THE FOLLOWING REPORTABLE INDIVIDUALS RECEIVED SEVERANCE PAYMENTS FROM ST. JOSEPH MEDICAL CENTER DURING THE 2010 CALENDAR YEAR, AND THESE SEVERANCE PAYMENTS WERE INCLUDED IN THE INDIVIDUAL'S W-2 INCOME AND REPORTABLE COMPENSATION ON SCHEDULE J: RICHARD BOEHLER \$293,426 JANICE DUNN \$151,450 SYLVIA MOORE \$123,581</p>
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	<p>DURING THE 2010 CALENDAR YEAR CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOS AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE. THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN: JEFFREY NORMAN AND MARY ELIZABETH O'BRIEN</p> <p>DURING 2010 THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN: JEFFREY NORMAN \$39,600 MARY ELIZABETH O'BRIEN \$52,785</p> <p>DURING 2010 NO DISTRIBUTIONS WERE MADE BY CHI FROM THE DEFERRED COMPENSATION PLAN.</p> <p>DURING THE 2010 CALENDAR YEAR ST. JOSEPH MEDICAL CENTER ("SJMC"), MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE. THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN: ELLEN BARTON, RICHARD BOEHLER, CRAIG CARMICHAEL, PAMELA JAMIESON, MARGARET MORTENSON AND LINDA PILLA.</p> <p>DURING 2010 THE FOLLOWING CONTRIBUTIONS WERE MADE BY SJMC TO THE DEFERRED COMPENSATION PLAN: ELLEN BARTON \$11,917 CRAIG CARMICHAEL \$10,000 PAMELA JAMIESON \$11,700 MARGARET MORTENSON \$8,021 LINDA PILLA \$10,500</p> <p>DURING 2010 THE FOLLOWING DISTRIBUTIONS WERE MADE BY SJMC FROM THE DEFERRED COMPENSATION PLAN: CRAIG CARMICHAEL \$9,128</p>
SCHEDULE J, PART I, LINE 7	NON-FIXED PAYMENTS	ST. JOSEPH MEDICAL CENTER MAINTAINS A VARIABLE PAY PLAN FOR EMPLOYEES AT THE LEVEL OF MANAGER AND ABOVE (EXCEPT FOR PHYSICIANS) THAT PUTS A CERTAIN AMOUNT OF COMPENSATION AT RISK. AWARDS OF INCENTIVE COMPENSATION UNDER THE VARIABLE PAY PLAN ARE MADE BASED UPON ACHIEVEMENT OF INDIVIDUAL GOALS. ALL COMPENSATION, INCLUDING ANY INCENTIVE COMPENSATION, IS CAPPED TO ENSURE THAT COMPENSATION REMAINS AT FAIR MARKET VALUE.
FORM 990, PART VII, LINE 5	REPORTABLE INDIVIDUALS COMPENSATED BY UNRELATED ORGANIZATIONS	TERRY CONRAD THE INTERIM CFO FOR ST. JOSEPH MEDICAL CENTER, INC. ("SJMC"), IS COMPENSATED BY "THE HEALTHCARE GROUP", A COMPANY OWNED BY HIM THAT PROVIDES MANAGEMENT SERVICES TO SJMC. AS SUCH, A SALARY IS PAID TO HIM FOR SERVICES RENDERED IN THE CAPACITY AS AN OFFICER OF SJMC BY "THE HEALTHCARE GROUP", AN UNRELATED ORGANIZATION. ALL OF HIS REPORTABLE COMPENSATION IS DISCLOSED ON FORM 990, SCHEDULE J, PART II, ROW (I) AND 990, PART VII, COLUMN (D) AS A REPORTING ORGANIZATION.
SCHEDULE J, PART I, LINE 3	METHODS USED TO ESTABLISH CEO COMPENSATION	COMPENSATION FOR THE TOP MANAGEMENT OFFICIAL WAS ESTABLISHED AND PAID BY CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION. CHI USED THE FOLLOWING TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION: (1) COMPENSATION COMMITTEE; (2) INDEPENDENT COMPENSATION CONSULTANT; (3) WRITTEN EMPLOYMENT CONTRACTS; (4) COMPENSATION SURVEY OR STUDY; (5) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.

**Part II**

**Officers, Directors, Trustees, Key Employees and Highest Compensated Employees** (continued)

(a) Name		(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 in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(17) JANICE DUNN	(i)	160,635	0	176,852	20,228	11,060	368,775	0
	(ii)	0	0	0	0	0	0	0
(18) SYLVIA MOORE	(i)	0	0	122,035	22,678	4,519	149,232	0
	(ii)	0	0	0	0	0	0	0
(19) JOHN TOLMIE	(i)	0	0	0	0	0	0	0
	(ii)	0	0	440,475	27,578	17,361	485,414	0
(20) R.C. FINNEY JR.	(i)	5,588	0	0	0	0	5,588	0
	(ii)	497,607	156,600	1,932	22,678	18,324	697,141	0
(21) STEPHEN POLLOCK, MD	(i)	0	0	0	0	0	0	0
	(ii)	544,332	80,000	5,544	20,228	18,458	668,562	0



**SCHEDULE L  
(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

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

OMB No. 1545-0047

**2010**

**Open To Public Inspection**

Name of the organization

ST. JOSEPH MEDICAL CENTER, INC.

Employer identification number

52-0591461

**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) Description of transaction	(c) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

2 Enter the amount of tax imposed on the 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, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

	(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
		To	From			Yes	No	Yes	No	Yes	No
		(1)									
(2)											
(3)											
(4)											
(5)											
(6)											
(7)											
(8)											
(9)											
(10)											
<b>Total</b> . . . . . ▶ \$					0						

**Part III Grants or Assistance Benefiting 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 and type of assistance
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		



**Part IV****Business Transactions Involving Interested Persons** (continued)

(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) CENTER FOR EATING DISORDERS	BOARD MEMBER 60% OWNERSHIP INTEREST	818,360	PSYCHIATRY MANAGEMENT SERVICES, DEPARTMENT HEAD AND PHYSICIAN ADVISOR		✓

**SCHEDULE M  
(Form 990)**

**Noncash Contributions**

OMB No. 1545-0047

**2010**

**Open To Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organizations answered "Yes" on Form  
990, Part IV, lines 29 or 30.  
▶ Attach to Form 990.**

Name of the organization

ST. JOSEPH MEDICAL CENTER, INC.

Employer identification number

52-0591461

**Part I Types of Property**

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	✓	1	2,000,000	MARKET VALUE
26				
27				
28				

29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .	29	0
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	Yes	No
30a		✓
31		✓
32a	✓	
33		

**Part II**

**Supplemental Information** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE M, PART I, LINE 32A	THIRD PARTIES USED TO SOLICIT, PROCESS, OR SELL NONCASH CONTRIBUTIONS	NON-CASH CONTRIBUTIONS ARE PROCESSED THROUGH THE ST. JOSEPH MEDICAL CENTER FOUNDATION (SJMCF), A RELATED ORGANIZATION. SJMCF IS A FAITH BASED ORGANIZATION WITH AN UNWAVERING COMMITMENT TO PERSON-CENTERED CARE. FOCUSED ON QUALITY AND IN COLLABORATION WITH THE COMMUNITY, SJMCF STRIVES TO MEET THE COMMUNITIES' HEALTH-RELATED NEEDS BY RAISING FUNDS IN SUPPORT OF ST. JOSEPH MEDICAL CENTER.

**Supplemental Information to Form 990 or 990-EZ**

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

**2010**

Open to Public Inspection

Name of the Organization  
**ST. JOSEPH MEDICAL CENTER, INC.**

Employer Identification Number  
**52-0591461**

Return Reference	Identifier	Explanation
FORM 990, PART VI, SECTION A, LINE 6	CLASSES OF MEMBERS OR STOCKHOLDERS	ACCORDING TO THE BYLAWS OF ST. JOSEPH MEDICAL CENTER, THE ENTITY'S SOLE MEMBER IS CATHOLIC HEALTH INITIATIVES, A COLORADO NONPROFIT CORPORATION.
FORM 990, PART VI, SECTION A, LINE 7A	MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	PURSUANT TO ARTICLE V, SECTION 6 OF THE BYLAWS OF ST. JOSEPH MEDICAL CENTER, THE DIRECTORS OF THE CORPORATION SHALL BE APPOINTED OR REFUSED BY THE CORPORATE MEMBER. THE CORPORATE MEMBER MAY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS, AND MAY AT ANY TIME REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OF THE BOARD OF DIRECTORS.
FORM 990, PART VI, SECTION A, LINE 7B	DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	<p>THE ORGANIZATION'S CORPORATE MEMBER IS CATHOLIC HEALTH INITIATIVES ("CHI"). PURSUANT TO SECTION 5.4. OF THE ORGANIZATION'S BYLAWS, THE CORPORATE MEMBER SHALL HAVE THE SPECIFIC RIGHTS SET FORTH IN THE GOVERNANCE MATRIX.</p> <p>PURSUANT TO THE GOVERNANCE MATRIX THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATED TO THE CHI CHIEF EXECUTIVE OFFICER:</p> <ul style="list-style-type: none"> <li>* SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF THE ST. JOSEPH MEDICAL CENTER</li> <li>* AMENDMENT OF THE CORPORATE DOCUMENTS OF THE ST. JOSEPH MEDICAL CENTER</li> <li>* APPROVE MEMBERS OF THE ST. JOSEPH MEDICAL CENTER BOARD</li> <li>* REMOVAL OF A MEMBER OF THE GOVERNING BODY OF THE ST. JOSEPH MEDICAL CENTER</li> <li>* APPROVAL OF ISSUANCE OF DEBT BY ST. JOSEPH MEDICAL CENTER</li> <li>* APPROVAL OF PARTICIPATION OF ST. JOSEPH MEDICAL CENTER IN A JOINT VENTURE</li> <li>* APPROVAL OF FORMATION OF A NEW CORPORATION BY ST. JOSEPH MEDICAL CENTER</li> <li>* APPROVAL OF A MERGER INVOLVING THE ST. JOSEPH MEDICAL CENTER</li> <li>* TO REQUIRE THE TRANSFER OF ASSETS BY THE ST. JOSEPH MEDICAL CENTER TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS.</li> <li>* ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR ST. JOSEPH MEDICAL CENTER</li> </ul> <p>PURSUANT TO SECTION 5.5.2 OF THE ORGANIZATION'S BYLAWS, CHI MAY, IN EXERCISE OF ITS APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE.</p>
FORM 990, PART VI, SECTION B, LINE 11A	REVIEW OF FORM 990 BY GOVERNING BODY	<p>ONCE THE RETURN IS PREPARED, THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER. THE CHIEF FINANCIAL OFFICER PRESENTS THE RETURN TO THE ST JOSEPH MEDICAL CENTER'S FINANCE COMMITTEE OF THE BOARD AS WELL AS THE OPERATING BOARD.</p> <p>SUBSEQUENT TO REVIEW BY THE BOARD THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILEING. ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD.</p>
FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST POLICY	<p>ANNUAL DISCLOSURE FORMS ARE REQUIRED TO BE COMPLETED BY EMPLOYED PHYSICIANS, EXECUTIVES AND DIRECTORS OF THE ORGANIZATION. AT THE TIME OF THE EMPLOYEE'S ANNUAL EVALUATION, THE EMPLOYEE'S DIRECT MANAGER OR SUPERVISOR SHALL REVIEW THIS POLICY WITH THE EMPLOYEE. A NEW FORM SHOULD BE COMPLETED ON AN ANNUAL BASIS. THE FORMS ARE REVIEWED BY THE VICE PRESIDENT OF HUMAN RESOURCES AND CORPORATE RESPONSIBILITY OFFICER. THE FOLLOWING ACTIONS ARE TAKEN WITH RESPECT TO EMPLOYEES WITH CONFLICTS: 1)ASKING THE EMPLOYEE TO DIVEST THEMSELVES OF OWNERSHIP, INTEREST, OR STOCK IN THE OTHER ENTITY; 2) REASSIGNING THE EMPLOYEE TO A DIFFERENT POSITION; AND/OR 3) HAVING THE EMPLOYEE ABSTAIN FROM MAKING A DECISION RELATED TO THE CONFLICTING ENTITY. THE DIVISIONAL VICE PRESIDENT AND THE VP OF HUMAN RESOURCES OF ST. JOSEPH MEDICAL CENTER IMPLEMENTS THE REQUIRED ACTIONS. RANDOM SAMPLES OF EMPLOYEE FILES ARE REVIEWED ANNUALLY TO ENSURE COMPLIANCE WITH THIS POLICY.</p> <p>EACH DIRECTOR IS REQUIRED TO PROMPTLY AND FULLY REPORT TO THE BOARD CHAIR SITUATIONS THAT MAY CREATE A CONFLICT OF INTEREST WHEN HE OR SHE BECOMES AWARE OF SUCH SITUATIONS. ANNUAL CONFLICT OF INTEREST AND DISCLOSURE STATEMENTS ARE SENT OUT TO ALL BOARD MEMBERS ASKING THEM TO DECLARE ANY CONFLICTS OF INTEREST THAT NEED TO BE DISCLOSED. THE BOARD OF DIRECTORS SHALL CAREFULLY SCRUTINIZE, AND MUST IN GOOD FAITH APPROVE OR DISAPPROVE, ANY TRANSACTION IN WHICH THE CORPORATION AND/OR ANY OF ITS AFFILIATES IS A PARTY, AND IN WHICH ONE OR MORE OF THE CORPORATION'S DIRECTORS OR OFFICERS HAS EITHER A MATERIAL FINANCIAL INTEREST OR IS A DIRECTOR OR OFFICER OF THE OTHER PARTY BY A MAJORITY VOTE OF THE DISINTERESTED DIRECTORS. THE BOARD SHALL TAKE WHATEVER ACTION IS DEEMED APPROPRIATE UNDER THE CIRCUMSTANCES WITH RESPECT TO THE DIRECTOR OR OFFICER IN ORDER TO BEST PROTECT THE INTERESTS OF THE CORPORATION, INCLUDING POSSIBLE DISCIPLINARY OR CORRECTIVE ACTION.</p>
FORM 990, PART VI, SECTION B, LINE 15A	PROCESS USED TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	<p>THE ORGANIZATION'S CEO'S COMPENSATION IS PAID BY CHI. CHI HAS A DEFINED COMPENSATION PHILOSOPHY. BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA.</p> <p>CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES. COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY. THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET. THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING. THE LAST REVIEW WAS SEPTEMBER, 2011.</p> <p>IN ADDITION, IN DECEMBER 2009, HAY GROUP COMPLETED A COMPREHENSIVE REVIEW OF ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS.</p>
FORM 990, PART VI, SECTION B, LINE 15B	PROCESS USED TO ESTABLISH COMPENSATION OF OTHER OFFICERS/KEY EMPLOYEES	<p>FOR THE YEAR ENDED 12/31/10, SJMC STAFF ACCUMULATED MARKET COMPARABILITY DATA THAT WAS USED TO DETERMINE APPROPRIATE COMPENSATION LEVELS FOR SJMC EXECUTIVE MANAGEMENT. SJMC MANAGEMENT PROVIDED ITS RECOMMENDATIONS TO THE SJMC BOARD FOR FINAL COMPENSATION DETERMINATION AND APPROVAL. THE BOARD APPROVED THE COMPENSATION PACKAGE AND DOCUMENTED SUCH APPROVAL IN THE MINUTES, ALONG WITH THE COMPARABILITY DATA RELIED UPON IN DETERMINING THE APPROPRIATE COMPENSATION LEVELS.</p>
FORM 990, PART VI, SECTION C, LINE 19	PUBLIC DISCLOSURE	<p>THE ARTICLES OF INCORPORATION ARE AVAILABLE AT THE STATE OF MARYLAND HEALTH SERVICES COST REVIEW COMMISSION AT WWW.MARYLAND.GOV. THE CONFLICT OF INTEREST POLICY IS AVAILABLE UPON REQUEST. ST. JOSEPH MEDICAL CENTER, INC. FINANCIAL STATEMENTS ARE INCLUDED IN THE CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW.CATHOLICHEALTHINIT.ORG OR AT WWW.DACBOND.COM.</p>
FORM 990, PART VI, SECTION B, LINE 16B	JOINT VENTURE POLICY	<p>ST. JOSEPH MEDICAL CENTER, INC., HAS NOT FORMALLY ADOPTED A WRITTEN POLICY OR WRITTEN PROCEDURE REGARDING JOINT VENTURES. HOWEVER CHI'S SYSTEM-WIDE JOINT VENTURE MODEL OPERATING AGREEMENT INCORPORATES CONTROLS OVER THE VENTURE SUFFICIENT TO ENSURE THAT (1) THE EXEMPT ORGANIZATION AT ALL TIMES RETAINS CONTROL OVER THE VENTURE SUFFICIENT TO ENSURE THAT THE PARTNERSHIP FURTHERS THE EXEMPT PURPOSE OF THE ORGANIZATION; (2) IN ANY PARTNERSHIP IN WHICH THE EXEMPT ORGANIZATION IS A PARTNER, ACHIEVEMENT OF EXEMPT PURPOSES IS PRIORITIZED OVER MAXIMIZATION OF PROFITS FOR THE PARTNERS; (3) THE PARTNERSHIP DOES NOT ENGAGE IN ANY ACTIVITIES THAT WOULD JEOPARDIZE THE EXEMPT ORGANIZATION'S EXEMPTION; (4) RETURNS OF CAPITAL, ALLOCATIONS, AND DISTRIBUTIONS MUST BE MADE IN PROPORTION TO THE PARTNERS' RESPECTIVE OWNERSHIP INTERESTS; AND (5) ALL CONTRACTS ENTERED INTO BY THE PARTNERSHIP WITH THE EXEMPT ORGANIZATION MUST BE AT ARM'S-LENGTH, WITH PRICES SET AT FAIR MARKET VALUE. ANY JOINT VENTURE AGREEMENTS THAT DO NOT CONFORM TO THE MODEL AGREEMENT ARE GENERALLY REVIEWED BY COUNSEL.</p>

