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Form **990****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)

2008

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 2008 calendar year, or tax year beginning , 2008, and ending , 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input checked="" type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization CAPITAL HEALTH SYSTEM, INC.		D Employer identification number 22-3548695
		Doing Business As		E Telephone number (609) 394-6029
		Number and street (or P O box if mail is not delivered to street address) Room/suite 750 BRUNSWICK AVENUE		G Gross receipts \$ 498,903,461.
		City or town, state or country, and ZIP + 4 TRENTON, NJ 08638		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
F Name and address of principal officer AL MAGHAZEHE PH.D., FACHE 750 BRUNSWICK AVENUE TRENTON, NJ 08638		H(c) Group exemption number ▶		
Tax-exempt status <input checked="" type="checkbox"/> 501(c) (3) ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		Website: WWW.CAPITALHEALTH.ORG		
K Type of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1997		M State of legal domicile NJ

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>THE ORGANIZATION IS COMMITTED TO PROVIDING COMPREHENSIVE, QUALITY HEALTH CARE SERVICES WHICH IMPROVE AND SUSTAIN THE HEALTH STATUS OF THE RESIDENTS PRIMARILY IN CENTRAL NEW JERSEY AND LOWER BUCKS COUNTY.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	21
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5	Total number of employees (Part V, line 2a)	5	3,355
	6	Total number of volunteers (estimate if necessary)	6	324
	7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	1,259,763.
	7b	Net unrelated business taxable income from Form 990-T, line 34	7b	-145,084.
Revenue	8	Contribution and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	4,777,259.	4,727,346.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	425,374,815.	462,774,702.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	26,402,883.	7,998,889.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,600,395.	3,556,456.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	460,155,352.	479,057,393.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), line 3)	NONE	NONE
	14	Benefits paid to or for members (Part IX, column (A), line 4)	NONE	NONE
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	188,624,914.	212,057,598.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	NONE	NONE
	16b	Total fundraising expenses, Part IX, column (D), line 25	NONE	NONE
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-14)	211,869,791.	283,647,235.
Net Assets or Fund Balances	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	400,494,705.	495,704,833.
	19	Revenue less expenses Subtract line 18 from line 12	59,660,647.	-16,647,440.
	20	Total assets (Part X, line 16)	Beginning of Year	End of Year
	21	Total liabilities (Part X, line 26)	640,417,161.	543,119,147.
	22	Net assets or fund balances Subtract line 21 from line 20	385,409,851.	330,489,707.
			255,007,310.	212,629,440.

Part II Signature Block

Sign Here	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			
	Signature of officer Shane Fleming, Chief Financial Officer		Date 12/14/12	
Preparer's Use Only	Preparer's signature [Signature]	Date 2/13/2012	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions) P00024595
	Firm's name (or yours if self-employed), address, and ZIP + 4 WITHUMSMITH+BROWN, PC 465 SOUTH STREET, SUITE 200 MORRISTOWN, NJ 07960-6497		EIN 22-2027092	Phone no 973-898-9494

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

For Privacy Act and Paperwork Reduction Act Notice, see the separate Instructions.

Form 990 (2008)

Part III Statement of Program Service Accomplishments (see instructions)**1** Briefly describe the organization's mission:

SEE STATEMENT 1

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 \$ 58,923,867. including grants of \$ NONE) (Revenue \$ 60,572,743.)

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY PERIOPERATIVE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

4b (Code _____) (Expenses \$ 43,141,156. including grants of \$ NONE) (Revenue \$ 76,402,939.)

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY EMERGENCY ROOM AND EMS SERVICES 24/7 365 DAYS A YEAR TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

4c (Code: _____) (Expenses \$ 39,592,630. including grants of \$ NONE) (Revenue \$ 28,999,237.)

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY MATERNAL CHILD HEALTH SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

4d Other program services (Describe in Schedule O.)

(Expenses \$ 304,476,695. including grants of \$ NONE) (Revenue \$ 298,059,546.)

4e Total program service expenses ► \$ 446,134,348. (Must equal Part IX, Line 25, column (B))

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1 X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4 X	
5 Sections 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	X
9 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? If "Yes," complete Schedule D, Part IV	9	X
10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	10	X
11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	11 X	
12 Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12	X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	X
14a Did the organization maintain an office, employees, or agents outside of the U S ?	14a X	
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U S ? If "Yes," complete Schedule F, Part I	14b X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III	16	X
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I	17	X
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	X
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	X
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20 X	
21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	X
22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	X
23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	23 X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25	24a X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	X
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	X
b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I	25b	X
26 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? If "Yes," complete Schedule L, Part II	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27	X

Part IV Checklist of Required Schedules (continued)

	Yes	No
28 During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
a Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? If "Yes," complete Schedule L, Part IV	28a X	
b Have a family member who had a direct or indirect business relationship with the organization? If "Yes," complete Schedule L, Part IV	28b X	
c Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? If "Yes," complete Schedule L, Part IV	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33	X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34 X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35 X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37	X

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Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	1a 584	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b NONE	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 3,355	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)	2b X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a X	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a X	
b	If "Yes," enter the name of the foreign country: <u>CAYMAN ISLANDS</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c	
6a	Did the organization solicit any contributions that were not tax deductible?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?	7a X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h	
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	X
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	X
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	X
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	

Form 990 (2008)

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)**Section A. Governing Body and Management**

	Yes	No
<i>For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, process, or changes in Schedule O. See instructions.</i>		
1a Enter the number of voting members of the governing body	1a 21	
b Enter the number of voting members that are independent	1b 13	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . .	3	X
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4	X
5 Did the organization become aware during the year of a material diversion of the organization's assets?	5	X
6 Does the organization have members or stockholders?	6	X
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	X
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	X
8 Did the organizations contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	8a X	
b Each committee with authority to act on behalf of the governing body?	8b X	
9a Does the organization have local chapters, branches, or affiliates?	9a	X
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?	9b	
10 Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	X
11 Is there any officer, director or 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	11	X

Section B. Policies

	Yes	No
12a Does the organization have a written conflict of interest policy? If "No," go to line 13	12a X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b X	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c X	
13 Does the organization have a written whistleblower policy?	13 X	
14 Does the organization have a written document retention and destruction policy?	14 X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
a The organization's CEO, Executive Director, or top management official?	15a X	
b Other officers or key employees of the organization?	15b X	
Describe the process in Schedule O. (see instructions)		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
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?	16b	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed NJ

18 Section 6104 requires an organization to make its 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 RONALD J. GUY 750 BRUNSWICK AVENUE TRENTON, NJ 08638
(609) 394-6029

[illegible]

2	Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization	236
---	---	-----

	Yes	No
3		X
4	X	
5		X

4	X	

5		X
---	--	---

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

<p>2 Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization ▶ 103</p>	
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Part VIII Statement of Revenue

22-3548695

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	4,717,346.			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	10,000.			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		4,727,346.			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code	459,980,081.	459,980,081.		
	b	911 COUNTY SUPPORT & FIRE DISPATCH		182,916.	182,916.		
	c	SCHOOL OF NURSING		450,867.	450,867.		
	d	OTHER HEALTH CARE RELATED REVENUE		1,452,704.	1,452,704.		
	e	AUXILIARY REVENUE		708,134.	708,134.		
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		462,774,702.			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) STMT 3.		6,670,355.		
4		Income from investment of tax-exempt bond proceeds		1,018,004.			1,018,004.
5		Royalties		NONE			
6a		Gross Rents	(i) Real (ii) Personal				
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss)		506,142.			506,142.
7a		Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss)		310,530.			310,530.
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events		NONE			
9a		Gross income from gaming activities. See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities		NONE			
10a		Gross sales of inventory, less returns and allowances	a				
b	Less cost of goods sold	b					
c	Net income or (loss) from sales of inventory		NONE				
Miscellaneous Revenue			Business Code				
11a	CHILD DAY CARE	624410	1,259,763.		1,259,763.		
b	PATIENT/EMPLOYEE CONVENIENCE		1,790,551.			1,790,551.	
c							
d	All other revenue						
e	Total. Add lines 11a-11d		3,050,314.				
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		479,057,393.	462,774,702.	1,259,763.	10,295,582.	

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).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 . . .	NONE			
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	NONE			
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	NONE			
4 Benefits paid to or for members	NONE			
5 Compensation of current officers, directors, trustees, and key employees	9,025,287.	8,122,761.	902,526.	NONE
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .	NONE			
7 Other salaries and wages	171,251,642.	154,126,478.	17,125,164.	
8 Pension plan contributions (include section 401 (k) and section 403(b) employer contributions) . .	670,952.	603,857.	67,095.	
9 Other employee benefits	17,953,749.	16,158,371.	1,795,378.	
10 Payroll taxes	13,155,968.	11,840,371.	1,315,597.	
11 Fees for services (non-employees)				
a Management	NONE			
b Legal	822,238.	740,014.	82,224.	
c Accounting	237,941.	214,147.	23,794.	
d Lobbying	139,705.	125,735.	13,970.	
e Professional fundraising services See Part IV, line 17	NONE			
f Investment management fees	NONE			
g Other	NONE			
12 Advertising and promotion	3,224,462.	2,902,016.	322,446.	
13 Office expenses	45,604,522.	41,044,070.	4,560,452.	
14 Information technology	NONE			
15 Royalties	NONE			
16 Occupancy	NONE			
17 Travel	NONE			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	NONE			
19 Conferences, conventions, and meetings	365,634.	329,071.	36,563.	
20 Interest	7,972,832.	7,175,549.	797,283.	
21 Payments to affiliates	NONE			
22 Depreciation, depletion, and amortization	22,620,506.	20,358,455.	2,262,051.	
23 Insurance	7,275,689.	6,548,120.	727,569.	
24 Other expenses. Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a SFAS 157 ADJUSTMENT -----	62,142,451.	55,928,206.	6,214,245.	
b PROVISION FOR BAD DEBT -----	53,215,949.	47,894,354.	5,321,595.	
c PHYSICIAN FEES -----	22,269,950.	20,042,955.	2,226,995.	
d CONTRACTED OUTSIDE SERVICES -----	16,509,490.	14,858,541.	1,650,949.	
e UTILITIES, TRASH & DISPOSAL -----	8,685,146.	7,816,631.	868,515.	
f All other expenses -----	32,560,720.	29,304,646.	3,256,074.	
25 Total functional expenses. Add lines 1 through 24f	495,704,833.	446,134,348.	49,570,485.	NONE
26 Joint Costs. Check here <input type="checkbox"/> If following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing		1	
	2 Savings and temporary cash investments	15,234,783.	2	10,924,347.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	38,303,047.	4	43,204,010.
	5 Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net STMT: 7	93,263,705.	7	NONE
	8 Inventories for sales or use	1,986,919.	8	2,072,576.
	9 Prepaid expenses and deferred charges STMT: 8	2,961,961.	9	3,311,946.
	10a Land, buildings, and equipment cost basis 10a 559,815,133.			
	b Less: accumulated depreciation. Complete Part VI of Schedule D. 10b 298,505,654.	217,514,521.	10c	261,309,479.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11	267,978,960.	13	218,587,120.
	14 Intangible assets	2,047,501.	14	2,854,934.
	15 Other assets. See Part IV, line 11	1,125,764.	15	854,735.
16 Total assets. Add lines 1 through 15 (must equal line 34)	640,417,161.	16	543,119,147.	
Liabilities	17 Accounts payable and accrued expenses	42,328,551.	17	57,437,663.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	161,584,828.	20	156,772,194.
	21 Escrow account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties. STMT: 9	46,196,518.	23	47,302,480.
	24 Unsecured notes and loans payable		24	
	25 Other liabilities. Complete Part X of Schedule D	135,299,954.	25	68,977,370.
	26 Total liabilities. Add lines 17 through 25	385,409,851.	26	330,489,707.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	255,007,310.	27	212,629,440.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	255,007,310.	33	212,629,440.	
34 Total liabilities and net assets/fund balances	640,417,161.	34	543,119,147.	

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a	X
b	Were the organization's financial statements audited by an independent accountant?	2b	X
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X
b	If "Yes," did the organization undergo the required audit or audits?	3b	X

Department of the Treasury
Internal Revenue Service

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.

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

OMB No 1545-0047

2008

**Open to Public
Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

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 (Please check only one organization)

- 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).** (Attach Schedule H)

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).** (see instructions)

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?

(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?

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

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

11g(ii)		X
---------	--	---

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

11g(iii)		X
----------	--	---

h Provide the following information about the organizations the organization supports.

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

[illegible]

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.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (See instructions)					12	

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ☐

Section C. Computation of Public Support Percentage

- 14** Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f)) **14** %
- 15** Public support percentage from 2007 Schedule A, Part IV-A, line 26f **15** %
- 16a** **33 1/3% support test - 2008.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐
- b** **33 1/3% support test - 2007.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐
- 17a** **10%-facts-and-circumstances test - 2008.** 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 "fact-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization ☐
- b** **10%-facts-and-circumstances test - 2007.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ☐
- 18** **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)
 (Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6.						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (Add lines 9, 10c, 11, and 12)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h.	18	%

19a 33 1/3% support tests - 2008. 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 - 2007. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization. ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions. ☐

Part IV

Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

[illegible]

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities
For Organizations Exempt From Income Tax Under section 501(c) and section 527

- **To be completed by organizations described below.**
► **Attach to Form 990 or Form 990-EZ.**

OMB No 1545-0047

2008

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part VI, 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(cy)(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), then

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

Name of organization	Employer identification number
CAPITAL HEALTH SYSTEM, INC.	22-3548695

Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations.
See the instructions for Schedule C for details.

- 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 To be completed by all organizations exempt under section 501(c)(3).
See the instructions for Schedule C for details.

- 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 To be completed by all organizations exempt under section 501(c), except section 501(c)(3).
See the instructions for Schedule C for details.

- 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 of direct and indirect exempt function expenditures Add lines 1 and 2 and enter here and on Form 1120-POL, line 17b ► \$
- 4 Did the filing organization file Form 1120-POL for this year? ☐ Yes ☐ No
- 5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made Enter the amount paid and indicate if the amount was paid from the filing organization's funds or were political contributions received and promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV.

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

Part II-A To be completed by organizations exempt under section 501(c)(3) that filed Form 5768 (election under section 501(h)). See the instructions for Schedule C for details.**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.

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2008

Part II-B To be completed by organizations exempt under section 501(c)(3) that have NOT filed Form 5768 (election under section 501(h)). See the instructions for Schedule C for details.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		90,000.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means?	X		49,705.
i Other activities? If "Yes," describe in Part IV		X	
j Total lines 1c through 1i			139,705.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		X	

Part III-A To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6). See the instructions for Schedule C for details.

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

Part III-B To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, questions 1 and 2 are answered "No" OR if Part III-A, question 3 is answered "Yes." See Schedule C instructions for details

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

Part IV Supplemental Information

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

Also, complete this part for any additional information

SEE PAGE 4

Part IV Supplemental Information (continued)

LOBBYING ACTIVITIES

SCHEDULE C, PART II-B; LINES 1G AND 1H

DURING 2008, THE ORGANIZATION PAID AN OUTSIDE LOBBYING FIRM \$90,000 FOR LOBBYING ON A FEDERAL AND STATE LEVEL RELATED TO MEDICARE, MEDICAID AND OTHER HEALTH CARE LEGISLATIVE MATTERS.

IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE NEW JERSEY HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION WHICH BOTH ENGAGE IN LOBBYING EFFORTS ON BEHALF OF THEIR MEMBER HOSPITALS. A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS HAS BEEN ALLOCATED TO LOBBYING ACTIVITIES PERFORMED ON BEHALF OF THE ORGANIZATION. THIS ALLOCATION AMOUNTED TO \$49,705.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545-0047

2008

Open to Public
Inspection

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

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 may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other 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)

<input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)	<input type="checkbox"/> Preservation of an historically importantly land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

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

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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, violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

7 Amount of expenses incurred in monitoring, inspecting, and enforcing 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 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, 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, 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 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 accession and other records, check any of the following that are a significant use of its collection items (check all that apply).

- a ☐ Public exhibition d ☐ Loan or exchange programs
 b ☐ Scholarly research e ☐ Other _____
 c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part 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 Trust, Escrow and Custodial Arrangements. Complete if 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
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

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

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

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

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

2 Provide the estimated percentage of the 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
3a(i)		
3a(ii)		
3b		

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 Investments - 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) Depreciation	(d) Book value
1a Land	NONE	49,275,475.		49,275,475.
b Buildings	NONE	133,255,758.	70,039,189.	63,216,569.
c Leasehold improvements				
d Equipment	NONE	299,209,256.	224,691,803.	74,517,453.
e Other	NONE	78,074,644.	3,774,662.	74,299,982.
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				261,309,479.

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
Financial derivatives and other financial products		
Closely-held equity interests		
Other _____		

Total. (Column (b) should equal Form 990, Part X, col (B) line 12) ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation. Cost or end-of-year market value
SEE STATEMENT 10		

Total. (Column (b) should equal Form 990, Part X, col (B) line 13) ▶	218,587,120.	

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

(a) Description	(b) Book value

Total. (Column (b) should equal Form 990, Part X, col (B) line 15) ▶	

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

(a) Description of liability	(b) Amount
Federal income taxes	
DUE TO AFFILIATED	
ORGANIZATIONS; NON-CURRENT	NONE
ACCRUED PENSION EXPENSE;	
NON-CURRENT	27,156,819.
ACCRUED BOND INTEREST	3,431,709.
OTHER LIABILITIES	27,638,463.
CONSTRUCTION AND RETAINAGE PAYABLE	10,750,379.

Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ▶	68,977,370.

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

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

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

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

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

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

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

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, Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b

SEE PAGE 5

Part XIV Supplemental Information (continued)

TEXT OF FIN 48 AUDITED FINANCIAL STATEMENT FOOTNOTE

SCHEDULE D, PART X

THE ORGANIZATION IS THE PARENT ORGANIZATION OF THE CAPITAL HEALTH SYSTEM ("SYSTEM"); A TAX-EXEMPT INTEGRATED HEALTH CARE DELIVERY SYSTEM. THE SYSTEM ISSUES CONSOLIDATED AUDITED FINANCIAL STATEMENTS WHICH INCLUDE ALL RELATED ENTITIES; INCLUDING THIS ORGANIZATION. THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS ALSO CONTAIN CONSOLIDATING SCHEDULES ON AN ENTITY BY ENTITY BASIS. THE FIN 48 FOOTNOTE BELOW IS FROM THE SYSTEM'S 2007 CONSOLIDATED AUDITED FINANCIAL STATEMENTS.

IN JULY 2006, FASB INTERPRETATION NO. 48 (FIN 48), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN INTERPRETATION OF FASB STATEMENT NO. 109, ACCOUNTING FOR INCOME TAXES, WAS ISSUED. FIN 48 CREATES A SINGLE MODEL TO ADDRESS UNCERTAINTY IN TAX POSITIONS AND CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING THE MINIMUM RECOGNITION THRESHOLD A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS. UNDER THE REQUIREMENTS OF FIN 48, TAX-EXEMPT ORGANIZATIONS COULD BE REQUIRED TO RECORD AN OBLIGATION AS THE RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS. PRIOR TO FIN 48, THE DETERMINATION OF WHEN TO RECORD A LIABILITY FOR A TAX EXPOSURE WAS BASED ON WHETHER A LIABILITY WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE IN ACCORDANCE WITH FASB STATEMENT NO. 5, ACCOUNTING FOR CONTINGENCIES. ON JANUARY 1, 2007, THE SYSTEM'S ADOPTED FIN 48. THE IMPACT OF THE ADOPTION OF FIN 48 ON THE SYSTEM'S CONSOLIDATED FINANCIAL STATEMENTS IS NOT SIGNIFICANT.

**Schedule F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

2008

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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

Name of the organization

Employer identification number

CAPITAL HEALTH SYSTEM, INC.

22-3548695

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 IV the organization's procedures for monitoring the use of grant funds outside the United States

3 Activities per Region. (Use Schedule F-1 (Form 990) if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region	(d) Activities conducted in region (by type) (i.e., fundraising, program services, 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 in region
CENTRAL AMERICA/CARIBBEAN	1	2	PROGRAM SERVICES	SELF-INSURANCE	4,115,521.
CENTRAL AMERICA/CARIBBEAN	1	2	PROGRAM SERVICES	PAID-IN-CAPITAL	1,300,000.
Totals	2	4			5,415,521.

Part IV Supplemental Information

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

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SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2008

**Open to Public
Inspection**

► To be completed by organizations that answer "Yes" to Form 990,

Part IV, line 20.

► Attach to Form 990.

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

CAPITAL HEALTH SYSTEM, INC.

22-3548695

Part I **Charity Care and Certain Other Community Benefits at Cost (Optional for 2008)**

	Yes	No
1 a Does the organization have a charity care policy? If "No," skip to question 6a		
b If "Yes," is it a written policy?		
2 If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals		
<input type="checkbox"/> Applied uniformly to all hospitals		
<input type="checkbox"/> Generally tailored to individual hospitals		
<input type="checkbox"/> Applied uniformly to most hospitals		
3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients.		
a Does 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 is the 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 Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is 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 _____ %		
c If the organization does 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 uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Does the organization's policy provide free or discounted care to the "medically indigent"?		
5 a Does the organization budget amounts for free or discounted care provided under its charity care policy?		
b If "Yes," did the organization's charity care expenses exceed the budgeted amount?		
c If "Yes" to 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?		
6 a Does the organization prepare an annual community benefit report?		
b If "Yes," does the organization make it available to the public?		
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.		

7 Charity Care 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
Charity Care and Means-Tested Government Programs						
a Charity care at cost (from Worksheets 1 and 2)						
b Unreimbursed Medicaid (from Worksheet 3, column a)						
c Unreimbursed costs - other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits						
k Total (line 7d and 7j)						

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule H (Form 990) 2008

Part II Community Building Activities Complete this table if the organization conducted any community building activities. (Optional for 2008)

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total						

Part III Bad Debt, Medicare, & Collection Practices (Optional for 2008)**Section A. Bad Debt Expense**

	Yes	No
1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		
2 Enter the amount of the organization's bad debt expense (at cost)		
3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy		
4 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, or rationale for including other bad debt amounts in community benefit		

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	
6 Enter Medicare allowable costs of care relating to payments on line 5	6	
7 Enter line 5 less line 6 - surplus or (shortfall)	7	
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit and the costing methodology or source used to determine the amount reported on line 6, and indicate which of the following methods was used <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a Does the organization have a written debt collection policy?	9a	
b If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI.	9b	

Part IV Management Companies and Joint Ventures (Optional for 2008)

(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				
14				

Part VI Supplemental Information (Optional for 2008)

Complete this part to provide the following information

- 1** Provide the description required for Part I, line 3c, Part I, line 6a; Part I, line 7g, Part I, line 7, column (f), Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V See Instructions
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves
- 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 charity care policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6** Provide any other information important to describing how the organization's hospitals 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)
- 7** 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
- 8** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

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

► Attach to Form 990. To be completed by organizations
that answered "Yes" to Form 990, Part IV, line 23.

OMB No 1545-0047

2008

**Open to Public
Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

Part I Questions Regarding Compensation

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

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input checked="" 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 line 1a is 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 checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" 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

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

Only 501(c)(3) and 501(c)(4) organizations must complete lines 5-8.

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

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

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

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

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

Yes No

1b X

2 X

4a X

4b X

4c X

5a X

5b X

6a X

6b X

7 X

8 X

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2008

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.

COMPENSATION INFORMATIONSCHEDULE J, PART I: QUESTION 1A

THE ORGANIZATION PAID FOR CERTAIN COUNTRY CLUB DUES FOR RONALD J. GUY

DURING 2008. THIS AMOUNT WAS FULLY INCLUDED IN TAXABLE INCOME AND

REPORTED ON HIS 2008 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES.

COMPENSATION INFORMATIONSCHEDULE J, PART I: QUESTION 4B

THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING

INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE

SECTION PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT

TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE. ACCORDINGLY, THE

INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT.

VESTING PROVISIONS INCLUDE BOTH YEARS OF SERVICE AND AGE. THE AMOUNTS

OUTLINED HEREIN WERE NOT INCLUDED IN THESE INDIVIDUAL'S 2008 FORM W-2, AS

TAXABLE WAGES: AL MAGHAZEHE, PH.D., FACHE, \$229,975; RONALD J. GUY,

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.

\$108,622; LARRY DISANTO, \$105,841; EUGENE W. GROCHALA, \$56,817; J. SCOTT CLEMMENSEN, \$46,118; STEPHEN A. MILLER, J.D., \$28,524; MARGARET SULLIVAN, \$38,002; JAN GABIN, ESQ., \$43,680; NATHAN BOSK, FACHE, \$43,200; TIMOTHY M. GRAHAM, \$49,109; GREGORY N. D'ADAMO, \$34,524; LINDA DITE, \$28,800; PATRICIA V. CAVANAUGH, RN, MSN, \$38,697; DENNIS DOOLEY, \$40,106 AND ROBERT REMSTEIN, D.O., \$53,132.

COMPENSATION INFORMATION**SCHEDULE J, PART I: QUESTION 7**

THE FOLLOWING INDIVIDUALS RECEIVED INCENTIVE AWARDS DURING CALENDAR YEAR 2008 WHICH INCENTIVE AWARDS WERE INCLUDED IN COLUMN B (II) HEREIN AND IN EACH INDIVIDUAL'S 2008 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES. THESE INCENTIVE AWARDS WERE GIVEN PURSUANT TO THE ORGANIZATION'S 2008 INCENTIVE COMPENSATION PLAN (ICP), APPROVED BY THE BOARD COMPENSATION COMMITTEE, BASED ON ACHIEVEMENT OF PRE-ESTABLISHED SYSTEM-WIDE AND BUSINESS UNIT PERFORMANCE CRITERIA AND METRICS, AS WELL AS MEETING OR EXCEEDING SPECIFIC PERFORMANCE ON "CIRCUIT BREAKERS": AL MAGHAZEHE, PH.D., FACHE,

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.

\$172,481; RONALD J. GUY, \$176,734; LARRY DISANTO, \$79,381; EUGENE W.