Return Reference	Identifier	Explanation										
FORM 990, PART VI, SECTION A, LINE 1A	EXECUTIVE COMMITTEE COMPOSITION AND AUTHORITY	<p>PURSUANT TO ARTICLE VIII, SECTION 8.6 OF THE BYLAWS, THE ST. JOSEPH MEDICAL CENTER EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION AND SHALL BE COMPOSED OF THE CHAIRPERSON OF THE BOARD, THE VICE CHAIRPERSON OF THE BOARD, THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, EACH OF WHOM SHALL SERVE AS AN EX OFFICIO VOTING MEMBER OF THE EXECUTIVE COMMITTEE, EXCEPT AS PROVIDED BY LAW. THE EXECUTIVE COMMITTEE SHALL HAVE AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS.</p> <p>ADDITIONALLY, THE EXECUTIVE COMMITTEE IS AUTHORIZED TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED THAT SUCH ACTIONS TAKEN SHALL BE CONSISTENT WITH AND NOT CONFLICT WITH ANY ACTIONS OR POLICIES OF THE BOARD OF DIRECTORS OR THE CORPORATE MEMBER, WITH THE ORGANIZATION'S BYLAWS, OR WITH APPLICABLE LAW. ALL ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE ARE RECORDED AND ARE PROMPTLY REPORTED TO THE BOARD OF DIRECTORS AT THE NEXT REGULAR OR ANNUAL MEETING OF THE BOARD OF DIRECTORS.</p>										
FORM 990, PART VII	ESTIMATE OF HOURS DEVOTED TO RELATED ORGANIZATIONS	COMPENSATION REPORTED ON THE FORM 990, PART VII, WAS PAID TO THESE INDIVIDUALS BY RELATED ORGANIZATIONS IN FULFILLMENT OF THEIR DUTIES AS FULL TIME, 60 HOUR PER WEEK EMPLOYEES OF THE RELATED ORGANIZATION.										
FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1"> <thead> <tr> <th data-bbox="521 453 1312 480">(a) Description</th> <th data-bbox="1320 453 1515 480">(b) Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="521 485 1312 512">NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS</td> <td data-bbox="1320 485 1515 512">2,115,810</td> </tr> <tr> <td data-bbox="521 516 1312 543">PRIOR PERIOD ADJUSTMENTS</td> <td data-bbox="1320 516 1515 543">- 726</td> </tr> <tr> <td data-bbox="521 548 1312 575">CHI CONNECT DEPRECIATION</td> <td data-bbox="1320 548 1515 575">812,723</td> </tr> <tr> <td data-bbox="521 579 1312 606">ASSETS RELEASED FOR CAPITAL</td> <td data-bbox="1320 579 1515 606">858,670</td> </tr> </tbody> </table>	(a) Description	(b) Amount	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	2,115,810	PRIOR PERIOD ADJUSTMENTS	- 726	CHI CONNECT DEPRECIATION	812,723	ASSETS RELEASED FOR CAPITAL	858,670
(a) Description	(b) Amount											
NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	2,115,810											
PRIOR PERIOD ADJUSTMENTS	- 726											
CHI CONNECT DEPRECIATION	812,723											
ASSETS RELEASED FOR CAPITAL	858,670											

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2010**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

▶ 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.

Name of the organization

ST. JOSEPH MEDICAL CENTER, INC.

Employer identification number

52-0591461

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

**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) ALEGENT HEALTH - BERGAN MERCY HEALTH SYS (47-0484764) 7500 MERCY ROAD, OMAHA, NE 68124	HEALTHCARE	NE	501(C)(3)	3	CHI	✓	
(2) ALEGENT HEALTH - MERCY HOSPITAL, CORNING (42-0782518) P.O. BOX 368, CORNING, IA 50841	HEALTHCARE	IA	501(C)(3)	3	AHBMHS	✓	
(3) ALVERNA APARTMENTS (41-1351177) 300 SE 8TH AVENUE, LITTLE FALLS, MN 56345	LTERM CARE	MN	501(C)(3)	9	CHI	✓	
(4) APPLETREE COURT (41-1850500) 601 OAK STREET, BRECKENRIDGE, MN 56520	SENIOR HOMES	MN	501(C)(3)	9	SFH	✓	
(5) BISHOP DRUMM RETIREMENT CENTER (42-0725196) 1111 6TH AVENUE, DES MOINES, IA 50314	LTERM CARE	IA	501(C)(3)	9	CHI-IA CORP	✓	
(6) BORNEMANN HEALTHCARE CORPORATION (23-2187242) 2500 BERNVILLE RD, PO BOX 316, READING, PA 19603	HEALTHCARE	PA	501(C)(3)	11 - TYPE I	CHI	✓	
(7) CARRINGTON HEALTH CENTER (45-0227311) 800 NORTH 4TH STREET, CARRINGTON, ND 58421	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	



**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	
(1) See Statement												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

**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
(1) ALTERNATIVE INSURANCE MANAGEMENT SERVICES (84-1112049) 3900 OLYMPIC BOULEVARD, SUITE 400, ERLANGER, KY 41018	MANAGEMENT SERVICES	CO	CHI	C CORPORATION	0	3,267,441	100
(2) AMERICAN NURSING CARE (31-1085414) 1700 EDISON DRIVE, MILFORD, OH 45150	HOME HEALTH	OH	CHS	C CORPORATION	1,778,617	44,470,358	100
(3) AMERIMED, INC. (31-1158699) 1700 EDISON DRIVE, MILFORD, OH 45150	HOME HEALTH	OH	ANC	C CORPORATION	2,395,230	11,869,657	100
(4) CADUCEUS MEDICAL ASSOCIATES, INC. (62-1570736) 6028 SHALLOWFORD ROAD, SUITE D, CHATTANOOGA, TN 37422	HEALTHCARE	TN	MHCS	C CORPORATION	0	1,008	100
(5) CAPTIVE MANAGEMENT INITIATIVES (98-0663022) PO BOX 10073, APO, GEORGETOWN, GEORGETOWN, GRAND CAYMAN KY1-1001 C.J	CAPTIVE MANAGEMENT	CJ	CHI	C CORPORATION	0	0	100
(6) CENTER FOR TRANSLATIONAL RESEARCH (27-2269511) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	CHI	C CORPORATION	-2,247,962	1,668,589	100
(7) CENTRAL KANSAS HEALTH SERVICES ASSOCIATION (48-1042853) 3515 BROADWAY, GREAT BEND, KS 67530	MEDICAL EQUIPMENT	KS	CKMC	C CORPORATION	0	0	100

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

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

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

**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-r)	(c) Amount involved	(d) Method of determining amount involved
(1) ST JOSEPH PHYSICIAN ENTERPRISE, INC.	A	114,486	FMV
(2) ST JOSEPH PHYSICIAN ENTERPRISE, INC.	O	10,425,416	FMV
(3) ST JOSEPH MEDICAL CENTER FOUNDATION, INC.	O	627,677	FMV
(4) ST JOSEPH MEDICAL CENTER FOUNDATION, INC.	R	2,056,105	FMV
(5) ST JOSEPH PHYSICIAN ENTERPRISES, INC.	N	595,730	FMV
(6) CATHOLIC HEALTH INITIATIVES	L	36,334,727	FMV

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No
(1) -----										
(2) -----										
(3) -----										
(4) -----										
(5) -----										
(6) -----										
(7) -----										
(8) -----										
(9) -----										
(10) -----										
(11) -----										
(12) -----										
(13) -----										
(14) -----										
(15) -----										
(16) -----										

## Part II

## Identification of Related Tax-Exempt Organizations (continued)

(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
(8) CATHOLIC HEALTH CARE FEDERATION (20-8473567) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	JURDIC PERSON	CO	501(C)(3)	11 - TYPE I	CHI	✓	
(9) CATHOLIC HEALTH INITIATIVES (47-0617373) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	9	CHI	✓	
(10) CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION (84-0902211) 961 EAST COLORADO AVENUE, COLORADO SPRINGS, CO 80903	FUNDRAISING	CO	501(C)(3)	7	CHI COLORADO	✓	
(11) CENTENNIAL MEDICAL GROUP, INC. (90-0433062) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	PHYSICIANS	OR	501(C)(3)	9	MMC	✓	
(12) CHI COLORADO (84-0405257) 188 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	3	CHI	✓	
(13) CHI HEALTH CONNECT AT HOME - FARGO (27-1966847) 4816 AMBER VALLEY PARKWAY, FARGO, ND 58104	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(14) CHI INSTITUTE FOR RESEARCH AND INNOVATION (27-1050565) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	11 - TYPE I	CHI	✓	
(15) CHI KENTUCKY, INC (20-2741651) 3900 OLYMPIC BLVD., SUITE 400, ERLANGER, KY 41018	HEALTHCARE	KY	501(C)(3)	11 - TYPE I	CHI	✓	
(16) CHI NATIONAL FOUNDATION (27-0930004) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	FUNDRAISING	CO	501(C)(3)	11 - TYPE I	CHI	✓	
(17) CHI NATIONAL HOME CARE (45-1261716) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	11 - TYPE I	CHI	✓	
(18) CHI NATIONAL SERVICES (45-2532084) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	9	CHI	✓	
(19) CHI NEBRASKA (36-3233121) 555 SOUTH 70TH STREET, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	11 - TYPE I	CHI	✓	
(20) CHI-IOWA CORP (42-0680448) 1111 6TH AVENUE, DES MOINES, IA 50314	HEALTHCARE	IA	501(C)(3)	3	MHN	✓	
(21) CONTINUING CARE HOSPITAL (61-1400619) 150 NORTH EAGLE CREEK DRIVE, LEXINGTON, KY 40509	LTACH	KY	501(C)(3)	3	SJHS	✓	
(22) ENUMCLAW REGIONAL HOSPITAL ASSOCIATION (91-0715805) 1450 BATTERSBY AVENUE, ENUMCLAW, WA 98022	HEALTHCARE	WA	501(C)(3)	3	FHS	✓	
(23) FLAGET HEALTHCARE, D/B/A FLAGET MEMORIAL HOSPITAL (61-1345363) 4305 NEW SHEPHERDSVILLE ROAD, BARDSTOWN, KY 40004	HEALTHCARE	KY	501(C)(3)	3	CHI	✓	
(24) FLAGET MEMORIAL HOSPITAL FOUNDATION, INC (56-2351341) 4305 NEW SHEPHERDSVILLE ROAD, BARDSTOWN, KY 40004	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	FH	✓	
(25) FRANCISCAN FOUNDATION (91-1145592) 1717 SOUTH J STREET, TACOMA, WA 98405	FUNDRAISING	WA	501(C)(3)	9	FHS	✓	
(26) FRANCISCAN HEALTH SYSTEM FKA FRANCISCAN HEALTH SYSTEM WEST (91-0564491) 1717 SOUTH J STREET, TACOMA, WA 98405	HEALTHCARE	WA	501(C)(3)	3	CHI	✓	
(27) FRANCISCAN MEDICAL GROUP (91-1939739) 1708 SOUTH YAKIMA AVENUE, TACOMA, WA 98405	HEALTHCARE	WA	501(C)(3)	9	FHS	✓	
(28) FRANCISCAN VILLA OF SOUTH MILWAUKEE, INC (39-1093829) 3601 SOUTH CHICAGO AVENUE, SOUTH MILWAUKEE, WI 53172	HEALTHCARE	WI	501(C)(3)	9	CHI	✓	
(29) GETTYSBURG MEDICAL CENTER (46-0234354) 606 EAST GARFIELD AVENUE, GETTYSBURG, SD 57442	HEALTHCARE	SD	501(C)(3)	3	SMHC	✓	