GROCHALA, \$80,226; PATRICIA V. CAVANAUGH, RN, MSN, \$72,559; J. SCOTT

CLEMMENSEN, \$69,177; LINDA DITE, \$54,000; ROBERT REMSTEIN, D.O., \$99,622;

JAN GABIN, ESQ., \$81,900; NATHAN BOSK, FACHE, \$81,001; GREGORY N.

D'ADAMO, \$64,734; DENNIS DOOLEY, \$60,160; TIMOTHY M. GRAHAM, \$75,204;

STEPHEN A. MILLER, JD, \$53,483; MARGARET SULLIVAN, \$52,002 AND ARLINE M.

STEPHAN, \$23,133.

SCHEDULE J-1
(Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Schedule J (Form 990)

▶ Attach to Form 990 to list additional information
regarding compensation.

OMB No 1545-0047

2008

**Open to Public
Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
LOUIS DAMELIO MD	(i) 558,954. (ii) NONE	NONE	15,905. NONE	11,674. NONE	17,335. NONE	603,868. NONE	NONE NONE
AL MAGHAZEHE PHD FACHE	(i) 985,007. (ii) NONE	172,481. NONE	44,907. NONE	254,596. NONE	12,002. NONE	1,468,993. NONE	NONE NONE
RONALD J GUY	(i) 509,974. (ii) NONE	176,734. NONE	44,153. NONE	129,629. NONE	15,559. NONE	876,049. NONE	NONE NONE
LARRY DISANTO	(i) 565,345. (ii) NONE	79,381. NONE	38,350. NONE	129,026. NONE	16,651. NONE	828,753. NONE	NONE NONE
EUGENE W GROCHALA	(i) 256,317. (ii) NONE	80,226. NONE	38,431. NONE	75,924. NONE	5,780. NONE	456,678. NONE	NONE NONE
PATRICIA V CAVANAUGH RN M	(i) 209,427. (ii) NONE	72,559. NONE	42,668. NONE	50,675. NONE	2,175. NONE	377,504. NONE	NONE NONE
J SCOTT CLEMMENSEN	(i) 193,050. (ii) NONE	69,177. NONE	38,448. NONE	68,071. NONE	19,317. NONE	388,063. NONE	NONE NONE
LINDA DITE	(i) 174,596. (ii) NONE	54,000. NONE	17,262. NONE	47,843. NONE	1,200. NONE	294,901. NONE	NONE NONE
ROBERT REMSTEIN DO	(i) 320,781. (ii) NONE	99,622. NONE	22,522. NONE	61,879. NONE	8,128. NONE	512,932. NONE	NONE NONE
JAN GABIN ESQ	(i) 266,831. (ii) NONE	81,900. NONE	23,325. NONE	55,489. NONE	17,796. NONE	445,341. NONE	NONE NONE
NATHAN BOSK FACHE	(i) 237,145. (ii) NONE	81,001. NONE	36,264. NONE	54,090. NONE	16,831. NONE	425,331. NONE	NONE NONE
GREGORY N DADAMO	(i) 198,754. (ii) NONE	64,734. NONE	22,209. NONE	53,835. NONE	3,190. NONE	342,722. NONE	NONE NONE
DENNIS DOOLEY	(i) 178,805. (ii) NONE	60,160. NONE	22,674. NONE	62,131. NONE	16,560. NONE	340,330. NONE	NONE NONE
TIMOTHY M GRAHAM	(i) 221,421. (ii) NONE	75,204. NONE	29,795. NONE	61,030. NONE	18,569. NONE	406,019. NONE	NONE NONE
STEPHEN A MILLER JD	(i) 164,600. (ii) NONE	53,483. NONE	15,164. NONE	38,943. NONE	16,944. NONE	289,134. NONE	NONE NONE
MARGARET SULLIVAN	(i) 166,233. (ii) NONE	52,002. NONE	38,251. NONE	58,420. NONE	13,229. NONE	328,135. NONE	NONE NONE

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

JSA
951283 1 000

Schedule J-1 (Form 990) 2008

**Department of the Treasury
Internal Revenue Service**

► **Attach to Form 990 to list additional information regarding compensation.**

Name of the organization

Employer Identification number

CAPITAL HEALTH SYSTEM, INC.

22-3548695

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)

[illegible]

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J-1 (Form 990) 2008

SCHEDULE J-2
(Form 990)

Continuation Sheet for Form 990

OMB No 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

Name of the Organization

Employer Identification number

CAPITAL HEALTH SYSTEM, INC.

22-3548695

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(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			
MICHAEL L SOMERSTEIN MD CHAIRMAN - TRUSTEE	3.	X		X				NONE	NONE	NONE
SAMUEL J PLUMERI JR VICE CHAIRMAN - TRUSTEE	3.	X		X				NONE	NONE	NONE
NANCY H BECKER SECRETARY - TRUSTEE	3.	X		X				NONE	NONE	NONE
MILES W TRUESDELL JR TREASURER - TRUSTEE	3.	X		X				NONE	NONE	NONE
JUDGE GERALD J COUNCIL JSC TRUSTEE	3.	X						NONE	NONE	NONE
LOUIS DAMELIO MD TRUSTEE	55.	X						574,859.	NONE	29,009.
CARMEN GARCIA ESQ TRUSTEE	3.	X						NONE	NONE	NONE
KAY WALCOTT HENDERSON ESQ TRUSTEE	3.	X						NONE	NONE	NONE
JOSEPH R JINGOLI TRUSTEE	3.	X						NONE	NONE	NONE
MARTIN JOHNSON TRUSTEE	3.	X						NONE	NONE	NONE
RAMAN KAPUR TRUSTEE	3.	X						NONE	NONE	NONE
DANIEL LEE MD TRUSTEE	3.	X						80,070.	NONE	NONE
GILBERT W LUGOSSY TRUSTEE	3.	X						NONE	NONE	NONE
AL MAGHAZEHE PHD FACHE TRUSTEE - PRESIDENT/CEO	55.	X		X				1,202,395.	NONE	266,598.
SEAN S MURRAY TRUSTEE	3.	X						NONE	NONE	NONE
MARK PRESSMAN MD TRUSTEE - PRES, MEDICAL STAFF	3.	X						NONE	NONE	NONE
JOHN F RICCI TRUSTEE	3.	X						NONE	NONE	NONE
TELECHERY SUDHAKAR MD TRUSTEE	3.	X						NONE	NONE	NONE
JOHN P THURBER TRUSTEE	3.	X						NONE	NONE	NONE
RONALD L WARREN MD TRUSTEE	3.	X						NONE	NONE	NONE
MARK S WHITMAN MD TRUSTEE - VP, MEDICAL STAFF	3.	X						60,000.	NONE	NONE

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J-2 (Form 990) 2008

SCHEDULE J-2
(Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

► Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

**Open to Public
Inspection**

Name of the Organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(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			
RONALD J GUY										
CHIEF FINANCIAL OFFICER	55.			X				730,861.	NONE	145,188.
LARRY DISANTO										
EXECUTIVE VICE PRESIDENT	55.			X				683,076.	NONE	145,677.
EUGENE W GROCHALA										
CHIEF INFORMATION OFFICER	55.			X				374,974.	NONE	81,704.
PATRICIA V CAVANAUGH RN MSN										
VP, PATIENT SERVICES/CNO	55.			X				324,654.	NONE	52,850.
J SCOTT CLEMMENSEN										
VP, HUMAN RESOURCES	55.			X				300,675.	NONE	87,388.
LINDA DITE										
VP, CLINICAL SERVICES	55.			X				245,858.	NONE	49,043.
ROBERT REMSTEIN DO										
VP, MEDICAL AFFAIRS	55.			X				442,925.	NONE	70,007.
JAN GABIN ESQ										
GENERAL COUNSEL	55.			X				372,056.	NONE	73,285.
NATHAN BOSK FACHE										
VP, AMBULATORY SERVICES	55.			X				354,410.	NONE	70,921.
GREGORY N DADAMO										
VP, SUPPORT SERVICES	55.			X				285,697.	NONE	57,025.
DENNIS DOOLEY										
VP, PLANNING AND DEVELOPMENT	55.			X				261,639.	NONE	78,691.
TIMOTHY M GRAHAM										
VP, FINANCIAL SERVICES	55.			X				326,420.	NONE	79,599.
STEPHEN A MILLER JD										
CHIEF COMPLIANCE OFFICER	55.			X				233,247.	NONE	55,887.
MARGARET SULLIVAN										
VP, QUALITY RESOURCE MGMT.	55.			X				256,486.	NONE	71,649.
ARLINE M STEPHAN										
EXECUTIVE DIRECTOR, FOUNDATION	55.				X			159,252.	NONE	12,948.
ARIEL F ABUD MD										
PHYSICIAN	55.					X		964,460.	NONE	21,898.
JOHN D LIPANI MD										
PHYSICIAN	55.					X		800,319.	NONE	15,813.
DOMINICK EBOLI MD										
PHYSICIAN	55.					X		397,994.	NONE	27,986.
GARY ALAN BROWN MD										
PHYSICIAN	55.					X		347,385.	NONE	30,421.
RAJA R SALEM MD										
PHYSICIAN	55.					X		325,897.	NONE	26,491.

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J-2 (Form 990) 2008

Supplemental Information on Tax-Exempt Bonds

Department of the Treasury
Internal Revenue Service

► Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number
22-3548695

Part I Bond Issues (Required for 2008)

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
A NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FC04	12/11/2003	30,000,000.	REFUND/CONST/RENOV/EQUIP		X		X
B NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAS2	12/11/2003	805,000.	REFUND/CONST/RENOV/EQUIP				X
C NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAT0	12/11/2003	2,290,000.	REFUND/CONST/RENOV/EQUIP	X			X
D NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAU7	12/11/2003	2,355,000.	REFUND/CONST/RENOV/EQUIP	X			X
E NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAN5	12/11/2003	2,465,000.	REFUND/CONST/RENOV/EQUIP	X			X

Part II Proceeds (Optional for 2008)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue										
2 Gross proceeds in reserve funds										
3 Proceeds in refunding or defeasance escrows										
4 Other unspent proceeds										
5 Issuance costs from proceeds										
6 Working capital expenditures from proceeds										
7 Capital expenditures from proceeds										
8 Year of substantial completion										

9 Were the bonds issued as part of a current refunding issue?

10 Were the bonds issued as part of an advance refunding issue?

11 Has the final allocation of proceeds been made?

12 Does the organization maintain adequate books and records to support the final allocation of proceeds?

Part III Private Business Use (Optional for 2008)

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

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Supplemental Information on Tax-Exempt Bonds

► Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

Part I Bond Issues (Required for 2008)

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
A NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAW3	12/11/2003	2,585,000.	REFUND/CONST/RENOV/EQUIP	X			X
B NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAW1	12/11/2003	2,715,000.	REFUND/CONST/RENOV/EQUIP		X		X
C NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAW9	12/11/2003	2,860,000.	REFUND/CONST/RENOV/EQUIP		X		X
D NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAW6	12/11/2003	2,970,000.	REFUND/CONST/RENOV/EQUIP		X		X
E NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FAW0	12/11/2003	3,145,000.	REFUND/CONST/RENOV/EQUIP		X		X

Part II Proceeds (Optional for 2008)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue										
2 Gross proceeds in reserve funds										
3 Proceeds in refunding or defeasance escrows										
4 Other unspent proceeds										
5 Issuance costs from proceeds										
6 Working capital expenditures from proceeds										
7 Capital expenditures from proceeds										
8 Year of substantial completion										

9 Were the bonds issued as part of a current refunding issue?

10 Were the bonds issued as part of an advance refunding issue?

11 Has the final allocation of proceeds been made?

12 Does the organization maintain adequate books and records to support the final allocation of proceeds?

Part III Private Business Use (Optional for 2008)

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

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule K (Form 990) 2008

Supplemental Information on Tax-Exempt Bonds

2008

Open to Public
Inspection

► Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

Part I Bond Issues (Required for 2008)

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
A NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FBB8	12/11/2003	3,315,000.	REFUND/CONST/RENOV/EQUIP		X		X
B NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FCL5	12/11/2003	2,295,000.	REFUND/CONST/RENOV/EQUIP		X		X
C NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FBC6	12/11/2003	28,910,000.	REFUND/CONST/RENOV/EQUIP		X		X
D NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FCM3	12/11/2003	7,935,000.	REFUND/CONST/RENOV/EQUIP		X		X
E NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FBD4	12/11/2003	36,915,000.	REFUND/CONST/RENOV/EQUIP		X		X

Part II Proceeds (Optional for 2008)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue										
2 Gross proceeds in reserve funds										
3 Proceeds in refunding or defeasance escrows										
4 Other unspent proceeds										
5 Issuance costs from proceeds										
6 Working capital expenditures from proceeds										
7 Capital expenditures from proceeds										
8 Year of substantial completion										

9 Were the bonds issued as part of a current refunding issue?

10 Were the bonds issued as part of an advance refunding issue?

11 Has the final allocation of proceeds been made?

12 Does the organization maintain adequate books and records to support the final allocation of proceeds?

Part III Private Business Use (Optional for 2008)

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

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule K (Form 990) 2008

Part III Private Business Use (Continued)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3 a Are there any management or service contracts with respect to the financed property which may result in private business use?										
b Are there any research agreements with respect to the financed property which may result in private business use?										
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?										
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?										