(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
(30) GLOBAL HEALTH INITIATIVES (20-1536108) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	MINISTRIES	CO	501(C)(3)	11 - TYPE I	CHI	✓	
(31) GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE (31-1778403) 375 DIXMYTH AVE, CINCINNATI, OH 45220	EDUCATION	KY	501(C)(3)	2	GHS	✓	
(32) GOOD SAMARITAN FOUNDATION OF CINCINNATI, INC. (31-1206047) 619 OAK STREET, ACCOUNTING-3 W, CINCINNATI, OH 45206	FUNDRAISING	OH	501(C)(3)	11 - TYPE I	GSH	✓	
(33) GOOD SAMARITAN HOSPITAL (47-0379755) P.O. BOX 1990, KEARNEY, NE 68848	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓	
(34) GOOD SAMARITAN HOSPITAL FOUNDATION (47-0659443) P.O. BOX 1810, KEARNEY, NE 68848	FUNDRAISING	NE	501(C)(3)	7	GSH	✓	
(35) HEALTH S.E.T. (84-1102943) 4200 WEST CONEJOS PLACE, #436, DENVER, CO 80204	LOW INC.CARE	CO	501(C)(3)	7	CHI COLORADO	✓	
(36) HEALTHCARE AND WELLNESS FOUNDATION (76-0761782) 2400 ST. FRANCIS DRIVE, BRECKENRIDGE, MN 56520	FUNDRAISING	MN	501(C)(3)	11 - TYPE I	SFMC	✓	
(37) HOSPITAL ASSOCIATION FOR ST. JOSEPH HOSPITAL (52-6050777) 7601 OSLER DRIVE, TOWSON, MD 21204	HEALTHCARE	MD	501(C)(3)	9	SJMC	✓	
(38) HOUSE OF MERCY (42-1323808) 1111 6TH AVENUE, DES MOINES, IA 50314	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	✓	
(39) LAKEWOOD HEALTH CENTER (41-0758434) 600 MAIN AVENUE SOUTH, BAUDETTE, MN 56623	LTERM CARE	MN	501(C)(3)	3	CHI	✓	
(40) LINUS OAKES, INC. (93-0821381) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	SENIOR LIVING	OR	501(C)(3)	9	MMC	✓	
(41) LISBON AREA HEALTH SERVICES (82-0558836) 905 MAIN STREET, LISBON, ND 58054	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(42) MEMORIAL HEALTH CARE SYSTEM FOUNDATION (62-1839548) 2525 DE SALES AVENUE, CHATTANOOGA, TN 37404	FUNDRAISING	TN	501(C)(3)	7	MHCS	✓	
(43) MEMORIAL HEALTH CARE SYSTEM, INC. (62-0532345) 2525 DE SALES AVENUE, CHATTANOOGA, TN 37404	HEALTHCARE	TN	501(C)(3)	3	CHI	✓	
(44) MEMORIAL HEALTH PARTNERS FOUNDATION, INC (03-0417049) 6028 SHALLOWFORD ROAD, CHATTANOOGA, TN 37421	HEALTHCARE	TN	501(C)(3)	9	MHCS	✓	
(45) MERCY AUXILIARY OF CENTRAL IOWA (42-6076069) 1111 6TH AVENUE, DES MOINES, IA 50314	AUXILIARY	IA	501(C)(3)	11 - TYPE I	CHI-IA CORP	✓	
(46) MERCY CLINICS, INC. (42-1193699) 1111 6TH AVENUE, DES MOINES, IA 50314	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	✓	
(47) MERCY COLLEGE OF HEALTH SCIENCES (42-1511682) 1111 6TH AVENUE, DES MOINES, IA 50314	EDUCATION	IA	501(C)(3)	2	CHI-IA CORP	✓	
(48) MERCY FOUNDATION OF DES MOINES, IA (23-7358794) 1111 6TH AVENUE, DES MOINES, IA 50314	FUNDRAISING	IA	501(C)(3)	7	CHI-IA CORP	✓	
(49) MERCY FOUNDATION, INC. (93-6088946) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	FUNDRAISING	OR	501(C)(3)	7	MMC	✓	
(50) MERCY HEALTH CARE FOUNDATION (42-1461064) P.O. BOX 368, CORNING, IA 50841	FUNDRAISING	NE	501(C)(3)	11 - TYPE I	AHMH	✓	
(51) MERCY HOSPITAL FOUNDATION, COUNCIL BLUFFS (42-1178204) 800 MERCY DRIVE, COUNCIL BLUFFS, IA 51503	FUNDRAISING	IA	501(C)(3)	11 - TYPE I	AHBMHS	✓	
(52) MERCY HOSPITAL OF DEVILS LAKE (45-0227012) 1031 EAST SEVENTH STREET, DEVILS LAKE, ND 58301	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(53) MERCY HOSPITAL OF VALLEY CITY (45-0226553) 570 CHAUTAUQUA BOULEVARD, VALLEY CITY, ND 58072	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	

(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
(54) MERCY LIFECARE SYSTEMS (43-1305163) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	PROPERTY MGMT	MO	501(C)(3)	11 - TYPE I	SJRMCM	✓	
(55) MERCY MEDICAL CENTER (45-0231183) 1301 15TH AVENUE WEST, WILLISTON, ND 58801	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(56) MERCY MEDICAL CENTER (93-0386868) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	HEALTHCARE	OR	501(C)(3)	3	CHI	✓	
(57) MERCY MEDICAL CENTER - CENTERVILLE (42-0680308) 1 ST. JOSEPH'S DRIVE, CENTERVILLE, IA 52544	HEALTHCARE	IA	501(C)(3)	3	CHI-IA CORP	✓	
(58) MERCY MEDICAL FOUNDATION (45-0381803) 1301 15TH AVENUE WEST, WILLISTON, ND 58801	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	MMC	✓	
(59) MERCY PROFESSIONAL PRACTICE ASSOCIATES, INC. (42-1470935) 1111 6TH AVENUE, DES MOINES, IA 50314	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	✓	
(60) MERCY REGIONAL MEDICAL CENTER OF DURANGO (84-0405515) 1010 THREE SPRINGS BLVD, DURANGO, CO 81301	HEALTHCARE	CO	501(C)(3)	3	CHI	✓	
(61) MNMCH, INC. (48-1216238) 220 NORTH PENNSYLVANIA, COLUMBUS, KS 66725	HEALTHCARE	KS	501(C)(3)	3	SJRMCM	✓	
(62) MT. ST. JOSEPH, INC. (93-0386870) 3060 SE STARK STREET, PORTLAND, OR 97214	NURSING CARE	OR	501(C)(3)	9	CHI	✓	
(63) OAKES COMMUNITY HOSPITAL (45-0231675) 314 SOUTH 8TH STREET, OAKES, ND 58474	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(64) OAKES COMMUNITY HOSPITAL FOUNDATION (71-0966606) 314 SOUTH 8TH STREET, OAKES, ND 58474	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	OCH	✓	
(65) PUEBLO STEPUP (84-1234295) 1925 EAST ORMAN AVE, SUITE G52, PUEBLO, CO 81004	COMMUNITY	CO	501(C)(3)	7	CHI	✓	
(66) S.E.T. OF COLORADO SPRINGS, INC. (84-1183335) 825 E. PIKES PEAK AVENUE, BLDG 29, COLORADO SPRINGS, CO 80903	LTERM CARE	CO	501(C)(3)	7	CHI COLORADO	✓	
(67) SAINT CLARE'S COMMUNITY CARE (22-2876836) 66 FORD ROAD, DENVER, NJ 07834	HEALTHCARE	NJ	501(C)(3)	11 - TYPE II	SCHS	✓	
(68) SAINT CLARE'S FOUNDATION, INC. (22-2502997) 66 FORD ROAD, DENVER, NJ 07834	FUNDRAISING	NJ	501(C)(3)	7	SCHS	✓	
(69) SAINT CLARE'S HEALTH SERVICES, INC. (22-3639733) 25 POCONO ROAD, DENVER, NJ 07834	MANAGEMENT	NJ	501(C)(3)	7	CHI	✓	
(70) SAINT CLARE'S HOSPITAL (22-3319886) 66 FORD ROAD, DENVER, NJ 07834	HEALTHCARE	NJ	501(C)(3)	3	CHI	✓	
(71) SAINT ELIZABETH FOUNDATION (47-0625523) 555 SOUTH 70TH STREET, LINCOLN, NE 68510	FUNDRAISING	NE	501(C)(3)	7	SERMC	✓	
(72) SAINT ELIZABETH HEALTH SERVICES (36-3233120) 555 SOUTH 70TH STREET, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	3	SERMC	✓	
(73) SAINT ELIZABETH REGIONAL MEDICAL CENTER (47-0379836) 555 SOUTH 70TH STREET, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓	
(74) SAINT FRANCIS MEDICAL CENTER (47-0376601) P.O. BOX 9804, GRAND ISLAND, NE 68802	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓	
(75) SAINT FRANCIS MEDICAL CENTER FOUNDATION (47-0630267) P.O. BOX 9804, GRAND ISLAND, NE 68802	FUNDRAISING	NE	501(C)(3)	7	SFMC	✓	
(76) SAINT JOSEPH BEREHA HOSPITAL FOUNDATION, INC. (26-0152877) 305 ESTILL STREET, BEREHA, KY 40403	FUNDRAISING	KY	501(C)(3)	7	SJHS	✓	
(77) SAINT JOSEPH HEALTH SYSTEM, INC. (61-1334601) 150 N. EAGLE CREEK DR., LEXINGTON, KY 40509	HEALTHCARE	KY	501(C)(3)	3	CHI	✓	
(78) SAINT JOSEPH LONDON FOUNDATION, INC. (26-0438748) 310 EAST NINTH STREET, LONDON, KY 40741	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	SJHS	✓	

(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
(79) SAINT JOSEPH MEDICAL FOUNDATION, INC. (31-1539059) ONE ST. JOSEPH DRIVE, LEXINGTON, KY 40504	PHY PRACTICES	KY	501(C)(3)	3	SJHS	✓	
(80) SAINT JOSEPH MOUNT STERLING FOUNDATION, INC. (27-2884584) 50 STERLING AVENUE, MOUNT STERLING, KY 40353	FUNDRAISING	KY	501(C)(3)	7	SJHS	✓	
(81) SAINT JOSEPH'S HOSPITAL FOUNDATION (36-3418207) 30 WEST 7TH STREET, DICKINSON, ND 58601	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	SJHHC	✓	
(82) SAMARITAN BEHAVIORAL HEALTH (02-0633634) 601 S. EDWIN C. MOSES BLVD., DAYTON, OH 45408	HEALTHCARE	OH	501(C)(3)	3	SHP	✓	
(83) SAMARITAN HEALTH FOUNDATION (23-7296923) 2222 PHILADELPHIA DRIVE, DAYTON, OH 45406	FUNDRAISING	OH	501(C)(3)	7	SHP	✓	
(84) SAMARITAN HEALTH PARTNERS (31-1107411) 2222 PHILADELPHIA DRIVE, DAYTON, OH 45406	HEALTHCARE	OH	501(C)(3)	11 - TYPE I	CHI	✓	
(85) ST JOSEPH HEALTH MINISTRIES (23-2342997) 1929 LINCOLN HWY E, STE 150, LANCASTER, PA 17602	HEALTH	PA	501(C)(3)	11 - TYPE I	CHI	✓	
(86) ST JOSEPH HEALTH MINISTRIES FOUNDATION (23-2605579) 1929 LINCOLN HWY E, STE 150, LANCASTER, PA 17602	FUNDRAISING	PA	501(C)(3)	11 - TYPE I	SJHM	✓	
(87) ST. ANTHONY HOSPITAL (93-0391614) 1601 S.E. COURT AVENUE, PENDLETON, OR 97801	HEALTHCARE	OR	501(C)(3)	3	CHI	✓	
(88) ST. ANTHONY HOSPITAL FOUNDATION (93-0992727) 1601 S.E. COURT AVENUE, PENDLETON, OR 97801	FUNDRAISING	OR	501(C)(3)	11 - TYPE I	SA HOSPITAL	✓	
(89) ST. ANTHONY'S HOSPITAL ASSOCIATION (71-0245507) 4 HOSPITAL DRIVE, MORRILTON, AR 72110	HEALTHCARE	AR	501(C)(3)	3	SVIMC	✓	
(90) ST. CATHERINE HOSPITAL (48-0543721) 401 EAST SPRUCE STREET, GARDEN CITY, KS 67846	HEALTHCARE	KS	501(C)(3)	3	CHI	✓	
(91) ST. CATHERINE HOSPITAL DEVELOPMENT FOUNDATION (20-0598702) 401 EAST SPRUCE STREET, GARDEN CITY, KS 67846	FUNDRAISING	KS	501(C)(3)	11 - TYPE I	SCH	✓	
(92) ST. DOMINIC AT ONTARIO (93-0433692) 351 S.W. 9TH STREET, ONTARIO, OR 97914	HEALTHCARE	OR	501(C)(3)	3	CHI	✓	
(93) ST. FRANCIS HOME (41-0729978) 2400 ST. FRANCIS DRIVE, BRECKENRIDGE, MN 56520	LTERM CARE	MN	501(C)(3)	9	CHI	✓	
(94) ST. FRANCIS LIFE CARE CORPORATION (22-2536017) 19 POCONO ROAD, DENVER, NJ 07834	ELDERLY CARE	NJ	501(C)(3)	9	SCHS	✓	
(95) ST. FRANCIS MEDICAL CENTER (41-0695598) 2400 ST. FRANCIS DRIVE, BRECKENRIDGE, MN 56520	HEALTHCARE	MN	501(C)(3)	3	CHI	✓	
(96) ST. FRANCIS OF BAKER CITY (93-0412495) 3325 POCAHONTAS ROAD, BAKER CITY, OR 97814	HEALTHCARE	OR	501(C)(3)	3	CHI	✓	
(97) ST. JOHN'S MEDICAL GROUP (43-1882377) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	PHYS PRACTICE	MO	501(C)(3)	9	SJRMCM	✓	
(98) ST. JOHN'S MERCY REGIONAL FOUNDATION (43-1308084) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	FUNDRAISING	MO	501(C)(3)	7	SJRMCM	✓	
(99) ST. JOHN'S REGIONAL MEDICAL CENTER (44-0545809) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	HEALTHCARE	MO	501(C)(3)	3	CHI	✓	
(100) ST. JOSEPH COMMUNITY HEALTH SERVICES (71-0897107) 300 CENTRAL AVE SW SUITE 3000W, ALBUQUERQUE, NM 87102	COMMUNITY	NM	501(C)(3)	11 - TYPE I	CHI	✓	
(101) ST. JOSEPH HEALTH SERVICES, INC. (20-1425375) 1929 LINCOLN HWY E, STE 150, LANCASTER, PA 17602	DENTAL CARE	PA	501(C)(3)	11 - TYPE I	SJHM	✓	
(102) ST. JOSEPH HOSPITAL FOUNDATION, INC. (61-1159649) ONE ST. JOSEPH DRIVE, LEXINGTON, KY 40504	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	SJHS	✓	