Part IV Arbitrage (Optional for 2008)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?										
2 Is the bond issue a variable rate issue?										
3 a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?										
b Name of provider										
c Term of hedge										
4 a Were gross proceeds invested in a GIC?										
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?										
6 Did the bond issue qualify for an exception to rebate?										

Schedule K (Form 990) 2008

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, lines 38b or 40b.

OMB No 1545-0047

2008

**Open To Public
Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

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

To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 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

- 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.

To be completed by organizations that 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
Total ▶ \$										

Part III Grants or Assistance Benefitting Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 28a, 28b, or 28c

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
PRINCETON PIKE OFFICE PARK, L.L.C.	TRUSTEE > 35% ENTITY	489,979.	RENT		X
MERCER MEDICAL ASSOCIATES, P.A.	TRUSTEE > 35% ENTITY	226,939.	MEDICAL SERVICES		X
PULMONARY & INTL MED ASSOC	TRUSTEE > 35% ENTITY	87,847.	MEDICAL SERVICES		X
LAWRENCE ORTHOPAEDICS, P.C.	TRUSTEE > 35% ENTITY	814,257.	MEDICAL SERVICES		X
RONA H REMSTEIN	SPOUSE OF OFFICER	108,282.	EMPLOYEE		X
BAHRAM MAGHAZEHE	BROTHER OF OFFICER	76,761.	EMPLOYEE		X

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule L (Form 990 or 990-EZ) 2008

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service
Name of the organization

Supplemental Information to Form 990

► Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

2008

**Open to Public
Inspection**

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

COMMUNITY BENEFIT STATEMENT

CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

BACKGROUND

CAPITAL HEALTH SYSTEM, INC ("CHS") IS A GENERAL MEDICAL AND SURGICAL HOSPITAL. CHS IS RECOGNIZED BY THE IRS AS AN INTERNAL REVENUE CODE SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION. PURSUANT TO ITS CHARITABLE PURPOSES, CHS PROVIDES MEDICALLY NECESSARY HEALTH CARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN OR ABILITY TO PAY. MOREOVER, CHS OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545:

1) CHS PROVIDES MEDICALLY NECESSARY HEALTH CARE SERVICES TO ALL INDIVIDUAL'S REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS;

2) CHS OPERATES ACTIVE EMERGENCY ROOMS AT BOTH OF ITS HOSPITAL CAMPUSES; HELENE FULD MEDICAL CENTER AND MERCER MEDICAL CENTER FOR ALL PERSONS; WHICH ARE OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR;

3) CHS MAINTAINS AN OPEN MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS; AND

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4) CONTROL OF CHS RESTS WITH ITS BOARD OF DIRECTORS; WHICH IS COMPRISED
OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE
COMMUNITY.

WITH OVER A CENTURY OF SERVICE TO MERCER AND BUCKS COUNTIES, BOTH HELENE
FULD AND MERCER MEDICAL CENTERS SHARED TRADITIONS OF CARING. WITH THE
VISION OF BUILDING ON THAT SERVICE INTO THE MILLENNIUM, THEY CAME
TOGETHER IN DECEMBER 1997 TO FORM CHS. THE NEW ORGANIZATION IS COMPRISED
OF 619 BEDS, EMPLOYS NEARLY 3,500 INDIVIDUALS, AND GENERATES OVER 325
MILLION DOLLARS IN ANNUAL NET PATIENT SERVICE REVENUE. CHS FULD AND
MERCER CAMPUSES ARE SEPARATELY LICENSED ACUTE CARE HOSPITALS WITH 269 AND
350 BEDS, RESPECTIVELY.

CHS BUILT A NEW KIND OF HEALTHCARE CENTER THAT PUTS FAMILY PHYSICIANS AND
SPECIALISTS, STATE-OF-THE-ART TECHNOLOGIES, AND SAME-DAY SURGICAL
SERVICES ALL IN ONE LOCATION. CHS IN HAMILTON, LOCATED AT 1445
WHITEHORSE-MERCERVILLE ROAD, AND SPANNING 46,293 SQUARE FEET, CREATES A
"MEDICAL MALL" WHERE PATIENTS CAN SEEK A HOST OF SERVICES SUCH AS
OUTPATIENT SURGERY, RADIOLOGICAL TESTING AND SPECIALIZED CARE. MOREOVER,
IT IS AESTHETICALLY DESIGNED TO MAKE PATIENTS FEEL BETTER EVEN BEFORE
SEEING A PHYSICIAN.

THE FAMILY HEALTH CENTER AT CHS IS LOCATED AT 433 BELLEVUE AVENUE JUST
ACROSS THE STREET FROM THE CHS MERCER CAMPUS. THE NEW 14,000 SQUARE FOOT

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LOCATION HELPS TO REDUCE PATIENT WAIT TIME AND EXPEDITE THE REGISTRATION
PROCESS. THE \$2.5 MILLION EXPANSION HAS ENABLED THE FAMILY HEALTH CENTER
TO INCREASE FROM NINE TO 22 EXAM ROOMS, ALLOWING PATIENTS MORE PRIVACY
AND CONFIDENTIALITY WHEN MEETING WITH THEIR DOCTORS.

CHS IS GUIDED BY ITS DEDICATION TO THE HEALTH CARE NEEDS OF THE
COMMUNITIES THAT IT SERVES. THAT LEVEL OF DETERMINATION AND COMMITMENT IS
THE VERY SOUL OF CHS. CHS PROVIDES HEALTH CARE SERVICES TO ALL PERSONS IN
A NON-DISCRIMINATORY MANNER, REGARDLESS OF RACE, COLOR, CREED, SEX,
NATIONAL ORIGINS OR ABILITY TO PAY. MOREOVER, CHS PROVIDES HEALTH CARE
SERVICES TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE
POLICY, AS DEFINED BY THE NEW JERSEY STATE ATTORNEY GENERAL, WITHOUT
CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES. CHS MAINTAINS RECORDS
TO IDENTIFY AND MONITOR THE AMOUNT OF CHARITY CARE IT PROVIDES. THESE
RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES
FURNISHED UNDER ITS CHARITY CARE POLICY.

MISSION STATEMENT

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THE MISSION OF CHS IS TO SERVE THE COMMUNITY BY PROVIDING THE HIGHEST
QUALITY AND MOST COST EFFECTIVE HEALTH CARE TO ALL. CHS IS COMMITTED TO
PROVIDING COMPREHENSIVE, QUALITY HEALTH CARE SERVICES, WHICH IMPROVE AND
SUSTAIN THE HEALTH STATUS OF THE RESIDENTS PRIMARILY IN CENTRAL NEW
JERSEY AND LOWER BUCKS COUNTY, PENNSYLVANIA. CHS ASSURES ACCESSIBLE,

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COMPASSIONATE HEALTH CARE SERVICES THAT HONOR THE DIGNITY OF EVERY
PERSON. CHS WILL BE A LEADER IN DEFINING THE COMMUNITY'S HEALTH CARE
NEEDS, IN PROVIDING APPROPRIATE SOLUTIONS, AND DEVELOPING A COMPREHENSIVE
CONTINUUM OF CARE INCLUDING EDUCATION, PREVENTION, DISEASE MANAGEMENT AND
RESTORATIVE PROGRAMS.

AWARDS AND RECOGNITION

CHS HAS RECENTLY RECEIVED THE FOLLOWING AWARDS AND RECOGNITIONS:

TOP 10% IN THE NATION FOR TREATMENT OF STROKE

CHS HAS RECEIVED THE HIGHEST POSSIBLE RATINGS FOR THE TREATMENT OF STROKE
BY HEALTHGRADES, THE HEALTHCARE RATINGS COMPANY. FOR THE SECOND YEAR IN A
ROW, CAPITAL HEALTH IS THE RECIPIENT OF THE HEALTHGRADES STROKE CARE
EXCELLENCE AWARD AND REMAINS AMONG THE TOP 10% IN THE NATION FOR
TREATMENT OF STROKE. CHS IS THE ONLY HOSPITAL IN THE TRI-COUNTY AREA OF
MERCER, BURLINGTON AND CAMDEN COUNTIES TO BE RANKED AMONG THE TOP 10% IN
THE NATION FOR TREATMENT OF STROKE; A RANKING IT HAS EARNED FOR THE PAST
TWO YEARS IN A ROW.

PRESS GANEY COMPASS AWARD FOR PATIENT SATISFACTION

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ACCORDING TO SURVEY SCORES SHOWING INCREASED PATIENT SATISFACTION IN THE
FIRST TWO YEARS OF THE SURVEYS, PRESS GANEY ASSOCIATES HAS NAMED THE CHS
MERCER CAMPUS AS A RECIPIENT OF THE 2007 PRESS GANEY COMPASS AWARD. CHS
IS ONE OF ONLY TWELVE HEALTHCARE PROVIDERS IN THE COUNTRY WHO PARTICIPATE
IN THE PRESS GANEY INPATIENT SURVEY TO RECEIVE THIS HONOR. AMONG
HOSPITALS OF SIMILAR SIZE (300-449 BEDS) THAT PARTNER WITH PRESS GANEY,
CHS IS ONE OF ONLY THREE HOSPITALS IN THE COUNTRY TO RECEIVE THE COMPASS
AWARD IN 2007.

MAGNET RE-DESIGNATION

IN 2006, THE AMERICAN NURSES CREDENTIALING CENTER (ANCC) HAS RECOGNIZED
CHS' EXEMPLARY NURSING LEADERSHIP AND QUALITY PATIENT CARE BY AWARDING
ITS MAGNET RECOGNITION FOR EXCELLENCE IN NURSING SERVICE. MAGNET STATUS
IS THE HIGHEST LEVEL OF RECOGNITION THE ANCC CAN EXTEND TO A HEALTHCARE
ORGANIZATION. CHS HOSTED TWO ANCC APPRAISERS FOR A SITE VISIT AND THEIR
RESULTS FOUND CHS TO BE THE DEFINITION OF EXCELLENCE SET FORTH BY THE
SCOPE AND STANDARDS FOR NURSE ADMINISTRATORS AND OUTLINED BY THE CONGRESS
OF NURSING PRACTICE OF THE AMERICAN NURSES ASSOCIATION (ANA).

JOINT COMMISSION'S GOLD SEAL OF APPROVAL

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THE JOINT COMMISSION IS AN INDEPENDENT, NOT-FOR-PROFIT, NATIONAL BODY
THAT OVERSEES THE SAFETY AND QUALITY OF HEALTH CARE AND OTHER SERVICES
PROVIDED IN ACCREDITED ORGANIZATIONS. BY AWARDING CHS THEIR GOLD SEAL OF
APPROVAL, THE JOINT COMMISSION CONFIRMED THAT CHS IMPROVED THE ACCURACY
OF PATIENT IDENTIFICATION, IMPROVED THE EFFECTIVENESS OF COMMUNICATION
AMONG CAREGIVERS, AND IMPROVED THE SAFETY OF USING MEDICATIONS. IN
ADDITION, THE JOINT COMMISSION CONFIRMED THAT CHS REDUCED THE RISK OF
HEALTH CARE-ASSOCIATED INFECTIONS, ACCURATELY AND COMPLETELY RECONCILE
MEDICATIONS ACROSS THE CONTINUUM OF CARE, REDUCED THE RISK OF PATIENT
HARM RESULTING FROM FALLS, ENCOURAGED PATIENTS' ACTIVE INVOLVEMENT IN
THEIR OWN CARE AS A PATIENT SAFETY STRATEGY, AND CHS IDENTIFIED SAFETY
RISKS INHERENT IN THE PATIENT POPULATION.

STATEMENT FOR COMMUNITY HEALTH IMPROVEMENT & BENEFITS

TO PROMOTE WELLNESS, PREVENT ILLNESS, AND REMOVE BARRIERS THAT HINDER
ACCESS TO HEALTH CARE BY WORKING HAND-IN-HAND WITH THE COMMUNITIES
SERVED.

PRINCIPLES

- CHS BELIEVES THAT COMMUNITY HEALTH IMPROVEMENT IS ESSENTIAL TO THE CHS
MISSION.

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- CHS BELIEVES COMMUNITY-BASED COALITIONS ARE UNIQUELY QUALIFIED TO
ACHIEVE COMMUNITY HEALTH GOALS, AND CHS VALUES PARTNERSHIPS WITH THEM.

- CHS VALUES EVIDENCE-BASED PRACTICES AND SEEK TO MODEL EXCELLENCE IN
COMMUNITY HEALTH PRACTICE BASED ON EVIDENCE.

- CHS BELIEVES IN APPLYING CONTINUOUS QUALITY IMPROVEMENT TO COMMUNITY
HEALTH: MEASURING NEED, MATCHING RESOURCES TO NEED, MEASURING OUTCOMES,
AND MAKING ADJUSTMENTS IN PROCESSES.

OPERATIONAL VALUES

- INTEGRITY: ADHERES TO AN APPROPRIATE AND EFFECTIVE SET OF CORE BELIEFS
INCLUDING HONESTY AND SERVING THE GREATER GOOD. DOES NOT BLAME OTHERS FOR
HIS OR HER OWN MISTAKES OR MISREPRESENT HIM OR HER FOR PERSONAL GAIN OR
PROTECTION. PERCEIVED BY OTHERS AS A DIRECT, TRUTHFUL INDIVIDUAL AND IS
WIDELY TRUSTED, WITH THE ABILITY TO PRESENT THE TRUTH IN AN APPROPRIATE
AND HELPFUL MANNER.

- EXCELLENCE: PROVIDES THE MOST EFFICIENT AND EFFECTIVE WORK PROCESSES TO
MEET THE NEEDS OF PATIENTS AND OTHER CUSTOMERS, WHICH LEADS TO THE
HIGHEST QUALITY SERVICES. MAKES SOUND DECISIONS BASED UPON KNOWLEDGE,
JUDGMENT, AND EXPERIENCE, AND IS SOUGHT OUT BY OTHERS FOR ADVICE AND

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SOLUTIONS TO ISSUES AND PROBLEMS.

- COMPASSION: DEMONSTRATES CARING AND CONCERN FOR THE WELFARE OF OTHERS,

ASSISTING WHEREVER NECESSARY. USES UNDERSTANDING AND INSIGHT WHEN DEALING

WITH PATIENTS OR OTHER CUSTOMERS IN ALL ASPECTS OF CARE OR SERVICE

DELIVERY.

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COMMUNITY BENEFIT STATEMENT (CONTINUED)

CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

- TEAMWORK: DISPLAYS A PROFESSIONAL AND COLLABORATIVE SPIRIT IN FULFILLING RESPONSIBILITIES AND ASSISTING OTHERS. HELPS TO CREATE AND MAINTAIN POSITIVE MORALE WITH HIS OR HER TEAM, SHARING IN SUCCESSES, WORKING THROUGH PROBLEMS. FOSTERS OPEN DIALOGUE, AND WORKS TOWARDS CREATING AN ATMOSPHERE WHERE OUTCOMES AND SUCCESS ARE BENEFICIAL TO THE TEAM AND/OR THE ORGANIZATION AT LARGE.

VISION

CHS WILL BE THE PREMIER COMMUNITY-BASED HEALTH CARE PROVIDER IN NEW JERSEY. CHS WILL CONSTANTLY STRIVE TO SUSTAIN THE HIGHEST PROFESSIONAL QUALITY STANDARDS, TO EXCEED EXPECTATIONS OF THOSE SERVED AND TO PROMOTE A POSITIVE WORK ENVIRONMENT. CHS' SUCCESS WILL BE BUILT UPON CARING, COMPASSION, CREATIVITY, INTEGRITY, RESPECT, SERVICE, AND TEAMWORK.

SERVICE CULTURE INITIATIVE

CHS IS DEDICATED TO HIGH QUALITY PERFORMANCE AND TO EXCEEDING CUSTOMER EXPECTATIONS WITHIN A SUPPORTIVE AND FRIENDLY ENVIRONMENT. EACH EMPLOYEE HAS A RESPONSIBILITY AND IS ACCOUNTABLE FOR PROVIDING OPTIMUM SATISFACTION TO THE PATIENTS AND THEIR FAMILIES, PHYSICIANS AND COWORKERS.

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SERVICE CULTURE INITIATIVE VISION STATEMENT

- CHS COMMITS TO THE NEEDS OF THE COMMUNITY SERVED. THROUGH EXCELLENT
SERVICE AND CARE, CHS ACHIEVES SUCCESSFUL PATIENT OUTCOMES.

- CHS ADHERES TO A STANDARD OR POSITIVE BEHAVIOR. THIS MUST INCLUDE
POSITIVE FIRST IMPRESSIONS, APPROPRIATE COMMUNICATION, PROFESSIONAL
APPEARANCE AND THE REALIZATION THAT THEY ARE DEALING WITH PEOPLE'S
LIVES.

- CHS CREATES AN ENVIRONMENT CONDUCIVE TO POSITIVE RELATIONSHIP. BY
HAVING EFFICIENT AND EFFECTIVE SYSTEMS, CHS IMPROVES QUALITY CARE AND
SERVICE DELIVERY.

- CHS ACCEPTS THE CHALLENGE OF SERVICE CULTURE IMPROVEMENT AS A BUSINESS
STRATEGY. IT IS NOT ONLY THE NICE THING TO DO, BUT THE RIGHT THING TO DO
TO ASSURE THE GROWTH OF CHS.

- CHS RECOGNIZES EXCELLENT SERVICE CULTURE PERFORMANCE.

AFFILIATIONS/ COLLABORATION

CHS IS AFFILIATED WITH BOTH THE ST. CHRISTOPHER'S HOSPITAL FOR CHILDREN
AND THE UNIVERSITY OF PENNSYLVANIA CANCER NETWORK.

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IN A COLLABORATION THAT UNITES THE BEST OF TWO GREAT CITIES, PHILADELPHIA-BASED ST. CHRISTOPHER'S HOSPITAL FOR CHILDREN HAS JOINED CHS TO BRING CHILDREN IN THE AREA ACCESS TO SOME OF THE NATION'S FINEST PEDIATRIC SUB SPECIALISTS ONSITE AT THE MERCER CAMPUS. CHILDREN WHO NEED PEDIATRIC SURGERY OR SUFFER FROM ASTHMA, CANCER, OR ORTHOPEDIC CONDITIONS CAN GET THE ADVANCED CARE THEY NEED CLOSER TO HOME THAN EVER BEFORE.

CHS' AFFILIATION WITH THE UNIVERSITY OF PENNSYLVANIA CANCER NETWORK IMPROVES THE OVERALL QUALITY OF CANCER CARE, RESEARCH AND EDUCATION IN THE COMMUNITY. THE CANCER NETWORK BRINGS TOGETHER A SELECT GROUP OF COMMUNITY HOSPITALS, ALL OF WHICH HAVE STRONG REPUTATIONS IN THEIR RESPECTIVE COMMUNITIES AND ARE STRATEGICALLY LOCATED THROUGHOUT THE REGION. THE UNIVERSITY OF PENNSYLVANIA CANCER NETWORK PROVIDES THE ORGANIZATIONAL FRAMEWORK FOR THESE COMMUNITY HOSPITALS AND THEIR MEDICAL STAFFS TO BUILD UPON THEIR INDIVIDUAL STRENGTHS AND ABILITIES. THE ABRAMSON CANCER CENTER OF THE UNIVERSITY OF PENNSYLVANIA, ONE OF THE LEADING NATIONAL CANCER INSTITUTE (NCI) DESIGNATED CANCER CENTERS IN THE COUNTRY, OFFERS CLINICAL CANCER SERVICES AND OTHER NEEDED RESOURCES TO COMPLEMENT THOSE AVAILABLE AT THE COMMUNITY HOSPITAL, AND SERVES AS THE CANCER NETWORK MEMBER'S TERTIARY CARE, RESEARCH, EDUCATION, AND ACADEMIC RESOURCE BASE.

CENTERS OF EXCELLENCE

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BEHAVIORAL HEALTH

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CHS HAS BEEN DESIGNATED THE REGIONAL EMERGENCY MENTAL HEALTH SERVICES

CENTER IN MERCER COUNTY, NEW JERSEY. CHS IS AVAILABLE 24-HOURS-A-DAY,

SEVEN DAYS A WEEK FOR ANYONE EXPERIENCING AN URGENT MENTAL HEALTH

PROBLEM.

CHS ALSO MAINTAINS A MOBILE OUTREACH PROGRAM TO PROVIDE SERVICES TO

CLIENTS AT HOME OR AT THE SITE OF THE CRISIS. CHS OFFERS Y.E.S., A YOUTH

EMERGENCY SERVICE PROGRAM. Y.E.S. IS A FULL-SERVICE PSYCHIATRIC

INTERVENTION AND SUICIDE PREVENTION PROGRAM. SERVICES INCLUDE CRISIS

INTERVENTION, EMERGENCY ASSESSMENT, PSYCHIATRIC EVALUATION AND TREATMENT

BY A BOARD-CERTIFIED CHILD PSYCHIATRIST AS NEEDED, HOME OR SCHOOL VISITS,

REFERRAL FOR ONGOING TREATMENT AND ADMISSION TO A PRIVATE PSYCHIATRIC

HOSPITAL.

CYBERKNIFE

CHS IS OFFERING CYBERKNIFE RADIOSURGERY SYSTEM, THE WORLD'S MOST ACCURATE

RADIOSURGERY DEVICE THAT ALLOWS PHYSICIANS TO TREAT TUMORS AND LESIONS

ANYWHERE IN THE BODY WITH SUB-MILLIMETER ACCURACY. USED AS A NONINVASIVE

ALTERNATIVE TO CONVENTIONAL SURGERY IN CANCER PATIENTS AS WELL AS OTHER

MEDICAL CONDITIONS, CYBERKNIFE ENSURES THE MOST ACCURATE TARGETING OF

TUMORS, ALLOWING FOR LESS TRAUMA TO HEALTHY TISSUE AND QUICKER RECOVERY

TIME FOR PATIENTS.

THE CYBERKNIFE CENTER AT CHS IS THE ONLY HOSPITAL IN MERCER AND BUCKS

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COUNTIES TO OFFER THIS TECHNOLOGICAL BREAKTHROUGH.

DA VINCI SURGICAL SYSTEM

THE DA VINCI SURGICAL SYSTEM COMBINES SUPERIOR 3D VISUALIZATION ALONG WITH GREATLY ENHANCED DEXTERITY, PRECISION AND CONTROL IN AN INTUITIVE, ERGONOMIC INTERFACE WITH BREAKTHROUGH SURGICAL CAPABILITIES. THE DA VINCI SURGICAL SYSTEM AT CHS' FULD HOSPITAL IS CURRENTLY BEING USED AS A MINIMALLY INVASIVE OPTION FOR PATIENTS IN NEED OF PROSTATE CANCER TREATMENT (PROSTATECTOMY) OR GYNECOLOGY PROCEDURES. THE FIRST PROCEDURES AT CHS WERE RECENTLY PERFORMED SUCCESSFULLY AT THE FULD CAMPUS. THE DA VINCI SURGICAL SYSTEM IS IMPROVING PATIENT EXPERIENCES AND OUTCOMES BY FUNDAMENTALLY CHANGING SURGERY BY SIMPLIFYING MANY EXISTING MINIMALLY INVASIVE SURGICAL (MIS) PROCEDURES, MAKING DIFFICULT MIS OPERATIONS ROUTINE, MAKING NEW MIS PROCEDURES POSSIBLE, AND IMPROVING PATIENT OUTCOMES.

DIABETES SERVICES

DIABETES CARE AT CHS IS AN OUTPATIENT COMPREHENSIVE REFERRAL BASED DIABETES EDUCATION PROGRAM THAT EMPOWERS PATIENTS TO TAKE CONTROL IN THE SUCCESSFUL MANAGEMENT OF THEIR DISEASE. CHS' EDUCATION MODEL, WHERE THE PATIENT IS THE CENTRAL PLAYER, IS WIDELY RECOGNIZED AS THE BEST MODEL TO USE TO HELP THE PATIENT ACHIEVE OPTIMAL HEALTH RELATED OUTCOMES. CHS WORKS CLOSELY WITH PRIMARY CARE PHYSICIANS WHO CONTINUE TO MONITOR EACH

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INDIVIDUAL'S MEDICAL PROBLEMS.

EMERGENCY SERVICES

THE CAPITAL AREA REGIONAL TRAUMA CENTER, THE LEVEL II TRAUMA CENTER AT CAPITAL HEALTH - FULD, IS ONE OF ONLY 10 DESIGNATED TRAUMA CENTERS IN NEW JERSEY. CHS PROVIDES COMPREHENSIVE CARE FROM THE TIME OF INJURY THROUGH REHABILITATION. THE CHS CENTER MEETS HIGH NATIONAL STANDARDS FOR PATIENT CARE AND TEACHING. THE CAPITAL AREA REGIONAL TRAUMA CENTER IS A NEW JERSEY STATE DESIGNATED TRAUMA CENTER. THE DESIGNATION PROCESS INVOLVES DETAILED REGULAR INSPECTIONS BY NATIONAL AND STATE ORGANIZATIONS TO ASSURE HIGH STANDARDS OF CARE. CHS IS THE REGIONAL REFERRAL CENTER FOR INJURED PATIENTS IN MERCER COUNTY AND ADJACENT PARTS OF SOMERSET, HUNTERDON, BURLINGTON, AND MIDDLESEX COUNTIES AS WELL AS NEARBY AREAS OF PENNSYLVANIA. DESIGNATED TRAUMA CENTERS CARE FOR SEVERELY INJURED PATIENTS AS WELL AS VICTIMS OF ACCIDENT TYPES KNOWN TO BE ASSOCIATED WITH A HIGH RISK FOR INJURY. TRAUMA PATIENTS INCLUDE PERSONS INVOLVED IN MOTOR VEHICLE CRASHES, FALLS, AND ASSAULTS WITH KNIVES, GUNS, OR BLUNT OBJECTS. TRAUMA CENTERS HAVE THE LATEST TECHNOLOGY AND EXPERIENCED STAFF AVAILABLE TO CARE FOR YOUR FAMILY MEMBER. BESIDES PROVIDING CARE TO THE INJURED, TRAUMA CENTERS ARE ALSO ACTIVE PARTNERS WITH THE COMMUNITY IN INJURY PREVENTION AND PUBLIC EDUCATION.