(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
(103) ST. JOSEPH MEDICAL CENTER FOUNDATION (23-2649362) 2500 BERNVILLE ROAD, PO BOX 316, READING, PA 19603	FUNDRAISING	PA	501(C)(3)	11 - TYPE I	SJRHN	✓	
(104) ST. JOSEPH MEDICAL CENTER FOUNDATION, INC. (52-1681044) 7601 OSLER DRIVE, TOWSON, MD 21204	FUNDRAISING	MD	501(C)(3)	7	SJMC	✓	
(105) ST. JOSEPH MEDICAL GROUP (20-8544021) 2500 BERNVILLE ROAD, PO BOX 316, READING, PA 19603	HEALTHCARE	PA	501(C)(3)	9	BHC	✓	
(106) ST. JOSEPH PHYSICIAN ENTERPRISES (52-1311775) 7601 OSLER DRIVE, TOWSON, MD 21204	PHYSICIANS	MD	501(C)(3)	11 - TYPE I	CHI	✓	
(107) ST. JOSEPH REGIONAL HEALTH NETWORK (23-1352211) 2500 BERNVILLE ROAD, PO BOX 316, READING, PA 19603	HEALTHCARE	PA	501(C)(3)	3	CHI	✓	
(108) ST. JOSEPH'S AREA HEALTH SERVICES (41-0695603) 600 PLEASANT AVENUE, PARK RAPIDS, MN 56470	HEALTHCARE	MN	501(C)(3)	3	CHI	✓	
(109) ST. JOSEPH'S HOSPITAL AND HEALTH CENTER (45-0226429) 30 WEST 7TH STREET, DICKINSON, ND 58601	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(110) ST. MARY'S HEALTHCARE CENTER (46-0230199) 801 EAST SIOUX AVENUE, PIERRE, SD 57501	HEALTHCARE	SD	501(C)(3)	3	CHI	✓	
(111) ST. MARY'S HOSPITAL (47-0443636) 1314 3RD AVENUE, NEBRASKA CITY, NE 68410	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓	
(112) ST. MARY'S HOSPITAL FOUNDATION (47-0707604) 1314 3RD AVENUE, NEBRASKA CITY, NE 68410	FUNDRAISING	NE	501(C)(3)	7	SMH	✓	
(113) ST. ROSE AMBULATORY AND SURGERY CENTER F/K/A CENTRAL KANSAS MEDICAL CENTER (48-0543724) 3515 BROADWAY, GREAT BEND, KS 67530	SURGERY CNTR	KS	501(C)(3)	3	CHI	✓	
(114) ST. VINCENT FOUNDATION (51-0169537) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205	FUNDRAISING	AR	501(C)(3)	11 - TYPE I	SVIMC	✓	
(115) ST. VINCENT INFIRMARY MEDICAL CENTER (71-0236917) #2 ST. VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	501(C)(3)	3	CHI	✓	
(116) ST. VINCENT MEDICAL GROUP (71-0830696) #2 ST. VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	501(C)(3)	9	SVIMC	✓	
(117) THE COMMUNITY LIMITED CARE DIALYSIS CENTER (23-7419853) 619 OAK STREET, ACCOUNTING-3 W, CINCINNATI, OH 45206	DIALYSIS	OH	501(C)(2)	N/A	GSH	✓	
(118) THE GOOD SAMARITAN HOSPITAL OF CINCINNATI, OH (31-0537486) 619 OAK STREET, ACCOUNTING-3 W, CINCINNATI, OH 45206	HEALTHCARE	OH	501(C)(3)	3	TRI-HEALTH	✓	
(119) THE MERCY HOSPITAL OF DEVILS LAKE FDN (35-2367360) 1031 EAST SEVENTH STREET, DEVILS LAKE, ND 58301	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	MHDL	✓	
(120) THE PHYSICIAN NETWORK (47-0780857) 8055 "O" STREET, SUITE 300, LINCOLN, NE 68510	PHYS PRACTICE	NE	501(C)(3)	11 - TYPE I	CHI NEBRASKA	✓	
(121) TOTAL HEALTHCARE (84-0927232) P.O. BOX 7021, COLORADO SPRINGS, CO 80933	HEALTHCARE	CO	501(C)(3)	3	CHI COLORADO	✓	
(122) UNITY FAMILY HEALTHCARE (41-0721642) 815 2ND STREET SE, LITTLE FALLS, MN 56345	HEALTHCARE	MN	501(C)(3)	3	CHI	✓	
(123) VILLA NAZARETH, INC. (45-0226714) 801 PAGE DRIVE, FARGO, ND 58103	LT CARE	ND	501(C)(3)	9	CHI	✓	
(124) VISITING NURSE ASSOCIATION OF SAINT CLARE'S (22-1768334) 191 WOODPORT ROAD, SPARTA, NJ 07871	HOME HEALTH	NJ	501(C)(3)	9	SCHS	✓	



## Part III

## Identification of Related Organizations Taxable as a Partnership (continued)

(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	
(1) AUDUBON LAND COMPANY LLC (84-1513085) 5390 N ACADEMY BLVD SUITE 300, COLORADO SPRINGS, CO 80918	REAL ESTATE	CO	THC	RELATED	-157,673	14,390,550		✓	0		✓	50.1
(2) AVANTAS, LLC (39-2045003) 1207 SOUTH 13 STREET, OMAHA, NE 68108	HEALTHCARE	NE	AHMH	UNRELATED				✓			✓	95
(3) BERYWOOD OFFICE PROPERTIES, LLC (62-1875199) 400 BERYWOOD TRAIL, CLEVELAND, TN 37312	PHYS OFFICE	TN	MHCS	RELATED				✓		✓		63
(4) BLUEGRASS REGIONAL IMAGING CENTER (61-1386736) 1218 SOUTH BROADWAY, SUITE 310, LEXINGTON, KY 40504	DIAGNOSTIC	KY	SJ HOSPITAL, LEX	RELATED				✓			✓	65
(5) CENTRAL NEBRASKA HOME CARE SERVICES (47-0692112) P.O. BOX 1146-4510 SECOND AVENUE, KEARNEY, NE 68848	HEALTHCARE SRVC	NE	HSE, INC	RELATED	-99,941	1,021,498		✓	-48,712	✓		100
(6) CENTRAL NEBRASKA REHAB SERVICE (81-0653461) 3004 W FAIDLEY AVE, GRAND ISLAND, NE 68802	PHYSICAL THERAPY	NE	CHI	RELATED	1,857,991	2,262,775		✓	0		✓	51
(7) CHI OPERATING INVESTMENT PROGRAM, LP (47-0727942) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	INVESTMENTS	CO	CHI	UNRELATED	139,679,805	2,069,974,790		✓	371,292	✓		100
(8) HEALTHCARE SUPPORT SERVICES (72-1546196) P.O. BOX 9804, GRAND ISLAND, NE 68802	LAUNDRY	NE	CHI	RELATED	196,124	3,913,481		✓	-58,436		✓	100
(9) NORTH RIVER SURGERY CENTER, LLC (71-0799771) 2209 WILDWOOD AVENUE, SHERWOOD, AR 72120	AMBUL SURG CTR	AR	SVIMC	RELATED	198,313	1,758,688		✓	0		✓	57.45
(10) ORTHOCOLORADO, LLC (37-1577105) 11650 WEST 2ND PLACE, LAKEWOOD, CO 80255	ORTHO HOSPITAL	CO	THC	RELATED	-3,249,314	10,905,384		✓	0		✓	60
(11) PENINSULA RADIATION ONCOLOGY (87-0808610) 314 MARTIN LUTHER KING JR. WAY #11, TACOMA, WA 98405	HEALTHCARE SRVC	WA	FHS	RELATED	131,195	3,052,504		✓	0		✓	60
(12) PENRAD IMAGING (84-1072619) 1139 KELLY JOHNSON BLVD, COLORADO SPRINGS, CO 80920	MEDICAL IMAGING	CO	THC	RELATED	1,857,228	5,457,224		✓	0		✓	70
(13) RUXTON SURGICENTER, LLC (52-2095835) 8322 BELLONA AVENUE, SUITE 201, BALTIMORE, MD 21204	SURGERY CENTER	MD	SJMC	RELATED				✓		✓		51
(14) SAINT JOSEPH - SCA HOLDINGS, LLC (45-3801157) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	OP SURGERY	DE	SJHS	RELATED	0	0		✓	0		✓	51
(15) ST ANOTHONY REGIONAL MTN CANCER CENTER (37-1568013) 4231 W 16TH AVENUE, DENVER, CO 80112	CANCER CENTER	CO	THC	RELATED	-290,552	0		✓	0		✓	51

(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	
(16) ST FRANCIS LAND COMPANY (26-3134100) 5390 N ACADEMY BLVD SUITE 300, COLORADO SPRINGS, CO 80918	REAL ESTATE	CO	THC	RELATED	-180,979	14,886,022		✓	0		✓	51
(17) ST. FRANCIS MEDICAL CENTER ASSOCIATES (91-1352698) 1717 SOUTH J STREET, TACOMA, WA 98405	MED. OFFICE	WA	FHS	RELATED	116,948	1,652,280		✓	0		✓	54
(18) ST. JOSEPH-PAML, LLC (45-2116736) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	MGMT SERVICES	KY	SJHS	RELATED	0	0		✓	0	✓		62.5
(19) SUPERIOR MEDICAL IMAGING, LLC (26-2884555) 5000 NORTH 26TH STREET, LINCOLN, NE 68521	OP DIAGNOSTICS	NE	SERMC	RELATED				✓			✓	51
(20) SURGERY CENTER OF LEXINGTON, LLC (62-1179539) 1451 HARRODSBURG ROAD, LEXINGTON, KY 40504	SURGERY CENTER	DE	SJHS	RELATED	808,840	4,236,901		✓	0		✓	51

## Part IV

## Identification of Related Organizations Taxable as a Corporation or Trust (continued)

(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
(8) CGH REALTY COMPANY, INC. (23-2326801) 215 N. 12TH ST, READING, PA 19603	REAL ESTATE	PA	SJHM	C CORPORATION	1,007	42,415	100
(9) COMCARE SERVICES (84-0904813) 4231 W 16TH AVENUE, DENVER, CO 80204	INACTIVE	CO	CHIC	C CORPORATION	0	0	100
(10) CONSOLIDATED HEALTH SERVICES (31-1378212) 1700 EDISON DRIVE, MILFORD, OH 45150	HOME HEALTH	OH	CHI	C CORPORATION	0	11,595,125	100
(11) DAVID DEYLE CHARITABLE REMAINDER UNITRUST (47-6192395) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST	4,880	166,425	100
(12) DES MOINES MEDICAL CENTER INC (42-0837382) 1111 6TH AVENUE, DES MOINES, IA 50314	REAL ESTATE	IA	CHI-IA CORP	C CORPORATION	0	1,253,452	92.98
(13) FIRST INITIATIVES INSURANCE, LTD (98-0203038) PO BOX 10073, APO, GEORGETOWN, GEORGETOWN, GRAND CAYMAN KY1-1001 CJ	INSURANCE	CJ	CHI	C CORPORATION	0	0	100
(14) FRANCISCAN SERVICES, INC. (23-2487967) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	CHI	C CORPORATION	-507,578	11,914,284	100
(15) GOOD SAMARITAN OUTREACH SERVICES (47-0659440) PO BOX 1990, KEARNEY, NE 68848	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-2,921,063	355,110	100
(16) HAROLD W. RASE 1995 CHARITABLE UNITRUST (45-6090420) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	1,240	21,553	100
(17) HAROLD W. RASE 1996 CHARITABLE UNITRUST (20-6037112) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	900	15,495	100
(18) HAROLD W. RASE 1997 CHARITABLE UNITRUST (20-6037104) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	1,025	20,261	100
(19) HAROLD W. RASE 1999 CHARITABLE UNITRUST (20-6037099) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	1,313	25,027	100
(20) HEALTH SYSTEMS ENTERPRISES, INC (47-0664558) PO BOX 1990, KEARNEY, NE 68848	MANAGEMENT	NE	GSH	C CORPORATION	25,289	1,443,049	100
(21) HEALTHCARE MGMT. SERVICES ORG, INC. (91-1865474) 1149 MARKET ST., TACOMA, WA 98402	HEALTH ORG.	WA	FHS	C CORPORATION	0	0	100
(22) JAMES & HENRIETTA NISTLER UNITRUST (20-6021899) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	-16,708	41,455	100
(23) JEANNE DEYLE CHARITABLE REMAINDER UNITRUST (47-6192398) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST	4,880	166,320	100
(24) JOSEPH A. SCHUSTER ANNUITY TRUST #1 (42-1195122) 400 UNIVERSITY AVENUE, DES MOINES, IA 50314	INVESTMENTS	IA	MFDM	TRUST	18,924	441,488	100
(25) LODESCA MILLER CHARITABLE REMAINDER UNITRUST (47-6186933) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST	3,387	86,367	100
(26) MEDQUEST (45-0392137) 1301 15TH AVENUE WEST, WILLISTON, ND 58801	SALE OF DME	ND	MH OF WILLISTON	C CORPORATION	9,852	962,554	100
(27) MERCY HEALTH SERVICES CORPORATION (43-1457881) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	DME	MO	ST JOHN'S RMC	C CORPORATION	-1,533,371	1,369,083	100
(28) MERCY PARK APARTMENTS, LTD (42-1202422) 1111 6TH AVENUE, DES MOINES, IA 50314	HOUSING	IA	CHI-IA CORP	C CORPORATION	264,489	1,796,053	100
(29) MERCY SERVICES CORP (93-0824308) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	RETAIL SALES	OR	MMC	C CORPORATION	-690,267	954,798	100

(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
(30) MOUNTAIN MANAGEMENT SERVICES INC (62-1570739) 6028D SHALLOWFORD ROAD, CHATTANOOGA, TN 37422	MGMT SVC ORG	TN	MHCS	C CORPORATION	-386,020	4,667,998	100
(31) NAZARETH ASSURANCE COMPANY (03-0304831) 76 ST. PAUL STREET, SUITE 500, BURLINGTON, VT 05401	INSURANCE	VT	CHI	C CORPORATION	-379	123,535	100
(32) PATIENT TRANSPORT SERVICES, INC. (31-1100798) 1700 EDISON DRIVE, MILFORD, OH 45150	HOME HEALTH	OH	ANC	C CORPORATION	662,425	5,325,941	100
(33) PHYSICIAN HEALTH SYSTEM NETWORK (91-1746721) 1149 MARKET ST., TACOMA, WA 98402	HEALTH ORG.	WA	FHS	C CORPORATION	0	0	100
(34) RAY & SHIRLEY DAVID 1999 UNITRUST (20-6037077) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	1,250	24,194	100
(35) ROBERT & WANDA CHARITABLE REMAINDER UNITRUST (26-6191916) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST	13,030	537,775	100
(36) SAINT CLARE'S PRIMARY CARE, INC. (22-2441202) 66 FORD ROAD, DENVER, NJ 07834	BILLING SERVICES	NJ	SCCC	C CORPORATION	-342,970	2,177,166	100
(37) SAMARITAN FAMILY CARE, INC. (31-1299450) 40 W. FOURTH ST, #1700, DAYTON, OH 45402	HEALTHCARE	OH	SHF	C CORPORATION			100
(38) SJH SERVICES CORPORATION (23-2307408) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	FSI	C CORPORATION	-518,360	3,180,100	100
(39) SJL PHYSICIAN MANAGEMENT SERVICES, INC. (27-0164198) 424 LEWIS HARGETT CR #160, LEXINGTON, KY 40503	MANAGEMENT	KY	SJHS	C CORPORATION	0	0	100
(40) ST ANTHONY DEVELOPMENT COMPANY (93-1216943) 1415 SOUTHGATE, PENDLETON, OR 97801	ATHLETIC CLUB	OR	ST ANTHONY H	C CORPORATION	53,891	3,007,554	100
(41) ST VINCENT COMMUNITY HEALTH SERVICES, INC. (71-0710785) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	SVIMC	C CORPORATION	2,309,129	14,049,375	100
(42) ST. JOSEPH DEVELOPMENT COMPANY (91-1480569) 1717 SOUTH J STREET, TACOMA, WA 98405	RENTAL	WA	FSI	C CORPORATION	-36,395	12,168,022	100
(43) ST. JOSEPH OFFICE PARK ASSOCIATION (61-1079899) 1401 HARRODSBURG ROAD, BLDG B70, LEXINGTON, KY 40504	MANAGEMENT	KY	SJHS	C CORPORATION	16,644	882,139	85
(44) TOM DEYLE CHARITABLE REMAINDER UNITRUST (47-6192393) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST	4,884	166,321	100
(45) TOWSON MANAGEMENT, INC. (52-1710750) 7601 OSLER DRIVE, TOWSON, MD 21204	MANAGEMENT SERVICES	MD	FSI	C CORPORATION	-469,016	498,393	100

**Part V****Transactions with Related Organizations** (continued)

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount Involved	(f) Method of determining amount involved
(7) CATHOLIC HEALTH INITIATIVES	O	6,129,043	FMV
(8) CATHOLIC HEALTH INITIATIVES	Q	11,170,517	FMV
(9) CATHOLIC HEALTH INITIATIVES	E	22,000,000	FMV
(10) CENTER FOR TRANSLATIONAL RESEARCH	A	120,000	FMV



CATHOLIC HEALTH INITIATIVES

Consolidated Financial Statements  
and Other Financial Information  
Years Ended June 30, 2011 and 2010  
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Catholic Health Initiatives  
Consolidated Financial Statements  
and Other Financial Information

Years Ended June 30, 2011 and 2010

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## Report of Independent Auditors

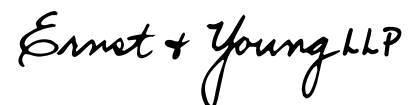
Board of Stewardship Trustees  
Catholic Health Initiatives

We have audited the accompanying consolidated balance sheets of Catholic Health Initiatives (CHI) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of CHI's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Alegent Health-Bergan Mercy Health System, a wholly sponsored direct affiliate of CHI, which statements reflect total assets of \$708 million and \$634 million as of June 30, 2011 and 2010, respectively, and total revenues of \$466 million and \$454 million, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alegent Health-Bergan Mercy Health System, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CHI's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CHI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Health Initiatives at June 30, 2011 and 2010, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The unaudited community benefit information in Note 2 to the consolidated financial statements is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, accordingly, we express no opinion on such information.