MATERNITY

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FROM ROUTINE DELIVERIES TO HIGH-RISK NEEDS, CHS' GREAT EXPECTATIONS
PROGRAM PROVIDES A FULL RANGE OF PRENATAL, OBSTETRICAL, POSTPARTUM, AND
NEONATAL CARE OPTIONS TO MAKE SURE YOUR NEW FAMILY HAS THE GREATEST
CHANCE FOR A HEALTHY BEGINNING. THE MATERNITY UNIT ON THE MERCER CAMPUS
IS MERCER COUNTY'S ONLY REGIONAL PERINATAL CENTER AND THE ONLY LEVEL III
NEONATAL INTENSIVE CARE UNIT.

CHS IS THE ONLY HEALTHCARE PROVIDER IN THE REGION TO HAVE IN-HOUSE
COVERAGE BY OBSTETRICIANS, MIDWIVES, NEONATOLOGISTS, AND
ANESTHESIOLOGISTS 24 HOURS A DAY, SEVEN DAYS A WEEK. AND, CHS WAS CHOSEN
AS NEW JERSEY'S FIRST SITE TO HOUSE A NEW PROGRAM CALLED MARCH OF DIMES
FAMILY SUPPORT. THE PROGRAM PROVIDES INFORMATION AND EMOTIONAL SUPPORT TO
FAMILIES OF CRITICALLY ILL NEWBORNS BEING CARED FOR IN THE NEONATAL
INTENSIVE CARE UNIT.

ALSO, THE COMPREHENSIVE CHILDBIRTH AND PARENT EDUCATION SERVICES HELPS
PREPARE INDIVIDUALS TO BE THE BEST PARENT POSSIBLE BY TEACHING ABOUT THE
PROCESS OF BIRTH AND HOW TO CARE FOR YOUR INFANT.

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UNIVERSITY OF PENNSYLVANIA'S PENN RADIATION ONCOLOGY SERVICES AND IS

ACCREDITED BY THE AMERICAN COLLEGE OF RADIOLOGY.

WHEN ONE CHOOSES CHS FOR CANCER CARE, ONE SELECTS BOARD CERTIFIED

PHYSICIANS WHO REMAIN WITH THE PATIENT FROM DIAGNOSIS THROUGH TREATMENT.

WORKING TOGETHER, CHS OFFERS A COMPASSIONATE APPROACH TO ASSIST PATIENTS

WITH EVERY ASPECT OF CANCER CARE, INCLUDING SCREENING, DIAGNOSIS,

TREATMENT, RECOVERY, AND SURVIVORSHIP.

THE REGIONAL CANCER CENTER (RCC) AT CHS IS COMMITTED TO PROVIDING

COMPREHENSIVE QUALITY ONCOLOGY HEALTH CARE SERVICES, TO HELP IMPROVE AND

SUSTAIN THE HEALTH STATUS OF RESIDENTS LIVING PRIMARILY IN CENTRAL NEW

JERSEY AND LOWER BUCKS COUNTY. CHS STRIVES TO IMPROVE AND EXTEND THE

QUALITY OF LIFE FOR THE PATIENT WITH CANCER. THE RCC WILL BE A LEADER IN

DEFINING THE COMMUNITY'S CANCER CARE NEEDS BY PROVIDING APPROPRIATE PLANS

THROUGH A COMPREHENSIVE CONTINUUM OF CARE, WHICH INCLUDES EDUCATION,

PREVENTION, SCREENING, DIAGNOSIS, TREATMENT, SYMPTOM MANAGEMENT,

SUPPORTIVE CARE AND SURVIVORSHIP PROGRAMS. CHS' SUCCESS WILL BE BUILT

UPON CARE, COMPASSION, CREATIVITY, INTEGRITY, RESPECT, SERVICE,

STATE-OF-THE-ART TECHNOLOGY AND MULTIDISCIPLINARY TEAMWORK.

PEDIATRICS

CHS' MERCER CAMPUS IS HOME TO THE ONLY LEVEL III NEONATAL INTENSIVE CARE

UNIT (NICU) AND IN-PATIENT PEDIATRIC UNIT IN MERCER COUNTY. CHS'

PEDIATRIC EMERGENCY SERVICES ENSURES NO CHILD WILL WAIT FOR EMERGENCY

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CARE. CHS' AFFILIATION WITH ST. CHRISTOPHER'S HOSPITAL FOR CHILDREN
BRINGS CHILDREN IN THE AREA "CLOSE TO-HOME" ACCESS TO SOME OF THE FINEST
PEDIATRIC SUBSPECIALISTS IN THE NATION. AND THE PEDIATRIC HOSPITALIST
PROGRAM GIVES PEDIATRIC PATIENTS AND THEIR PHYSICIANS AROUND-THE-CLOCK
ACCESS TO IN-HOUSE PEDIATRICIANS.

RADIOLOGY SERVICES

CHS HAS AN ARSENAL OF THE MOST STATE-OF-THE-ART TECHNOLOGY TOOLS THAN ANY
OTHER HEALTHCARE SYSTEM IN THE REGION. AS THE REGION'S TECHNOLOGY
LEADER, CHS IS THE FIRST TO OFFER FULL-TIME, ONSITE PET SCAN TECHNOLOGY.

THE FULL-SERVICE IMAGING SUITE BOASTS A NEW GENERATION SPIRAL CT ULTRA
SCANNER EQUIPPED TO PERFORM COMPUTERIZED TOMOGRAPHY (CAT SCANS) AND A
MAGNETIC RESONANCE IMAGING (MRI) MACHINE THAT FEATURES THE SHORTEST
HIGH-FIELD MAGNET IN THE INDUSTRY.

SLEEP CENTER

CHS HAS BEEN PROVIDING COMPREHENSIVE EVALUATION AND TREATMENT FOR SLEEP
RELATED PROBLEMS FOR MORE THAN 20 YEARS AND CHS WAS THE FIRST IN MERCER
COUNTY. AT THE PRESENT TIME, CHS IS THE LARGEST FULLY ACCREDITED SLEEP
CENTER IN MERCER AND BUCKS COUNTIES. BETWEEN BOTH CAMPUSES, CHS OFFERS
FOURTEEN PRIVATE ROOMS DEDICATED TO SLEEP TESTING FOR PATIENTS WHO HAVE A

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WIDE VARIETY OF PROBLEMS RELATED TO SLEEP AND WAKEFULNESS.

AS SLEEP CENTERS FULLY ACCREDITED BY THE AMERICAN ACADEMY OF SLEEP
 MEDICINE, CHS ENSURES THAT ALL PATIENTS TREATED AT CHS BENEFIT FROM A
 COMPLETE SLEEP EVALUATION AND INDIVIDUALIZED TREATMENT PLAN.

DEFINITION OF COMMUNITY AND POPULATION SERVED

CHS DEFINES ITS COMMUNITY AS THE CITY OF TRENTON, MERCER COUNTY AND BUCKS
 COUNTY. TRENTON, N.J. IS LOCATED IN MERCER COUNTY ACROSS THE DELAWARE
 RIVER FROM BUCKS COUNTY, PA. TRENTON WAS ONCE A CENTER FOR INDUSTRY IN
 THE LATE 1800S AND EARLY 1900S, BUT HAS SEEN DRAMATIC ECONOMIC
 DEVELOPMENT CHALLENGES FOR MOST OF THE 20TH CENTURY. ACCORDING TO THE
 2000 U.S. CENSUS, ITS 1999 MEDIAN HOUSEHOLD INCOME WAS \$31,074, BY FAR
 THE LOWEST IN MERCER COUNTY, WHERE THE OVERALL MEDIAN HOUSEHOLD INCOME
 WAS \$56,612. TRENTON WAS THE ONLY MUNICIPALITY IN THE COUNTY TO
 EXPERIENCE A DECREASE IN ITS POPULATION BETWEEN 1990 AND 2000 AS ITS
 NUMBER OF RESIDENTS FELL 3.7 PERCENT TO 85,403. TRENTON ALSO HAS THE
 HIGHEST NUMBER AND PERCENTAGE OF MINORITIES IN MERCER COUNTY WITH A
 PREDOMINANTLY AFRICAN-AMERICAN POPULATION OF 44,465 RESIDENTS OR 52.1
 PERCENT. HISPANICS OR LATINOS OF ANY RACE CONSTITUTED 18,391 RESIDENTS OR
 21.5 PERCENT, WHILE CAUCASIANS WERE NUMBERED AT 27,802 OR 32.6 PERCENT.

COMMUNITY BENEFITS FOR FY 2008

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OUTLINED BELOW ARE A NUMBER OF CHS COMMUNITY BENEFIT PROGRAMS. THE INFORMATION IS NOT INTENDED TO BE ALL-INCLUSIVE BUT RATHER PROVIDES ADDITIONAL INFORMATION THAT FURTHER DEMONSTRATES HOW CHS BENEFITS THE SURROUNDING COMMUNITY IN FURTHERANCE OF ITS CHARITABLE TAX-EXEMPT PURPOSES.

CHS CHILDBIRTH AND PARENT EDUCATION PROGRAM

BENEFIT ACTIVITY: PREPARED CHILDBIRTH CLASSES IN SPANISH LANGUAGE

THE CHILDBIRTH AND PARENT EDUCATION PROGRAM PROVIDES, FREE OF CHARGE, A FULL-DAY PREPARED CHILDBIRTH CLASS TO SPANISH-SPEAKING EXPECTANT PARENTS FROM THEIR COMMUNITY. THE CLASS IS HELD EVERY OTHER MONTH AND IS TAUGHT BY A CHS CERTIFIED CHILDBIRTH AND PARENT EDUCATOR WHO IS FLUENT IN SPANISH. CULTURALLY APPROPRIATE METHODS AND AUDIO-VISUAL MATERIALS ARE UTILIZED IN THE TEACHING OF THIS CLASS. PARTICIPANTS RECEIVE FREE BREAKFAST AND LUNCH. PARTICIPANTS RECEIVE SPANISH LANGUAGE REFERENCE MATERIALS AND AN EXTENSIVE HANDBOOK. REFERRALS TO THIS CLASS COME FROM THE CHS HEALTH START PRENATAL CLINIC, A COMMUNITY PARTNERSHIP WITH CUNA, AND BY WORD-OF-MOUTH.

LACTATION SERVICES

IN 2000, THE BREASTFEEDING RATE AT CHS HEALTH START CLINIC FOR ANY

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BREASTFEEDING WAS 40 PERCENT. EXCLUSIVE BREASTFEEDING WAS ONLY 14 PERCENT. THROUGH EDUCATIONAL PROGRAMS AND ONE-TO-ONE SUPPORT WITH INCREASES IN SERVICES, THE CHS HEALTH START CLINIC AS OF 2005 DEMONSTRATED A 69 PERCENT BREASTFEEDING INITIATION RATE AND A 34 PERCENT EXCLUSIVE BREASTFEEDING RATE.

SUPPORT PROGRAMS FOR THIS VULNERABLE POPULATION HAVE BEEN INSTRUMENTAL IN THESE DRAMATIC INCREASES. THESE RATES EXCEED THOSE OF OTHER CITIES SUCH AS NEWARK, PHILADELPHIA AND BALTIMORE.

MERCER AREA EARLY INTERVENTION SERVICES

CHS MERCER AREA EARLY INTERVENTION SERVICES PROVIDE AT-RISK MINORITY ADULTS/ADOLESCENTS IN THE CITY OF TRENTON AND ITS SURROUNDING COMMUNITIES WITH HIV/AIDS OUTREACH. THEIR OUTREACH INCLUDES HIV EDUCATION, HIV TESTING AND COUNSELING, AND IMMEDIATE ACCESS TO TREATMENT AND SUPPORT SERVICES FOR INDIVIDUALS IDENTIFIED WITH HIV INFECTION. CHS COLLABORATES WITH OTHER LOCAL ORGANIZATIONS, SCHOOLS, AND CHURCHES THROUGH A MINIMUM OF SIX COMMUNITY AWARENESS/EDUCATION EVENTS THROUGHOUT THE YEAR.

TRAUMA EDUCATION

THE CAPITAL AREA REGIONAL TRAUMA CENTER AT CHS OFFERS FREE INJURY PREVENTION PROGRAMS TO MEMBERS OF THE COMMUNITY THAT INCLUDE PEDESTRIAN SAFETY, BICYCLE SAFETY, SEAT BELT SAFETY, PROPER USE OF CHILD SAFETY

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SEATS, AND HOME SAFETY.

CHS SCHOOL OF NURSING

THE CHS SCHOOL OF NURSING WAS ESTABLISHED IN 2000 AND COMBINES A RICH

HISTORY OF BOTH MERCER MEDICAL CENTER (1895) AND HELENE FULD (1890)

SCHOOLS OF NURSING. IT CARRIES OVER A CENTURY OF EXCELLENCE IN EDUCATING

HEALTH CARE PROFESSIONALS.

THE CHS SCHOOL OF NURSING IS A TWO-YEAR COOPERATIVE PROGRAM WITH MERCER

COUNTY COMMUNITY COLLEGE (MCCC). EVERY CANDIDATE WHO IS ACCEPTED TO THE

CHS SCHOOL OF NURSING IS A RECIPIENT OF THE HELENE FULD TRENTON TRUST

SCHOLARSHIP THAT PROVIDES TUITION FOR ALL NURSING COURSES TAUGHT AT THE

CHS SCHOOL OF NURSING. IN ADDITION, STUDENTS MAY APPLY FOR VARIOUS

SCHOLARSHIPS PROVIDED THROUGH THE CHS FOUNDATION.

THE MAIN CAMPUS IS LOCATED IN AN URBAN AREA RICH IN HISTORY AND WITHIN

EASY REACH OF PRINCETON, PHILADELPHIA, AND BUCKS COUNTY. MCCC IS LOCATED

IN A BEAUTIFUL SUBURBAN LOCATION IN WEST WINDSOR TOWNSHIP APPROXIMATELY

SIX MILES FROM THE SCHOOL. ALL NURSING COURSES ARE OFFERED AT THE NURSING

SCHOOL, WHILE BASIC HUMANITIES AND SCIENCE COURSES ARE TAUGHT AT THE

COLLEGE.

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COMMUNITY BENEFIT STATEMENT (CONTINUED)

CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

UPON COMPLETION OF THIS PROGRAM, GRADUATES ARE AWARDED A DIPLOMA FROM CHS AND AN ASSOCIATE IN SCIENCE DEGREE FROM MCCC. GRADUATES ARE ELIGIBLE TO MATRICULATE WITH INSTITUTIONS OF HIGHER LEARNING FOR A BACHELOR OF SCIENCE IN NURSING DEGREE. GRADUATES HAVE PROVEN THEIR COMPETENCY WITH CONSISTENTLY HIGH PASSING RATES ON THE NATIONAL COUNCIL LICENSING EXAMINATION FOR REGISTERED NURSES. THE NEW JERSEY BOARD OF NURSING AND THE NATIONAL LEAGUE FOR NURSING ACCREDITING COMMISSION ACCREDIT THE CHS SCHOOL OF NURSING.

CONNECTING WITH THE LATINO COMMUNITY

ENLACE ("LINK" IN SPANISH) IS A NAME FOR AN INNOVATIVE CHS PROGRAM DESIGNED TO CREATE CONTACTS AND CONNECTIONS WITHIN THE LATINO COMMUNITY. THROUGH ENLACE, CHS PROVIDES MEDICAL INTERPRETING AND HAS TRANSLATED ALL VITAL MEDICAL DOCUMENTS AND ARE NOW DOING THE SAME WITH PATIENT EDUCATION MATERIALS. ENLACE ALSO HELPS EDUCATE THE LATINO COMMUNITY ABOUT AMERICAN CUSTOMS AND HEALTHCARE PRACTICES AND PROVIDES CHS STAFF WITH INFORMATION ABOUT LATINO CULTURES. ANOTHER PROGRAM, CUNA (WHICH IS SPANISH FOR "CRIB"), CONNECTS LATINO WOMEN WITH PRE- AND POST-NATAL CARE, AND HELPS NEW MOTHERS OVERCOME LANGUAGE BARRIERS TO BETTER UNDERSTAND HEALTH ISSUES. CUNA ALSO OFFERS HELP WITH NUTRITION, COPING SKILLS AND EVEN BABYSITTING FOR OLDER CHILDREN.

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COMMUNITY HEALTH EDUCATION

CHS' COMMUNITY HEALTH EDUCATION DEPARTMENT (CHE) IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITY, AS WELL AS TO THE PREVENTION AND EARLY DETECTION OF DISEASE AMONG PEOPLE LIVING IN OUR COMMUNITY. THESE GOALS ARE ACCOMPLISHED BY PROVIDING HEALTH EDUCATION AND OTHER RELATED SERVICES TO THE GENERAL PUBLIC, AS WELL AS TO BUSINESS ORGANIZATIONS. THESE SERVICES CONSIST OF THE SPEAKER'S BUREAU, HEALTH FAIRS/HEALTH SCREENINGS, HEALTH EDUCATION LECTURE SERIES AND SUPPORT GROUPS, WALKING CLUBS, HEALTH INFORMATION CENTER, WELLNESS SPA, AND A PARTNERSHIP WITH THE MERCER COUNTY TOBACCO QUIT CENTER. PROGRAMS ARE HELD IN VARIOUS LOCATIONS THROUGHOUT MERCER AND BUCKS COUNTIES, WITH TOPICS INCLUDING DIABETES EDUCATION, PERIPHERAL VASCULAR DISEASE AWARENESS, HEALTHY EATING, CANCER GENETICS, WOMEN'S HEALTH AND INTEGRATIVE MODALITIES MODALITIES SUCH AS YOGA.

THE CHE DEPARTMENT PROVIDES A SERIES OF DIVERSE HEALTH EDUCATION PROGRAMS, RELATED TO HEALTH MAINTENANCE, DISEASE PREVENTION, EARLY DETECTION, GENERAL WELLNESS AND PERSONAL DEVELOPMENT. A SCHEDULE OF THE PROGRAMS, SCREENINGS AND SUPPORT GROUPS MAY BE VIEWED ONLINE AT: WWW.CAPITALHEALTH.ORG/MEDICAL_SERVICES/CHED.HTML OR IN THE COMMUNITY HEALTH EDUCATION PUBLICATION, "REGARDING YOUR HEALTH." THIS PUBLICATION IS MAILED TO 80,000 HOMES IN THE SURROUNDING MERCER AND BUCKS COUNTY AREAS.

CALL CENTER & WEBSITE

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IMMEDIATE ACCESS TO CHS IS PROVIDED THROUGH A FREE CALL CENTER, WHICH
OFFERS PHYSICIAN REFERRALS TO OVER 500 PHYSICIANS IN MORE THAN 40
SPECIALTIES, REGISTRATION FOR COMMUNITY HEALTH PROGRAMS, DIRECTIONS, AND
INFORMATION ABOUT CHS PROGRAMS AND SERVICES.

CHS' WEBSITE (WWW.CAPITALHEALTH.ORG) BRINGS A WEALTH OF HEALTHCARE
INFORMATION TO YOU WITH JUST THE CLICK OF A MOUSE. THE HOMEPAGE IS
DESIGNED FOR EASY NAVIGATION, AND CHS OFFERS EASY ACCESS TO MEDLINE PLUS
HEALTH RESOURCES, INTERACTIVE FEATURES SUCH AS "ASK THE EXPERTS,"
QUIZZES, POLLS, AND SURVEYS, ONLINE PHYSICIAN DIRECTORY WITH PHYSICIAN
PHOTOS AND BIOS, AND LINKS TO NUMEROUS PATIENT RESOURCES.

COMMUNITY SPONSORSHIPS

CHS IS PROUD TO SPONSOR MANY LOCAL ORGANIZATIONS IN MERCER AND BUCKS
COUNTY THROUGH IN-KIND AND MONETARY DONATIONS. CHS SUPPORTS A VARIETY OF
CIVIC AND CULTURAL ORGANIZATIONS THAT WORK TO IMPROVE THE WELL BEING OF
THE COMMUNITY.

LOCAL CHAPTERS OF NATIONAL ORGANIZATIONS

THE NATIONAL ORGANIZATION OF WOMEN, NAACP TRENTON BRANCH, BOY SCOUTS OF
AMERICA, GIRL SCOUTS OF DELAWARE, NATIONAL CONGRESS OF BLACK WOMEN,

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AMERICAN HEART ASSOCIATION, MARCH OF DIMES, AMERICAN CANCER SOCIETY,

AMERICAN RED CROSS, UNITED NEGRO COLLEGE FUND.

NON-PROFIT, CIVIC AND CULTURAL ORGANIZATIONS

TRENTON COUNCIL OF CIVIC ASSOCIATION, EGGERS CROSSING COMMUNITY

DEVELOPMENT CORPORATION, CAPITAL CORRIDOR COMMUNITY DEVELOPMENT

CORPORATION, WOMAN SPACE, INC., MENTOR POWER OF LAWRENCE TOWNSHIP, LIFE

TIES, ENABLE, INC., SERVE, MERCER COUNTY IMPROVEMENT AUTHORITY, TRENTON

HISTORICAL SOCIETY, THE CRISIS MINISTRY, NAMI MERCER N.J., CATHOLIC

CHARITIES, CYO, MERCER ALLIANCE TO END HOMELESSNESS, ISLES, INC., TRENTON

EDUCATION DANCE INSTITUTE, TRENTON ALUMNAE FORTITUDE CORPORATION, LOVE

THY NEIGHBOR COMMUNITY DEVELOPMENT CORPORATION, YWCA OF PRINCETON, ARC

MERCER, GREATER TRENTON YMCA, CHILDREN HOME SOCIETY, MOBILE MEALS OF

TRENTON/EWING, LAWRENCEVILLE MAIN STREET ASSOCIATION, BUCKS COUNTY

PERFORMING ARTS CENTER, SUCCESS LINKS, LLC, TRENTON FILM FESTIVAL, BOHEME

OPERA, PASSAGE THEATRE COMPANY, TRENTON DOWNTOWN ASSOCIATION, ASOCIACION

OF DOMINICANA, KIDSBRIDGE KID'S MUSEUM

EDUCATION

TRENTON CENTRAL HIGH SCHOOL, STEINER HIGH SCHOOL, THE COLLEGE OF NEW

JERSEY, RIDER COLLEGE

FOUNDATIONS

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TRENTON PUBLIC EDUCATION FOUNDATION, MERCER COUNTY COMMUNITY COLLEGE

FOUNDATION, WOMEN'S HEART FOUNDATION, ANCHOR HOUSE FOUNDATION, SUNSHINE

FOUNDATION, THE MILL HILL FOUNDATION, THOMAS EDISON STATE COLLEGE

FOUNDATION

CHAMBERS OF COMMERCE'S

MERCER REGIONAL CHAMBER OF COMMERCE, METROPOLITAN TRENTON

AFRICAN-AMERICAN CHAMBER OF COMMERCE, LATINO CHAMBER OF COMMERCE,

PRINCETON CHAMBER OF COMMERCE

ATHLETIC

NATIONAL JUNIOR TENNIS LEAGUE, EWING TOWNSHIP LITTLE LEAGUE, HAMILTON

POLICE ATHLETIC LEAGUE, WEST END LITTLE LEAGUE, NORTH TRENTON LITTLE

LEAGUE, GREATER TRENTON JUNIOR GOLF LEAGUE, ROBERTO CLEMENTE SOFTBALL

LEAGUE, 2006 BABE RUTH WORLD SERIES

MUNICIPALITY

CITY OF TRENTON, EWING TOWNSHIP, LAWRENCE TOWNSHIP, HAMILTON TOWNSHIP,

MORRISVILLE, PA, YARDLEY, PA

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CONCLUSION

CHS IS A NON-PROFIT ORGANIZATION THAT HAS AN "OPEN DOOR" POLICY. THIS POLICY MEANS THAT CHS PROVIDES NECESSARY BASIC HOSPITAL CARE TO EVERYONE, REGARDLESS OF THEIR ABILITY TO PAY FOR THEIR CARE.

CHS IS COMMITTED TO COMMUNITY OUTREACH AND EDUCATION, OFFERING NUMEROUS HEALTH CARE RELATED PROGRAMS AND ACTIVITIES, INCLUDING COMMUNITY HEALTH FAIRS, HEALTH SCREENINGS, HEALTH EDUCATION AND MEDICAL LECTURES AND SEMINARS ANNUALLY. CHS IS PROUD OF THEIR MANY PARTNERSHIPS WITH LOCAL ORGANIZATIONS SUCH AS CHILDREN'S FUTURES, CHILDREN'S HOME SOCIETY OF N.J., AND HENRY J. AUSTIN HEALTH CENTER.

TO FURTHER SHOW HOW CHS IS COMMITTED TO BENEFITING ITS COMMUNITY CHS, IN ITS LARGEST SINGLE TRANSACTION OF ITS 75 YEAR HISTORY, BROKE GROUND IN AUGUST, 2008, TO CONSTRUCT A \$756 MILLION BRAND NEW 223-BED HOSPITAL IN HOPEWELL TOWNSHIP, NEW JERSEY TO REPLACE ITS EXISTING FACILITY, MERCER HOSPITAL, IN TRENTON, NEW JERSEY.

IN ADDITION, CHS FULD HOSPITAL IN TRENTON IS CREATING TWO NEW MEDICAL-SURGICAL UNITS AND PROVIDING SPACE TO ACCOMMODATE SERVICES TRANSFERRED FROM MERCER. CHS OBTAINED A MORTGAGE LOAN THROUGH THE FEDERAL HOUSING ADMINISTRATION WHICH ENABLED IT TO LOWER ITS COST OF CREDIT. THIS WILL ALLOW CHS TO USE MORE OF ITS RESOURCES TO SERVE THE MEDICAL NEEDS OF ITS COMMUNITY.

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THE CONSTRUCTION PROJECTS WILL CREATE APPROXIMATELY 4,700 FULL-TIME JOBS
AND PROVIDE AN ECONOMIC STIMULUS OF NEARLY \$1.7 BILLION DURING THE
CONSTRUCTION PERIOD. ONCE CONSTRUCTION IS COMPLETED, THE PROJECT WILL
SUPPORT AN ADDITIONAL 2,200 JOBS IN THE COMMUNITY AND PROVIDE AN ANNUAL
ECONOMIC BENEFIT OF APPROXIMATELY \$425 MILLION.