September 13, 2011



Catholic Health Initiatives  
Consolidated Balance Sheets

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 449,674	\$ 494,487
Net patient accounts receivable, less allowances of \$650,617 and \$593,749 in 2011 and 2010, respectively	<b>1,133,819</b>	1,118,487
Other accounts receivable	<b>108,848</b>	119,697
Current portion of investments and assets limited as to use	<b>19,554</b>	3,463
Inventories	<b>173,316</b>	170,003
Assets held for sale	<b>23,987</b>	17,900
Prepaid and other	<b>70,805</b>	52,828
Total current assets	<b>1,980,003</b>	1,976,865
Investments and assets limited as to use:		
Internally designated for capital and other funds	<b>4,617,181</b>	3,981,359
Mission and Ministry Fund	<b>117,832</b>	98,726
Capital Resource Pool	<b>268,690</b>	246,943
Held by trustees	<b>5,488</b>	43,411
Held for insurance purposes	<b>739,071</b>	681,001
Restricted by donors	<b>154,567</b>	140,635
Total investments and assets limited as to use	<b>5,902,829</b>	5,192,075
Property and equipment, net	<b>4,935,519</b>	4,705,909
Deferred financing costs	<b>11,821</b>	11,494
Investments in unconsolidated organizations	<b>353,449</b>	241,604
Intangible assets and goodwill, net	<b>57,486</b>	35,403
Notes receivable and other	<b>640,027</b>	629,216
Total assets	<b>\$ 13,881,134</b>	\$ 12,792,566

*Continued on following page*

Catholic Health Initiatives  
Consolidated Balance Sheets (continued)

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
	<i>(In Thousands)</i>	
<b>Liabilities and net assets</b>		
Current liabilities:		
Compensation and benefits	\$ 408,375	\$ 366,685
Third-party liabilities	66,283	66,091
Accounts payable and accrued expenses	607,400	662,748
Variable-rate debt with self liquidity	163,400	283,660
Current portion of long-term debt	836,201	736,052
Total current liabilities	<u>2,081,659</u>	2,115,236
Pension liability	315,523	731,196
Self-insured reserves and claims	448,940	436,787
Other liabilities	269,662	279,186
Long-term debt	3,123,001	3,180,965
Total liabilities	<u>6,238,785</u>	6,743,370
Net assets:		
Net assets attributable to CHI	7,448,161	5,875,377
Net assets attributable to noncontrolling interests	8,967	8,204
Unrestricted	<u>7,457,128</u>	5,883,581
Temporarily restricted	122,795	112,207
Permanently restricted	62,426	53,408
Total net assets	<u>7,642,349</u>	6,049,196
Total liabilities and net assets	<u><u>\$ 13,881,134</u></u>	<u><u>\$ 12,792,566</u></u>

*See accompanying notes.*

## Catholic Health Initiatives Consolidated Statements of Operations

	Year Ended June 30	
	2011	2010
	<i>(In Thousands)</i>	
<b>Revenues:</b>		
Net patient services	\$ 9,004,978	\$ 8,504,180
Nonpatient:		
Donations	24,639	29,421
Changes in equity of unconsolidated organizations	38,059	15,772
Investment income from self-insured trust funds	97,907	75,981
Other	466,185	466,167
Total nonpatient revenues	626,790	587,341
Total operating revenues	9,631,768	9,091,521
<b>Expenses:</b>		
Salaries and wages	3,632,761	3,394,929
Employee benefits	773,040	749,049
Purchased services, medical professional fees, consulting and legal	867,149	821,367
Supplies	1,549,694	1,519,479
Bad debts	718,577	653,250
Utilities	122,195	117,593
Rentals, leases, maintenance and insurance	489,791	399,453
Depreciation and amortization	470,669	462,262
Interest	133,423	111,188
Other	493,488	444,133
Total operating expenses before restructuring, impairment and other losses	9,250,787	8,672,703
Income from operations before restructuring, impairment and other losses	380,981	418,818
Restructuring, impairment and other losses	25,655	61,638
<b>Income from operations</b>	355,326	357,180
<b>Nonoperating gains (losses):</b>		
Investment income, net	753,764	387,674
Gain on escrow restructuring and defeasance of bonds, net	-	2,896
Realized and unrealized losses on interest rate swaps	(4,870)	(78,467)
Other nonoperating gains	16,462	13,665
Total nonoperating gains	765,356	325,768
<b>Excess of revenues over expenses</b>	\$ 1,120,682	\$ 682,948
<b>Excess of revenues over expenses attributable to noncontrolling interest</b>	\$ 3,298	\$ 966
<b>Excess of revenues over expenses attributable to CHI</b>	\$ 1,117,384	\$ 681,982

*Community benefit provided to the poor and broader community and the unpaid cost of Medicare (unaudited) was \$1.1 billion in each of 2011 and 2010 (see Note 2 of the accompanying notes).*

*See accompanying notes.*

Catholic Health Initiatives  
Consolidated Statements of Changes in Net Assets  
(In Thousands)

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
	Attributable to CHI	Attributable to Noncontrolling Interests	Total			
Balances, June 30, 2009	\$ 5,336,668	\$ 8,382	\$ 5,345,050	\$ 114,694	\$ 53,728	\$ 5,513,472
Excess of revenues over expenses	681,982	966	682,948	-	-	682,948
Increase in pension liability	(131,360)	-	(131,360)	-	-	(131,360)
Temporarily and permanently restricted contributions	-	-	-	37,772	420	38,192
Net assets released from restriction for capital	23,598	-	23,598	(23,598)	-	-
Net assets released from restriction for operations	-	-	-	(21,237)	-	(21,237)
Investment income	-	-	-	4,275	(175)	4,100
Other changes in net assets	3,137	(1,144)	1,993	301	(565)	1,729
Net loss from discontinued operations	(38,648)	-	(38,648)	-	-	(38,648)
Net increase in net assets	<u>538,709</u>	<u>(178)</u>	<u>538,531</u>	<u>(2,487)</u>	<u>(320)</u>	<u>535,724</u>
Balances, June 30, 2010	5,875,377	8,204	5,883,581	112,207	53,408	6,049,196
Excess of revenues over expenses	<b>1,117,384</b>	<b>3,298</b>	<b>1,120,682</b>	-	-	<b>1,120,682</b>
Decrease in pension liability	<b>404,768</b>	-	<b>404,768</b>	-	-	<b>404,768</b>
Temporarily and permanently restricted contributions	-	-	-	44,502	3,803	48,305
Net assets released from restriction for capital	26,270	-	26,270	(26,270)	-	-
Net assets released from restriction for operations	-	-	-	(13,868)	-	(13,868)
Investment income	-	-	-	7,718	1,737	9,455
Other changes in net assets	24,362	(2,535)	21,827	(1,494)	3,478	23,811
Net increase in net assets	<u>1,572,784</u>	<u>763</u>	<u>1,573,547</u>	<u>10,588</u>	<u>9,018</u>	<u>1,593,153</u>
Balances, June 30, 2011	<u><b>\$ 7,448,161</b></u>	<u><b>\$ 8,967</b></u>	<u><b>\$ 7,457,128</b></u>	<u><b>\$ 122,795</b></u>	<u><b>\$ 62,426</b></u>	<u><b>\$ 7,642,349</b></u>

See accompanying notes.

**Catholic Health Initiatives**  
**Consolidated Statements of Cash Flows**

	<b>Year Ended June 30</b>	
	<b>2011</b>	<b>2010</b>
	<i>(In Thousands)</i>	
<b>Operating activities</b>		
Increase in net assets	\$ 1,593,153	\$ 535,724
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	470,669	469,998
Provision for bad debts	718,577	688,547
Changes in equity of unconsolidated organizations	(38,059)	(16,830)
Net gains on sales of facilities and investments in unconsolidated organizations	(3,540)	(9,735)
Loss on sale of Idaho and Eastern Oregon operations	-	50,773
Noncash operating expenses related to restructuring, impairment and other losses	9,644	35,833
Loss on defeasance of bonds	-	151
(Increase) decrease in fair value of interest rate swaps	(26,876)	46,396
(Decrease) increase in unfunded pension liability	(404,768)	131,360
Net changes in current assets and liabilities:		
Net patient and other accounts receivable	(710,994)	(626,755)
Other current assets	(20,318)	(8,301)
Current liabilities	(40,549)	134,138
Other changes	(37,700)	(27,910)
Net cash provided by operating activities, before net change in investments and assets limited as to use	1,509,239	1,403,389
Net increase in investments and assets limited as to use	(729,424)	(1,384,929)
Net cash provided by operating activities	779,815	18,460
<b>Investing activities</b>		
Purchases of property, equipment and other capital assets	(761,713)	(821,354)
Purchase of CHS, net of cash acquired	(35,533)	-
Net cash proceeds from asset sales	4,992	21,617
Net cash proceeds from sale of Idaho and Eastern Oregon operations	-	61,937
Distributions from investments in unconsolidated organizations	44,748	27,450
Notes receivable issued to unconsolidated affiliates	(32,026)	(135,728)
Payment received on notes receivable from unconsolidated affiliates	27,391	14,606
Other changes	6,889	(911)
Net cash used in investing activities	(745,252)	(832,383)
<b>Financing activities</b>		
Proceeds from bank loan and issuance of long-term debt	276,598	1,174,753
Net costs associated with issuance of long-term debt	-	(10,837)
Repayment of long-term debt	(355,974)	(568,195)
Net cash (used in) provided by financing activities	(79,376)	595,721
Decrease in cash and equivalents	(44,813)	(218,202)
Cash and equivalents at beginning of year	494,487	712,689
Cash and equivalents at end of year	\$ 449,674	\$ 494,487
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for interest, including amounts capitalized	\$ 149,822	\$ 118,053

*See accompanying notes.*

# Catholic Health Initiatives

## Notes to Consolidated Financial Statements

June 30, 2011

### **1. Summary of Significant Accounting Policies**

#### **Organization**

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI sponsors market-based organizations (MBOs) and other facilities in 19 states, including 72 acute-care hospitals, of which 21 are designated as critical access hospitals by the Medicare program, 40 long-term care, assisted living and residential facilities, two community health service organizations (CHSOs), home health agencies and two accredited nursing colleges. CHI also has an offshore captive insurance company, First Initiatives Insurance, Limited (FIIL).

The mission of CHI is to nurture the healing ministry of the Church, bringing it new life, energy and viability in the 21st century. CHI is committed to fidelity to the Gospel, with emphasis on human dignity and social justice in the creation of healthier communities. CHI is sponsored by a lay-religious partnership, calling on other Catholic sponsors and systems to unite to ensure the future of Catholic health care.

#### **Principles of Consolidation**

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

#### **Fair Value of Financial Instruments**

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, investments and assets limited as to use, notes receivable, accounts payable and long-term debt. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

#### **Cash and Equivalents**

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase. In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities,

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

securities issued by domestic and foreign banks, such as certificates of deposit and bankers' acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations.

**Net Patient Accounts Receivable and Net Patient Services Revenues**

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility.

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Investments and Assets Limited as to Use**

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements.

**Inventories**

Inventories, primarily consisting of pharmacy drugs and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market.

**Assets and Liabilities Held for Sale**

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon discounted cash flows and incremental direct costs to transact a sale.



Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$15 million and \$22 million was recorded in 2011 and 2010, respectively.

Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

**Investments in Unconsolidated Organizations**

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The equity income or loss on these investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

**Notes Receivable and Other Assets**

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, deposits and other long-term assets. Notes receivable include balances from the following related entities: Alegant Health and Alegant Health Immanuel Medical Center (collectively, Alegant), the Nebraska joint operating company (JOC) and non-CHI joint operating agreement (JOA) partner, respectively; Bethesda Hospital, Inc. (Bethesda), the non-CHI JOA partner in the Cincinnati, Ohio JOA; and Jewish Hospital Healthcare Services, Inc. (JHHS), an unconsolidated investee organization. The notes bear interest at rates commensurate with the CHI blended interest cost and require monthly debt service payments.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

A summary of notes receivable and other assets is as follows as of June 30 (in thousands):

	<u>2011</u>	<u>2010</u>
Notes receivable from related entities:		
Alegent	\$ 273,535	\$ 254,444
Bethesda	212,090	223,155
JHHS	<u>25,466</u>	<u>29,887</u>
Total notes receivable from related entities	<u>511,091</u>	507,486
Other long-term assets	<u>128,936</u>	121,730
Total notes receivable and other	<u>\$ 640,027</u>	<u>\$ 629,216</u>

Alegent and Bethesda are Designated Affiliates in the CHI credit group under the Capital Obligation Document (COD). As conditions of joining the CHI credit group, the Designated Affiliates have agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of the Designated Affiliates and their compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2011 and 2010.

**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 consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, including endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care and to provide other health and educational programs and services.

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is,

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment.

**Performance Indicator**

The performance indicator is the excess (deficiency) of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, cumulative effect of changes in accounting principles, discontinued operations and contributions of property and equipment and other changes not required to be excluded within the performance indicator and generally accepted accounting principles.

**Operating and Nonoperating Activities**

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include: investment earnings, excluding the earnings from the investments held by FIIL; gains (losses) from bond refinancing; net interest cost and changes in fair value of interest rate swaps; and the nonoperating component of JOA income share adjustments.

**Charity Care**

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay. Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected and, as such, is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The amount of charity care provided, determined on the basis of charges, was 4.0% and 3.7% of gross patient services revenues for 2011 and 2010, respectively.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Other Nonpatient Revenues**

Other nonpatient revenues include gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues and revenues from other miscellaneous sources.

**Derivative and Hedging Instruments**

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

**Functional Expenses**

CHI provides inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI. Support services expenses as a percent of total operating expenses were approximately 4.2% and 4.4% in 2011 and 2010, respectively.

**Restructuring, Impairment and Other Losses**

CHI periodically evaluates property, equipment and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain property and equipment impairments in both 2011 and 2010 to the extent that the discounted cash flows estimated to be generated by those assets were less than the underlying carrying value.

During the years ended June 30, 2011 and 2010, CHI recorded nonrecurring expenses of \$26 million and \$62 million, respectively, relating to asset impairments and changes in business operations, including reorganization and severance costs. During 2010, CHI recorded an additional \$48 million of nonrecurring expenses, which were included as discontinued operations in the statements of changes in net assets.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Income Taxes**

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax. As of June 30, 2011, CHI has current net deferred tax assets of \$2.1 million and a noncurrent net deferred tax liability of \$5.4 million related to these taxable activities.

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates.

**New Accounting Pronouncements and Adoption of New Accounting Standards**

Effective July 2010, CHI adopted the provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-810, *Not-for-Profit-Entities: Consolidation*, which made the provision of FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, applicable to not-for-profit entities. The purpose of the ASC and FASB were to reflect the noncontrolling interest in the equity or net assets of a consolidated subsidiary as a component of net assets rather than as minority interest expense and minority interest liability. The adoption of ASC 958-810 did not have a material impact on CHI's consolidated results of financial position, operations or cash flows. The prior year's presentation has been adjusted to reflect the application of the new accounting guidance.

In January 2010, the FASB released Accounting Standards Update (ASU) No. 2010-07, *Not-for-Profit Entities (Topic 958): Not-for-Profit Entities: Mergers and Acquisitions*, which amends FASB Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*. The objective of ASU 2010-07 is to improve the relevance, representational faithfulness and comparability of the information that a not-for-profit entity provides in its financial reports about a combination with one or more other not-for-profit entities, businesses or nonprofit activities. ASU 2010-07 also

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

provides relevant and comparable information that a not-for-profit entity provides for goodwill and other intangible assets after an acquisition by amending existing guidance to make it fully applicable to not-for-profit entities. ASU 2010-07 is effective for mergers for which the merger date is on or after the beginning of an *initial* reporting period beginning on or after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first *annual* reporting period beginning on or after December 15, 2009. CHI adopted the provisions of ASU 2010-07 effective July 2010, and adoption did not have a material impact on its overall consolidated results of financial position, operations or cash flows.

In January 2010, the FASB released ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. ASU 2010-06 was issued to improve disclosure requirements related to fair value measurements and disclosures (overall Subtopic 820-10) of the FASB. The new disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. CHI adopted the provisions of ASU 2010-06 during 2010 and 2011.

In September 2009, the FASB released ASU No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value*. ASU 2009-12 amends ASC 820, *Fair Value Measurements and Disclosures*, and allows a reporting entity, as a practical expedient, to estimate fair value of certain alternative investments at the net asset value as reported by the investee entity in instances where the net asset value has been calculated in a manner consistent with ASC 946, *Financial Services – Investment Companies*. Adoption of the provisions of ASU 2009-12 during 2010 did not have a material impact on the valuation of CHI's investments.

In August 2010, the FASB released ASU No. 2010-23, *Measuring Charity Care for Disclosure*. ASU 2010-23 requires the disclosure of charity care amounts and provides specific guidance on how to measure charity care. The accounting provisions specifically require that charity care not be reduced by reimbursement for charity care, and that the amount of reimbursements for charity care be disclosed. The disclosures are effective for fiscal years beginning after December 15, 2010, with retrospective application required. CHI does not believe the adoption of ASU 2010-23 will have a material effect on its overall consolidated results of financial position, operations or cash flows.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

In August 2010, the FASB released ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 applies to malpractice claims and similar contingent liabilities and requires that such liabilities disregard the effect of any anticipated insurance recoveries in determining the liability amounts. The accounting provisions also provide accounting guidance for recording any insurance recovery receivables. ASU 2010-24 is effective for fiscal years beginning after December 15, 2010. CHI is evaluating the effect of adopting ASU 2010-24 but does not believe its adoption will have a material effect on its overall consolidated results of financial position, operations or cash flows.

In July 2011, the FASB released ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities*. ASU 2011-07 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient services revenues from an operating expense to a deduction from patient services revenues (net of contractual allowances and discounts). Additionally, enhanced disclosures will be required surrounding the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. CHI is evaluating the effect of adopting ASU 2011-07.

**Reclassifications**

Certain reclassifications were made to the 2010 consolidated financial statement presentation to conform to the 2011 presentation.

**2. Community Benefit (Unaudited)**

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of: traditional charity care; unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs; services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed; and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**2. Community Benefit (Unaudited) (continued)**

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of: services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis; unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions; and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands):

	<b>2011</b>	<b>2010</b>
Cost of community benefit:		
Cost of charity care provided	\$ 244,949	\$ 221,140
Unpaid cost of public programs, Medicaid and other indigent care programs	242,163	235,161
Nonbilled services	25,379	25,576
Cash and in-kind donations	2,975	2,861
Education and research	33,397	24,908
Other benefit	63,283	65,198
	<hr/>	<hr/>
Total cost of community benefit from continuing operations	612,146	574,844
Total cost of community benefit from discontinued operations	–	13,779
Total cost of community benefit	612,146	588,623
	<hr/>	<hr/>
Unpaid cost of Medicare from continuing operations	461,358	456,729
Unpaid cost of Medicare from discontinued operations	–	9,867
Total unpaid cost of Medicare	461,358	466,596
	<hr/>	<hr/>
Total cost of community benefit and the unpaid cost of Medicare	<u>\$ 1,073,504</u>	<u>\$ 1,055,219</u>

The summary above has been prepared in accordance with the policy document of the Catholic Health Association of the United States (CHA), *Community Benefit Program – A Revised Resource for Social Accountability*. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost.



Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**2. Community Benefit (Unaudited) (continued)**

The total cost of community benefit from continuing and discontinued operations was 6.6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2011 and 2010. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 11.6% and 11.8% of total expenses before operating expenses related to restructuring, impairment and other losses in 2011 and 2010, respectively.

**3. Joint Operating Agreements and Investments in Unconsolidated Organizations**

**Joint Operating Agreements**

CHI participates in JOAs with hospital-based organizations in five separate market areas. The agreements generally provide for, among other things, joint management through JOCs of the combined operations of the local facilities included in the JOAs. CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

CHI has a 70% interest in a JOC based in Colorado and has interests of 50% in three other JOCs associated with other JOAs. These interests are included in investments in unconsolidated organizations and totaled \$125 million and \$65 million at June 30, 2011 and 2010, respectively. CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The unconsolidated JOCs had total assets of \$721 million and \$671 million at June 30, 2011 and 2010, respectively, and net assets of \$109 million and \$95 million, respectively.

**Investments in Unconsolidated Organizations**

**CHI Kentucky** – On November 1, 2005, CHI entered into a joint venture agreement with JHHS. CHI contributed substantially all of the net assets of the former MBO in Louisville, Kentucky, of \$7 million, along with \$20 million, paid in quarterly installments through August 2008, in return for a 25% interest in the joint venture. The investment in the joint venture, which is accounted for under the equity method of accounting and is included in investments in unconsolidated organizations, had a book value of \$30 million and \$18 million at June 30, 2011 and 2010, respectively. The joint venture had annual operating revenues of approximately \$1.0 billion for both 2011 and 2010, total assets of \$920 million and \$914 million, and net assets of \$335 million

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**3. Joint Operating Agreements and Investments in Unconsolidated Organizations  
(continued)**

and \$291 million as of June 30, 2011 and 2010, respectively. As part of the agreement, the joint venture executed a note to CHI with monthly payments of principal and interest. The note is included in other assets and had a balance of \$25 million and \$30 million at June 30, 2011 and 2010, respectively.

**Preferred Professional Insurance Corporation (PPIC)** – PPIC is an unconsolidated affiliate of CHI. PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners. CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was \$49 million and \$43 million at June 30, 2011 and 2010, respectively. PPIC had net assets of \$183 million and \$161 million at December 31, 2010 and 2009, respectively.

**Pathology Associates Medical Laboratories (PAML)** – On October 21, 2009, CHI entered into an agreement with Seattle-based Providence Health and Services to acquire up to a 25% interest in PAML. PAML is an unconsolidated affiliate of CHI and is a full-service medical reference lab, providing CHI hospitals with the opportunity to expand laboratory testing volumes and develop new relationships through outreach laboratory joint ventures. As of June 30, 2011, CHI had met its commitment to invest a total of \$37.3 million in PAML, which represents a 25% ownership and is accounted for under the equity method. The book value of the investment was \$37.6 million and \$14.9 million at June 30, 2011 and 2010, respectively. CHI has an option to increase its investment in PAML by an additional \$7.5 million before January 2013.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**3. Joint Operating Agreements and Investments in Unconsolidated Organizations  
(continued)**

**Other Entities** – The summarized financial positions and results of operations for the other entities accounted for under the equity method as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands):

	2011					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total
Total assets	\$ 28,439	\$ 129,620	\$ 63,130	\$ 21,028	\$ 160,767	\$ 402,984
Total debt	26,315	42,133	13,023	10,664	20,013	112,148
Net assets	1,263	86,316	46,024	8,054	95,720	237,377
Net patient services revenues	–	125,066	116,927	33,991	150,974	426,958
Total revenues, net	5,834	139,594	117,020	37,452	330,668	630,568
Excess of revenues over expenses	679	16,236	31,659	6,142	86,269	140,985
	2010					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total
Total assets	\$ 27,714	\$ 126,291	\$ 64,359	\$ 18,220	\$ 207,524	\$ 444,108
Total debt	25,893	28,121	13,127	7,318	15,700	90,159
Net assets	1,517	88,676	45,294	6,938	92,231	234,656
Net patient services revenues	–	121,602	110,206	30,985	65,194	327,987
Total revenues, net	5,658	125,876	111,563	34,261	237,908	515,266
Excess of revenues over expenses	600	14,514	28,740	6,335	75,598	125,787

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**4. Acquisitions and Divestitures**

**Continuing Operations**

**Consolidated Health Services (CHS)** – Effective on October 1, 2010, CHI acquired CHS, headquartered near Cincinnati, Ohio, from Bethesda, Inc., an Ohio nonprofit corporation. CHS is a home health care service provider operating in 30 locations in Indiana, Kentucky and Ohio. The gross purchase price of the acquisition was \$43.3 million (\$35.5 million, net of cash acquired), which was allocated as follows (in thousands):

Cash	\$ 7,814
Patient receivables	6,534
Current deferred tax asset	2,077
Property and equipment	3,260
Investment in unconsolidated organizations	17,900
Intangibles	12,064
Deferred tax asset	1,503
Goodwill	6,479
Other assets	5,960
Other liabilities	(13,210)
Deferred tax liability	(7,034)
Purchase price	<u>\$ 43,347</u>

**Dayton Heart and Vascular Hospital** – In May 2009, the decision was made to sell the Dayton Heart and Vascular Hospital building, as all operations had been moved to the primary hospital. The property is classified as an asset held for sale on the consolidated balance sheets and had a value of \$16.0 million and \$17.9 million as of June 30, 2011 and 2010, respectively. Impairment charges of \$1.9 million and \$24.6 million were recorded in 2011 and 2010, respectively, to reduce the carrying amount of the property to its fair value. Such impairment charges are reflected as a component of restructuring, impairment and other losses in the accompanying consolidated statements of operations. Effective on July 28, 2011, the property was sold for its stated value.

**Discontinued Operations**

**Idaho and Eastern Oregon Operations** – In April 2010, CHI sold three of its facilities to an unrelated third party. The operations associated with these facilities have been reported as discontinued operations and are included in the consolidated statements of operations and changes in net assets. At June 30, 2010, assets held for sale consisted primarily of cash and

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**4. Acquisitions and Divestitures (continued)**

investments, net patient accounts receivable, net property and equipment, investments in unconsolidated organizations and other long-term assets. Liabilities held for sale consisted of accounts payable and accrued compensation and benefits. CHI recorded a deficiency of revenues over expenses of \$45.3 million in 2010, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets.

**Missouri Operations** – In November 2009, CHI’s management transferred sponsorship and related operations of its Missouri facilities to an unrelated third party. The operations associated with these lines of business have been reported as discontinued operations and are included in the consolidated statement of changes in net assets. At June 30, 2010, assets held for sale consisted primarily of inventories, property and equipment, donor-restricted assets and investments in unconsolidated organizations. Liabilities held for sale consisted of certain compensation and benefits expenses. CHI recorded excess of revenues over expenses of \$6.7 million in 2010, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets.

Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations are summarized below (in thousands):

	<b>2010</b>
Total operating revenues	\$ 250,093
Total operating expenses	(248,554)
Restructuring and other losses	(48,137)
Impairment losses	(275)
Nonoperating gains	8,225
Deficiency of revenues over expenses	\$ (38,648)

The consolidated statements of cash flows include \$40.5 million of operating, investing and financing activities related to discontinued operations for the year ended June 30, 2010.

**5. Net Patient Services Revenues**

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs. CHI receives payments from the federal government on behalf of patients covered by the

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**5. Net Patient Services Revenues (continued)**

Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves. A summary of payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

Other – CHI has also entered into payment agreements with certain managed care and commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to CHI under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues, are summarized as follows:

	<u>2011</u>	<u>2010</u>
Medicare	<b>30%</b>	30%
Medicaid	<b>8</b>	7
Managed care	<b>39</b>	38
Self-pay	<b>8</b>	8
Commercial and other	<b>15</b>	17
	<u><b>100%</b></u>	<u>100%</u>

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**5. Net Patient Services Revenues (continued)**

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of \$44 million and \$48 million at June 30, 2011 and 2010, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$33 million in 2011 and \$18 million in 2010 due to favorable changes in estimates related to prior-year settlements. Changes in estimates related to prior-year settlements from discontinued operations were not significant in 2010.

**6. Investments and Assets Limited as to Use**

CHI's investments and assets limited to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands):

	<b>2011</b>	<b>2010</b>
Cash and equivalents	\$ <b>151,808</b>	\$ 178,699
CHI Investment Program (the Program)	<b>4,890,752</b>	4,217,594
Marketable fixed-income securities	<b>419,333</b>	391,939
Marketable equity securities	<b>309,117</b>	303,827
Hedge funds and other investments	<b>151,373</b>	103,479
	<b>5,922,383</b>	5,195,538
Less current portion	<b>(19,554)</b>	(3,463)
	<b>\$ 5,902,829</b>	\$ 5,192,075

Net unrealized gains (losses) at June 30, 2011 and 2010 were \$460 million and \$(159) million, respectively.

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the U.S. Treasury and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the Program have an actively traded market. However, CHI also invests in money market funds, commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, funds of funds, etc.), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**6. Investments and Assets Limited as to Use (continued)**

some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value. Additionally, CHI assesses the risk of impairment related to securities held in its investment portfolio on a regular basis and noted no impairment during the years ended June 30, 2011 and 2010.

Substantially all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty upon demand. The Limited Partnership Agreement permits a majority vote of the noncontrolled limited partners to terminate the partnership. Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its direct affiliates represented 84% of total Program assets at June 30, 2011 and 2010.

The Program asset allocation at June 30 is as follows:

	<b>2011</b>	<b>2010</b>
Marketable fixed-income securities	<b>34%</b>	38%
Marketable equity securities	<b>45</b>	41
Alternative investments	<b>19</b>	19
Cash and equivalents	<b>2</b>	2
	<b>100%</b>	100%

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.



Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**6. Investments and Assets Limited as to Use (continued)**

The CHI Investment Committee of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity and alternative investments. At least annually, the Investment Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk.

Investment income is comprised of the following for the years ended June 30 (in thousands):

	<u>2011</u>	<u>2010</u>
Dividend and interest income	\$ 122,713	\$ 127,582
Net realized gains	272,538	133,129
Net unrealized gains	456,420	202,944
Total investment income from continuing operations	<u>\$ 851,671</u>	<u>\$ 463,655</u>
Included in other nonpatient revenue	\$ 97,907	\$ 75,981
Included in nonoperating gains	753,764	387,674
Total investment income from continuing operations	<u>\$ 851,671</u>	<u>\$ 463,655</u>
Total investment income from discontinued operations	\$ —	\$ 8,225
Total investment income	<u>\$ 851,671</u>	<u>\$ 471,880</u>

**7. Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**7. Fair Value of Assets and Liabilities (continued)**

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

Certain of CHI's alternative investments are made through limited liability companies (LLCs) and limited liability partnerships (LLPs). These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses). CHI accounts for its ownership in the LLCs and LLPs under the equity method. CHI also accounts for its ownership in the Partnership under the equity method. As such, these investments are excluded from the scope of ASC 820.

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

	<b>2011</b>			
	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Fair Value as of June 30</b>	<b>(Level 1) Quoted Prices in Active Markets</b>	<b>(Level 2) Other Observable Inputs</b>	<b>(Level 3) Unobservable Inputs</b>
<b>Assets</b>				
Assets limited as to use:				
Cash and short-term investments	\$ 151,808	\$ 151,808	\$ –	\$ –
Marketable equity securities	309,117	309,117	–	–
Marketable fixed-income securities	419,333	–	419,333	–
Other investments	2,257	–	–	2,257
Deferred compensation assets:				
Cash and short-term investments	12,761	12,761		
	<u>\$ 895,276</u>	<u>\$ 473,686</u>	<u>\$ 419,333</u>	<u>\$ 2,257</u>
<b>Liabilities</b>				
Interest rate swaps	\$ 116,601	\$ –	\$ 116,601	\$ –
Deferred compensation liability	12,761	12,761	–	–
	<u>\$ 129,362</u>	<u>\$ 12,761</u>	<u>\$ 116,601</u>	<u>\$ –</u>

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**7. Fair Value of Assets and Liabilities (continued)**

	2010			
	Fair Value Measurements at Reporting Date Using			
	Fair Value as of June 30	(Level 1) Quoted Prices in Active Markets	(Level 2) Other Observable Inputs	(Level 3) Unobservable Inputs
<b>Assets</b>				
Assets limited as to use:				
Cash and short-term investments	\$ 178,699	\$ 178,699	\$ —	\$ —
Marketable equity securities	303,827	303,827	—	—
Marketable fixed-income securities	391,939	—	391,939	—
Deferred compensation assets:				
Cash and short-term investments	10,850	10,850	—	—
	<u>\$ 885,315</u>	<u>\$ 493,376</u>	<u>\$ 391,939</u>	<u>\$ —</u>
<b>Liabilities</b>				
Interest rate swaps	\$ 143,477	\$ —	\$ 143,477	\$ —
Deferred compensation liability	10,850	10,850	—	—
	<u>\$ 154,327</u>	<u>\$ 10,850</u>	<u>\$ 143,477</u>	<u>\$ —</u>

The fair values of the securities included in Level 1 were determined through quoted market prices. Level 1 securities include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads; estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 investments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**8. Property and Equipment**

A summary of property and equipment is as follows as of June 30 (in thousands):

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 341,256	\$ 330,327
Buildings and improvements	5,028,785	4,438,362
Equipment	3,822,370	3,572,304
	<u>9,192,411</u>	<u>8,340,993</u>
Less accumulated depreciation	<u>(4,635,108)</u>	<u>(4,351,433)</u>
	4,557,303	3,989,560
Construction in progress	378,216	716,349
	<u>\$ 4,935,519</u>	<u>\$ 4,705,909</u>

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2011 and 2010, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value. CHI recorded \$7.9 million and \$36.8 million in impairment losses in 2011 and 2010, respectively, resulting from charges related to projected discounted cash flow deficits at various MBOs. In addition, impairment charges of \$0.3 million related to the assets held for sale have been included in discontinued operations in the consolidated statement of changes in net assets in 2010.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**9. Debt Obligations**

The following is a summary of debt obligations as of June 30 (in thousands):

<u>Long-Term Debt</u>	<u>Interest Rate</u>	<u>2011</u>	<u>2010</u>
CHI bond issues under the COD:			
Series 1997B Variable-rate Bonds	0.11%*	\$ 24,400	\$ 27,100
Series 2000B Variable-rate Bonds	0.10%*	81,800	87,400
Series 2002B Variable-rate Bonds	0.08%*	106,100	108,800
Series 2004B Variable-rate Bonds	0.10%*	290,900	298,200
Series 2008A Variable-rate Bonds	0.13%*	120,260	120,260
Series 2004C Variable-rate Bonds with self-liquidity	0.05%*	163,400	163,400
Series 1989A Fixed-rate Bonds	7.00%	3,390	4,100
Series 1995C Fixed-rate Bonds	4.80–5.50%	10,145	12,360
Series 1997A Fixed-rate Bonds	4.40–5.25%	12,950	14,330
Series 2000A Fixed-rate Bonds	4.25–6.00%	39,600	45,740
Series 2002A Fixed-rate Bonds	4.00–5.50%	4,845	5,520
Series 2004A Fixed-rate Bonds	4.75–5.00%	146,605	146,605
Series 2004D Fixed-rate Bonds	3.50%	–	56,775
Series 2006A Fixed-rate Bonds	4.00–5.00%	384,135	384,135
Series 2006C Fixed-rate Bonds	3.85–5.10%	250,000	250,000
Series 2008C Fixed-rate Bonds	4.00–5.00%	215,000	275,000
Series 2008D Fixed-rate Bonds	5.00–6.25%	473,950	473,950
Series 2009A Fixed-rate Bonds	2.00–5.00%	794,345	817,565
Series 2009B Fixed-rate Bonds	5.00%	260,995	260,995
		<b>3,382,820</b>	3,552,235
Commercial paper		617,400	550,625
Other long-term debt and capital leases		122,382	97,817
		<b>4,122,602</b>	4,200,677
Variable-rate debt with self-liquidity and current portion of long-term debt		<b>(999,601)</b>	(1,019,712)
Long-term debt		<b>\$ 3,123,001</b>	\$ 3,180,965

\*Represents average rate of interest from July 1, 2010 to June 30, 2011.

The fair value of debt obligations was approximately \$4.2 billion at June 30, 2011. Management has determined the carrying value of the variable-rate bonds are representative of fair values as of June 30, 2011, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2011 is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**9. Debt Obligations (continued)**

A summary of scheduled principal payments on long-term debt for the next five years is as follows (in thousands):

	<u>Amounts Due</u>
Year Ending June 30:	
2012	\$ 836,201
2013	165,772
2014	168,572
2015	163,383
2016	181,132

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

In July 2010, CHI converted the interest rate mode on \$120.3 million of variable-rate demand bonds to Index Notes. These bonds were previously recorded on the balance sheet as variable-rate demand bonds supported by CHI's self-liquidity. The conversion was accomplished through a direct purchase by Wells Fargo Bank. Wells Fargo Bank will hold the bonds through the initial three-year index rate term. This transaction was accounted for as an extinguishment of debt.

In November 2010, CHI issued \$116.8 million of Taxable Commercial Paper Notes, the proceeds of which were used to redeem \$60.0 million of the outstanding Colorado Health Facilities Authority Variable Rate Revenue Bonds (Catholic Health Initiatives) Series 2008C-6 and \$56.8 million of the outstanding Kentucky Economic Development Finance Authority Variable Rate Revenue Bonds (Catholic Health Initiatives) Series 2004D, all of which bore interest at long-term interest rates and were subject to mandatory tender on November 10, 2010 (the end of the then-current long-term interest rate period). CHI intends to refinance this interim taxable borrowing on a long-term basis through the issuance of additional bonds in 2011.

In November 2009, CHI issued \$1.14 billion of fixed-rate and put bonds in the states of Colorado, Kentucky and Ohio for the benefit of CHI and Alegend. Proceeds were used to redeem \$379 million of existing debt, including \$241.6 million in variable-rate debt with self-liquidity, as well as to reimburse CHI and participants of the COD for capital expenditures in the amount of \$579.3 million. Concurrent with the issuance of these bonds, CHI converted the interest rate

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**9. Debt Obligations (continued)**

mode on \$55 million of Series 2008 bonds, which were subject to mandatory tender on November 10, 2009, to a long-term interest period extending through November 12, 2015, and redeemed the remaining \$25 million of Series 2008 bonds subject to mandatory redemption on November 10, 2009. These bonds had been used to finance facilities of the divested Missouri operations. This refinancing resulted in a loss on defeasance of \$1.0 million.

In January 2010, CHI legally defeased bonds in the amount of \$33.4 million related to divested Missouri operations. In June 2010, CHI legally defeased bonds in the amount of \$24.1 million related to the divestiture of certain facilities in Oregon. This resulted in net losses on defeasance of \$1.5 million.

In June 2010, CHI recognized gains of \$5.4 million from the restructuring of escrowed securities held by trustees. These escrowed securities, which are not recorded for financial reporting purposes, totaled \$393.7 million and \$410.9 million at June 30, 2011 and 2010, respectively. Gains (losses) on escrow restructuring and defeasance of debt are recorded as a component of nonoperating gains (losses) in the consolidated statements of operations and changes in net assets. CHI reported a net gain on escrow restructuring and defeasance of debt of \$2.9 million for the year ended June 30, 2010.

CHI has two types of external liquidity facilities: those that are dedicated to specific series of variable-rate demand bonds (VRDBs) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were \$623.5 million and \$521.5 million at June 30, 2011 and 2010, respectively. The dedicated liquidity facilities and repayment terms on any associated drawings extend beyond the subsequent fiscal year but due to the terms of the specific agreements, \$604.7 million and \$503.2 million at June 30, 2011 and 2010, respectively, are reported as long-term debt, and \$18.8 million and \$18.3 million at June 30, 2011 and 2010, respectively, of the dedicated facilities are required to be classified as current.

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$565 million and \$690 million at June 30, 2011 and 2010, respectively. At June 30, 2011, \$617.4 million of commercial paper was classified as current due to maturities of less than one year, and \$163.4 million of VRDBs were classified as current due to the holder's ability to put such VRDBs back to CHI without liquidity facilities dedicated to these bonds.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**9. Debt Obligations (continued)**

At June 30, 2011, CHI had a \$65 million credit facility with Wells Fargo Bank. Letters of credit totaling \$41.3 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL. At June 30, 2011 and 2010, no amounts were outstanding under this credit facility.

CHI is a party to seven floating-to-fixed interest rate swap agreements with notional amounts totaling \$942.8 million and \$953.7 million at June 30, 2011 and 2010, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate. The seven swaps have varying maturity dates ranging from May 2025 to December 2036. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2011 and 2010, the fair value was \$116.6 million and \$143.5 million, respectively. The fair value was reported net of cash collateral balances of \$47.0 million and \$51.1 million at June 30, 2011 and 2010, respectively, and is recorded in other liabilities. The change in the fair value of these agreements was a net gain of \$26.9 million and a net loss of \$(46.4) million in 2011 and 2010, respectively.

**10. Retirement Plans**

CHI and its direct affiliates maintain noncontributory, defined benefit retirement plans (Plans) covering substantially all employees. Benefits in the Plans are based on compensation, retirement age and years of service. Vesting occurs over a five-year period. Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage. Funding requirements are determined through consultation with independent actuaries.

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of net assets.



Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**10. Retirement Plans (continued)**

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 2,648,696	\$ 2,250,025
Service cost	167,444	150,082
Interest cost	143,536	145,840
Actuarial (gain) loss	(80,030)	210,728
Net impact of transfers among plans	–	(4,071)
Benefits paid	(111,340)	(103,666)
Expenses paid	(318)	(242)
Benefit obligation, end of year	<u>2,767,988</u>	<u>2,648,696</u>
Change in the Plans' assets:		
Fair value of the Plans' assets, beginning of year	1,917,500	1,628,370
Actual return on the Plans' assets, net of expenses	454,343	234,715
Employer contributions	192,280	162,451
Net impact of transfers among plans	–	(4,128)
Benefits paid	(111,340)	(103,666)
Expenses paid	(318)	(242)
Fair value of the Plans' assets, end of year	<u>2,452,465</u>	<u>1,917,500</u>
Funded status of the Plans	<u>\$ (315,523)</u>	<u>\$ (731,196)</u>
End-of-year values:		
Projected benefit obligation	\$ 2,767,988	\$ 2,648,696
Accumulated benefit obligation	2,598,491	2,471,389

Included in net assets at June 30, 2011 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of \$1.1 million and unrecognized actuarial losses of \$650.1 million. The prior service cost and actuarial loss included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2012 is \$0.2 million and \$38.4 million, respectively.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**10. Retirement Plans (continued)**

The components of net periodic pension expense are as follows (in thousands):

	<b>2011</b>	<b>2010</b>
Components of net periodic pension expense:		
Service cost	\$ <b>167,444</b>	\$ 150,082
Interest cost	<b>143,536</b>	145,840
Expected return on the Plans' assets	<b>(183,365)</b>	(174,141)
Amortization of prior service benefit	<b>893</b>	1,609
Actuarial losses	<b>47,550</b>	18,726
	<b>\$ 176,058</b>	\$ 142,116
Weighted-average assumptions:		
Discount rate, beginning of year	<b>5.24%</b>	6.44%
Discount rate, end of year	<b>5.39</b>	5.24
Expected return on the Plans' assets	<b>8.00</b>	8.00
Rate of compensation increase	<b>4.25</b>	4.50

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 8.0% in 2011 and 2010. The increase in the discount rate to 5.39% at June 30, 2011 decreased the pension benefit obligation by approximately \$41 million.

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows:

	<b>2011</b>	<b>2010</b>	<b>Target</b>	<b>Range</b>
Fixed-income securities	26.1%	24.6%	27.5%	22.5% to 32.5%
Equity securities	53.7	53.6	52.5	47.5 to 57.5
Alternative investments	20.2	21.8	20.0	20.0 to 25.0

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**10. Retirement Plans (continued)**

where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines.

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

	<b>2011</b>			
	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Fair Value as of June 30</b>	<b>(Level 1) Quoted Prices in Active Markets</b>	<b>(Level 2) Other Observable Inputs</b>	<b>(Level 3) Unobservable Inputs</b>
Cash and short-term investments	\$ 133,920	\$ 80,363	\$ 53,557	\$ –
Marketable equity securities	1,276,810	1,276,810	–	–
Marketable fixed-income securities	547,052	122,806	424,246	–
Alternative investments	494,683	–	–	494,683
	<b>\$ 2,452,465</b>	<b>\$ 1,479,979</b>	<b>\$ 477,803</b>	<b>\$ 494,683</b>

	<b>2010</b>			
	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Fair Value as of June 30</b>	<b>(Level 1) Quoted Prices in Active Markets</b>	<b>(Level 2) Other Observable Inputs</b>	<b>(Level 3) Unobservable Inputs</b>
Cash and short-term investments	\$ 89,957	\$ 46,485	\$ 43,472	\$ –
Marketable equity securities	1,008,042	1,008,042	–	–
Marketable fixed-income securities	404,422	69,044	335,378	–
Alternative investments	415,079	–	–	415,079
	<b>\$ 1,917,500</b>	<b>\$ 1,123,571</b>	<b>\$ 378,850</b>	<b>\$ 415,079</b>

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**10. Retirement Plans (continued)**

For the year ended June 30, 2011, the changes in the fair value of the Plans' investments, for which Level 3 inputs were used, are as follows (in thousands):

Beginning investments at fair value	\$ 415,079
Purchases of investments	41,499
Proceeds from sale of investments	(23,322)
Net change in unrealized appreciation on investments and effect of foreign currency translation	43,066
Net realized gains on investments	18,369
Net transfers out of Level 3	(8)
Ending investments at fair value	<u>\$ 494,683</u>

CHI expects to contribute \$180 million to the Plans in fiscal year 2012. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands):

	<u>Estimated Payments</u>
Year Ending June 30:	
2012	\$ 153,730
2013	146,298
2014	160,203
2015	179,347
2016	212,555
2017–2020	1,377,113

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**11. Concentrations of Credit Risk**

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of receivables from patients and third-party payors at June 30 approximated the following:

	<u>2011</u>	<u>2010</u>
Medicare	23%	24%
Medicaid	7	8
Managed care	36	34
Self-pay	10	9
Commercial and other	24	25
	<u>100%</u>	<u>100%</u>

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment. Management does not believe there are significant concentrations of credit risk at June 30, 2011 and 2010.

**12. Commitments and Contingencies**

**Litigation**

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

**Health Care Regulatory Environment**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**12. Commitments and Contingencies (continued)**

future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

In June 2008, one of CHI's MBOs was notified by the Office of Inspector General of the U.S. Department of Health and Human Services of its investigation into certain activities including, but not limited to, the relationship with a physician group at the MBO. In July 2009, an agreement in principle was reached with the Office of the Attorney General to resolve the matter, and CHI recorded a liability of \$22 million at June 30, 2010. This agreement in principle received government approval in November 2010 and the liability was paid by the MBO.

**Operating Leases**

Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining noncancelable lease terms in excess of one year at June 30, 2011, are as follows (in thousands):

	<u>Amounts Due</u>
Year Ending June 30:	
2012	\$ 129,905
2013	117,175
2014	73,564
2015	57,637
2016	50,475
Thereafter	154,642
	<u>\$ 583,398</u>

Lease expense under operating leases for continuing operations for the years ended June 30, 2011 and 2010 totaled approximately \$157 million and \$145 million, respectively. Lease expense under operating leases for discontinued operations was not significant in 2010.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**13. Insurance Programs**

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC. Policies written provide coverage with primary limits in the amount of \$8 million for each and every claim. At June 30, 2011 and 2010, investments and assets limited as to use held for insurance purposes included \$58 million and \$69 million, respectively, as collateral for the reinsurance fronting arrangement with PPIC. In addition, CHI purchases excess insurance of \$150 million per claim and in the aggregate for professional and general liability risks from commercial carriers.

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial carriers for amounts above \$1 million per claim. Coverage of \$500,000 in excess of \$500,000 per claim is reinsured with an unrelated commercial carrier. FIIL also underwrites the property and casualty risks of CHI for up to \$1 million per claim. Unrelated commercial insurance carriers reinsure losses in excess of the per-claim limits.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$19 million and \$77 million in 2011 and 2010, respectively, due to favorable loss development. The reserves for unpaid losses and loss adjustment expenses relating to the workers' compensation program were discounted, assuming a 4% annual return at June 30, 2011 and 2010, to a present value of \$148.8 million and \$139.2 million at June 30, 2011 and 2010, respectively, and represented a discount of \$32.2 million and \$32.5 million in 2011 and 2010, respectively. Reserves related to professional liability, employment practices and general liability are not discounted.

Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**13. Insurance Programs (continued)**

FIIL holds \$715.7 million and \$658.4 million of investments held for insurance purposes as of June 30, 2011 and 2010, respectively. Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority. CHI established a captive management operation (Captive Management Initiatives, Ltd.) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties.

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan. Accounts payable and accrued expenses include \$45 million and \$50 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2011 and 2010, respectively. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations. CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant.

**14. Subsequent Events**

CHI's management has evaluated events subsequent to June 30, 2011 through September 13, 2011, which is the issuance date of this report. There have been no material events noted during this period that would either impact the results reflected in this report or CHI's results going forward, except as disclosed below.

**Statewide Health Care Network in Kentucky**

Effective in June 2011, CHI entered into a formal agreement with two other parties, Jewish Hospital and St. Mary's HealthCare/Jewish Hospital HealthCare Services, and the University of Louisville Hospital/James Graham Brown Cancer Center, to create a new statewide health care network in Kentucky. The new network would serve more than two million patients annually at more than 91 locations, ranging from critical access hospitals to major quaternary facilities capable of transplant procedures. The agreement provides CHI with a 70% controlling interest in the new network and calls for CHI to make a \$320 million capital investment. The new network is pending regulatory and Church approvals.



Catholic Health Initiatives  
Notes to Consolidated Financial Statements (continued)

**14. Subsequent Events (continued)**

**Nebraska Heart Institute and Nebraska Heart Hospital**

Effective in August 2011, CHI acquired Nebraska Heart Institute and Nebraska Heart Hospital for cash proceeds of \$131 million. CHI is currently in the process of finalizing the purchase price allocation.

## Other Financial Information

## Report of Independent Auditors on Other Financial Information

Board of Stewardship Trustees  
Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, based on our audits and the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Ernst & Young LLP*

September 13, 2011

## Catholic Health Initiatives Consolidating Balance Sheet

June 30, 2011  
(In Thousands)

	MBOs	Corporate	FIIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
<b>Assets</b>							
Current assets:							
Cash and equivalents	\$ 432,606	\$ (54,915)	\$ 102	\$ 28,377	\$ 3,504	\$ 40,000	\$ 449,674
Net patient accounts receivable, less allowance of \$650,617	1,133,819	-	-	-	-	-	1,133,819
Other accounts receivable	92,252	106,004	(2,319)	469	11,624	(99,182)	108,848
Current portion of investments and assets limited as to use	58,146	1,408	-	-	-	(40,000)	19,554
Inventories	173,316	-	-	-	-	-	173,316
Assets held for sale	23,987	-	-	-	-	-	23,987
Prepaid and other	47,838	22,760	17	157	33	-	70,805
<b>Total current assets</b>	<b>1,961,964</b>	<b>75,257</b>	<b>(2,200)</b>	<b>29,003</b>	<b>15,161</b>	<b>(99,182)</b>	<b>1,980,003</b>
Investments and assets limited as to use:							
Internally designated for capital and other funds	2,904,604	1,625,262	-	87,315	-	-	4,617,181
Mission and Ministry Fund	-	117,832	-	-	-	-	117,832
Capital Resource Pool	-	268,690	-	-	-	-	268,690
Held by trustees	5,488	-	-	-	-	-	5,488
Held for insurance purposes	23,363	-	715,708	-	-	-	739,071
Restricted by donors	152,122	2,445	-	-	-	-	154,567
<b>Total investments and assets limited as to use</b>	<b>3,085,577</b>	<b>2,014,229</b>	<b>715,708</b>	<b>87,315</b>	<b>-</b>	<b>-</b>	<b>5,902,829</b>
Property and equipment, net	4,704,801	229,312	-	-	1,406	-	4,935,519
Deferred financing costs	568	11,253	-	-	-	-	11,821
Investments in unconsolidated organizations	262,629	135,664	-	-	11,127	(55,971)	353,449
Intangible assets	57,486	-	-	-	-	-	57,486
Notes receivable and other	65,750	2,586,254	21,620	-	-	(2,033,597)	640,027
<b>Total assets</b>	<b>\$ 10,138,775</b>	<b>\$ 5,051,969</b>	<b>\$ 735,128</b>	<b>\$ 116,318</b>	<b>\$ 27,694</b>	<b>\$ (2,188,750)</b>	<b>\$ 13,881,134</b>

*Continued on following page*

**Catholic Health Initiatives**  
**Consolidating Balance Sheet (continued)**

June 30, 2011  
(In Thousands)

	MBOs	Corporate	FIIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
<b>Liabilities and net assets</b>							
Current liabilities:							
Compensation and benefits	\$ 344,238	\$ 62,037	\$ –	\$ 964	\$ 1,136	\$ –	\$ 408,375
Third-party liabilities	66,283	–	–	–	–	–	66,283
Accounts payable and accrued expenses	521,312	133,604	3,893	45,378	2,395	(99,182)	607,400
Variable-rate debt with self liquidity	–	163,400	–	–	–	–	163,400
Current portion of long-term debt	179,244	780,190	–	–	–	(123,233)	836,201
<b>Total current liabilities</b>	<b>1,111,077</b>	<b>1,139,231</b>	<b>3,893</b>	<b>46,342</b>	<b>3,531</b>	<b>(222,415)</b>	<b>2,081,659</b>
Pension liability	5,619	309,904	–	–	–	–	315,523
Self-insured reserves and claims	13,467	17,446	418,027	–	–	–	448,940
Other liabilities	163,729	105,934	–	–	(1)	–	269,662
Long-term debt	1,976,735	3,056,630	–	–	–	(1,910,364)	3,123,001
<b>Total liabilities</b>	<b>3,270,627</b>	<b>4,629,145</b>	<b>421,920</b>	<b>46,342</b>	<b>3,530</b>	<b>(2,132,779)</b>	<b>6,238,785</b>
Net assets:							
Net assets attributable to CHI	6,676,445	420,339	313,208	69,976	24,164	(55,971)	7,448,161
Net assets attributable to noncontrolling interests	8,967	–	–	–	–	–	8,967
Unrestricted	6,685,412	420,339	313,208	69,976	24,164	(55,971)	7,457,128
Temporarily restricted	120,310	2,485	–	–	–	–	122,795
Permanently restricted	62,426	–	–	–	–	–	62,426
<b>Total net assets</b>	<b>6,868,148</b>	<b>422,824</b>	<b>313,208</b>	<b>69,976</b>	<b>24,164</b>	<b>(55,971)</b>	<b>7,642,349</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,138,775</b>	<b>\$ 5,051,969</b>	<b>\$ 735,128</b>	<b>\$ 116,318</b>	<b>\$ 27,694</b>	<b>\$ (2,188,750)</b>	<b>\$ 13,881,134</b>

**Catholic Health Initiatives**  
**Consolidating Statement of Operations**

Year Ended June 30, 2011  
*(In Thousands)*

	MBOs	Corporate	FILL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
<b>Revenues:</b>							
Net patient services	\$ 9,109,778	\$ -	\$ -	\$ -	\$ -	\$ (104,800)	\$ 9,004,978
Nonpatient:							
Donations	24,620	19	-	-	-	-	24,639
Changes in equity of unconsolidated organizations	28,989	10,864	-	-	(678)	(1,116)	38,059
Investment income from self-insured trust funds	-	-	97,907	-	-	-	97,907
Other	313,824	779,020	98,556	368,939	4,350	(1,098,504)	466,185
Total nonpatient revenues	<u>367,433</u>	<u>789,903</u>	<u>196,463</u>	<u>368,939</u>	<u>3,672</u>	<u>(1,099,620)</u>	<u>626,790</u>
Total operating revenues	<u>9,477,211</u>	<u>789,903</u>	<u>196,463</u>	<u>368,939</u>	<u>3,672</u>	<u>(1,204,420)</u>	<u>9,631,768</u>
<b>Expenses:</b>							
Salaries and wages	3,408,645	213,891	-	-	10,270	(45)	3,632,761
Employee benefits	845,812	41,378	-	349,333	1,428	(464,911)	773,040
Purchased services, medical professional fees, consulting and legal	1,056,960	93,578	475	1,502	993	(286,359)	867,149
Supplies	1,541,454	7,974	-	-	266	-	1,549,694
Bad debts	718,577	-	-	-	-	-	718,577
Utilities	112,116	10,052	-	-	27	-	122,195
Rentals, leases, maintenance and insurance	307,774	267,164	110,019	-	873	(196,039)	489,791
Depreciation and amortization	443,554	26,772	-	-	343	-	470,669
Interest	93,066	136,833	-	-	-	(96,476)	133,423
Other	617,706	33,503	453	569	731	(159,474)	493,488
Total operating expenses before restructuring, impairment and other losses	<u>9,145,664</u>	<u>831,145</u>	<u>110,947</u>	<u>351,404</u>	<u>14,931</u>	<u>(1,203,304)</u>	<u>9,250,787</u>
Income (loss) from operations before restructuring, impairment and other losses	331,547	(41,242)	85,516	17,535	(11,259)	(1,116)	380,981
Restructuring, impairment and other losses	25,085	570	-	-	-	-	25,655
<b>Income (loss) from operations</b>	<u>306,462</u>	<u>(41,812)</u>	<u>85,516</u>	<u>17,535</u>	<u>(11,259)</u>	<u>(1,116)</u>	<u>355,326</u>
<b>Nonoperating gains (losses):</b>							
Investment income, net	449,528	294,195	-	9,945	96	-	753,764
Gain on escrow restructuring and defeasance of bonds, net	-	-	-	-	-	-	-
Realized and unrealized losses on interest rate swaps	-	(4,870)	-	-	-	-	(4,870)
Other nonoperating gains	16,462	-	-	-	-	-	16,462
Total nonoperating gains	<u>465,990</u>	<u>289,325</u>	<u>-</u>	<u>9,945</u>	<u>96</u>	<u>-</u>	<u>765,356</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 772,452</u>	<u>\$ 247,513</u>	<u>\$ 85,516</u>	<u>\$ 27,480</u>	<u>\$ (11,163)</u>	<u>\$ (1,116)</u>	<u>\$ 1,120,682</u>
<b>Excess of revenues over expenses attributable to noncontrolling interest</b>	<u>\$ 3,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,298</u>
<b>Excess (deficiency) of revenues over expenses attributable to CHI</b>	<u>\$ 769,154</u>	<u>\$ 247,513</u>	<u>\$ 85,516</u>	<u>\$ 27,480</u>	<u>\$ (11,163)</u>	<u>\$ (1,116)</u>	<u>\$ 1,117,384</u>

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