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SIGNIFICANT PROGRAM SERVICE UNDERTAKING

CORE FORM, PART III; QUESTION 2

IN FURTHERANCE OF ITS CHARITABLE TAX-EXEMPT PURPOSES AND REINVESTMENT OF DOLLARS BACK INTO THE COMMUNITY, CAPITAL HEALTH SYSTEM, INC. ("CHS"), IN ITS LARGEST SINGLE TRANSACTION OF ITS 75 YEAR HISTORY, BROKE GROUND IN AUGUST, 2008, TO CONSTRUCT A \$756 MILLION BRAND NEW 223-BED HOSPITAL IN HOPEWELL TOWNSHIP, NEW JERSEY TO REPLACE ITS EXISTING FACILITY, MERCER HOSPITAL, IN TRENTON, NEW JERSEY.

IN ADDITION, CHS FULD HOSPITAL IN TRENTON IS CREATING TWO NEW MEDICAL-SURGICAL UNITS AND PROVIDING SPACE TO ACCOMMODATE SERVICES TRANSFERRED FROM MERCER. CHS OBTAINED A MORTGAGE LOAN THROUGH THE FEDERAL HOUSING ADMINISTRATION WHICH ENABLED IT TO LOWER ITS COST OF CREDIT. THIS WILL ALLOW CHS TO USE MORE OF ITS RESOURCES TO SERVE THE MEDICAL NEEDS OF ITS COMMUNITY.

THE CONSTRUCTION PROJECTS WILL CREATE APPROXIMATELY 4,700 FULL-TIME JOBS AND PROVIDE AN ECONOMIC STIMULUS OF NEARLY \$1.7 BILLION DURING THE CONSTRUCTION PERIOD. ONCE CONSTRUCTION IS COMPLETED, THE PROJECT WILL SUPPORT AN ADDITIONAL 2,200 JOBS IN THE COMMUNITY AND PROVIDE AN ANNUAL ECONOMIC BENEFIT OF APPROXIMATELY \$425 MILLION.

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OTHER PROGRAM SERVICESCORE FORM, PART III; QUESTION 4DEXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNERREGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDEDIN SCHEDULE O.

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DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION A; QUESTION 10

THE ORGANIZATION IS AN AFFILIATE IN THE CAPITAL HEALTH SYSTEM AND AFFILIATES ("SYSTEM"); A TAX-EXEMPT INTEGRATED HEALTH CARE DELIVERY SYSTEM. CAPITAL HEALTH SYSTEM, INC. IS THE PARENT ENTITY OF THE SYSTEM.

THE ORGANIZATION'S FEDERAL FORM 990 WAS PROVIDED TO AND MADE AVAILABLE TO THE COMPENSATION COMMITTEE OF CAPITAL HEALTH SYSTEM, INC. FOR REVIEW BY ITS MEMBERS PRIOR TO FILING OF THE FEDERAL FORM 990 WITH THE IRS. THE CAPITAL HEALTH SYSTEM, INC. BOARD OF TRUSTEES HAS DELEGATED TO THE COMPENSATION COMMITTEE THE RESPONSIBILITY TO OVERSEE, REVIEW AND APPROVE OF THE FEDERAL FORM 990, INCLUDING THE PREPARATION, REVIEW AND FILING PROCESS.

AS PART OF THE TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTH CARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990. THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S FINANCE PERSONNEL AND VARIOUS OTHER INDIVIDUALS OF THE ORGANIZATION AND THE SYSTEM TO OBTAIN THE INFORMATION NEEDED IN ORDER TO PREPARE A COMPLETE AND ACCURATE TAX RETURN.

THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S FINANCE PERSONNEL AND OTHER INDIVIDUALS FOR THEIR REVIEW. THE ORGANIZATION'S FINANCE PERSONNEL AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM. REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY

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AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S

FINANCE PERSONNEL AND VARIOUS OTHER SYSTEM INDIVIDUALS FOR FINAL REVIEW

AND APPROVAL PRIOR TO PRESENTATION OF THE FEDERAL FORM 990 TO THE MEMBERS

OF THE CAPITAL HEALTH SYSTEM, INC. COMPENSATION COMMITTEE.

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DISCLOSURE INFORMATIONCORE FORM, PART VI, SECTION B; QUESTION 12

THE ORGANIZATION IS THE PARENT ENTITY IN THE CAPITAL HEALTH SYSTEM AND
AFFILIATES ("SYSTEM"). THE ORGANIZATION AND THE SYSTEM REGULARLY MONITOR
AND ENFORCE COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY. ANNUALLY ALL
MEMBERS OF THE BOARD OF TRUSTEES, OFFICERS AND SENIOR MANAGEMENT
PERSONNEL ARE REQUIRED TO REVIEW THE EXISTING CONFLICT OF INTEREST POLICY
AND COMPLETE A QUESTIONNAIRE. THE COMPLETED QUESTIONNAIRES ARE RETURNED
TO THE ORGANIZATION AND BOTH THE SYSTEM'S GENERAL COUNSEL AND CHIEF
COMPLIANCE OFFICER FOR REVIEW. THEREAFTER THE CHIEF COMPLIANCE OFFICER
PREPARES A SUMMARY OF THE COMPLETED QUESTIONNAIRES WHICH CONTAINS
INFORMATION DISCLOSED ON AN INDIVIDUAL BY INDIVIDUAL BASIS. THEREAFTER,
THE SYSTEMS CHIEF COMPLIANCE OFFICER PRESENTS THIS SUMMARY TO THE
SYSTEM'S GOVERNANCE COMMITTEE FOR ITS REVIEW AND DISCUSSION.

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DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION B; QUESTION 15

THE ORGANIZATION'S BOARD OF TRUSTEES HAS A BOARD COMPENSATION COMMITTEE ("COMMITTEE"). THE COMMITTEE HAS ADOPTED A WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY WHICH IT FOLLOWS WHEN IT REVIEWS AND APPROVES OF THE COMPENSATION AND BENEFITS OF ALL OF THE ORGANIZATION'S SENIOR MANAGEMENT AND OTHERS, INCLUDING THE CEO, CFO AND COO, OTHER OFFICERS OF CHS, PHYSICIANS, AND ANY OTHER DISINTERESTED PERSONS. IT ALSO REVIEWS AND APPROVES EMPLOYMENT AGREEMENTS FOR THE COVERED EMPLOYEES AND DISINTERESTED PERSONS. THE COMMITTEE REVIEWS THE "TOTAL COMPENSATION" OF THE INDIVIDUALS WHICH IS INTENDED TO INCLUDE BOTH CURRENT AND DEFERRED COMPENSATION AND ALL EMPLOYEE BENEFITS, BOTH QUALIFIED AND NON-QUALIFIED. THE COMMITTEE'S REVIEW IS DONE ON AT LEAST AN ANNUAL BASIS AND ENSURES THAT THE "TOTAL COMPENSATION" OF SENIOR MANAGEMENT OF THE ORGANIZATION IS REASONABLE.

THE ACTIONS TAKEN BY THE COMMITTEE ENABLE THE ORGANIZATION TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 4958 WITH RESPECT TO THE TOTAL COMPENSATION OF THE SENIOR MANAGEMENT TEAM. REBUTTAL PRESUMPTION REQUIREMENTS HAVE GUIDED THE ACTIVITIES OF THE COMMITTEE IN ALL OF ITS REVIEWS, DELIBERATIONS AND APPROVAL OF EXECUTIVE COMPENSATION ACTIONS FOR ALL OF THE COVERED EMPLOYEES AND DISINTERESTED PERSONS. THE THREE FACTORS WHICH MUST BE SATISFIED IN ORDER TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS ARE THE FOLLOWING:

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1. THE COMPENSATION ARRANGEMENT IS APPROVED IN ADVANCE BY AN "AUTHORIZED BODY" OF THE APPLICABLE TAX-EXEMPT ORGANIZATION WHICH IS COMPOSED ENTIRELY OF INDIVIDUALS WHO DO NOT HAVE A "CONFLICT OF INTEREST" WITH RESPECT TO THE COMPENSATION ARRANGEMENT;

2. THE AUTHORIZED BODY OBTAINED AND RELIED UPON "APPROPRIATE DATA AS TO COMPARABILITY" PRIOR TO MAKING ITS DETERMINATION; AND

3. THE AUTHORIZED BODY "ADEQUATELY DOCUMENTED THE BASIS FOR ITS DETERMINATION" CONCURRENTLY WITH MAKING THAT DETERMINATION.

THE COMMITTEE IS COMPRISED OF MEMBERS OF THE BOARD OF TRUSTEES EACH OF WHO ARE INDEPENDENT AND ARE FREE FROM ANY CONFLICTS OF INTEREST. DURING 2008 THE COMMITTEE MET APPROXIMATELY SEVEN TIMES, AS WELL AS CONDUCTING VARIOUS TELEPHONIC DISCUSSIONS ON RELATED ISSUES.

THE COMMITTEE RELIED UPON DATA FROM COMPARABLE HEALTHCARE AND HOSPITAL PEERS IN NEW JERSEY AS WELL AS NEIGHBORING STATES BASED ON APPROPRIATE REVENUE, SERVICES, AND OVERALL FINANCIAL PERFORMANCE. IN ADDITION, SPECIFIC SALARY SURVEYS COVERING SIMILAR, REPRESENTATIVE HOSPITAL COMPENSATION DATA WAS USED. ALL DATA WAS WEIGHTED IN ARRIVING AT MARKET CONSENSUS FOR COVERED EMPLOYEE POSITIONS, IN ORDER TO ACCURATELY REFLECT THE RELEVANT LABOR MARKET.

CONTEMPORANEOUS MINUTES ARE COMPILED AND APPROVED OF ALL COMMITTEE DELIBERATIONS. THESE ARE SUPPORTED BY THE WRITTEN DOCUMENTATION COVERING ALL COMPENSATION STUDIES AND PLAN DOCUMENTS, AS WELL AS DETAILED

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PERFORMANCE JUSTIFICATION USED AS THE BASIS FOR AWARDING OF ALL INCENTIVE PROGRAMS.

REBUTTAL PRESUMPTION ACTIVITIES OF THE COMMITTEE COVER ALL MEMBERS OF SENIOR MANAGEMENT, AS WELL AS THE COMPENSATION AND CONTRACTS COVERING PHYSICIANS AND OTHER DISINTERESTED PERSONS, ALL OF WHICH ARE SUBJECT TO THE REVIEW AND APPROVAL OF THE COMMITTEE.

RECOGNIZING THE NEED TO CONSIDER RETIREMENT PLANNING FOR ITS SENIOR MANAGEMENT AS A MEANS TO AID IN THEIR RETENTION, THE COMMITTEE UNDERTOOK AN EXTENSIVE RESEARCH AND ANALYSIS OF ALTERNATIVE PROGRAMS, AND CREATED AND APPROVED A FORM OF LONG-TERM NON-QUALIFIED DEFERRED COMPENSATION (REFERRED TO AS THE "PERFORMANCE-BASED CAPITAL ACCUMULATION PLAN", OR "PBCAP"). THIS PLAN ALSO PROVIDES CHS WITH AN ADDITIONAL TOOL TO ASSIST IN THE RECRUITING OF SENIOR MANAGEMENT WITHIN THE HIGHLY COMPETITIVE HEALTHCARE LABOR MARKET. THE PLAN PROVIDES SENIOR MANAGEMENT WITH THE OPPORTUNITY TO QUALIFY FOR ANNUAL DEFERRED CONTRIBUTIONS TO BE PAID AT RETIREMENT, BASED ON ACHIEVING SPECIFIED FINANCIAL PERFORMANCE TARGETS AND MEETING ESTABLISHED CIRCUIT BREAKERS. THIS PLAN COMPLIES WITH AND ADHERES TO ALL RELATED REGULATIONS, WITH AN EMPHASIS ON IRC SECTIONS 409A AND 457(F).

WITH THE DECISION IN MAY 2004 TO CONSTRUCT A NEW HOSPITAL CAMPUS IN HOPEWELL, NJ, THE COMMITTEE WAS CHALLENGED TO PROVIDE THE MOTIVATION TO MEET THE CONSTRUCTION TIMETABLE AND GUARANTEED MAXIMUM PRICE (GMP). THIS WAS NECESSARY TO ENSURE THAT THE PROJECT, INCLUDING THE RETROFIT OF THE FULD CAMPUS, WAS COMPLETED ON A TIMELY AND ECONOMICAL BASIS. THEY

Name of the organization

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RECOGNIZED THAT TRANSACTIONAL BONUSES, INCLUDED IN MOST STATE
CONSTRUCTION CONTRACTS, PROVIDE THE INCENTIVE TOOLS NECESSARY TO KEEP
PROJECTS ON TIME AND WITHIN BUDGET. THE RESULTING INCENTIVE PLAN,
REFERRED TO AS THE "HOSPITAL ON TIME AND UNDER BUDGET PLAN" OR "HOTUB",
CONTAINS THE METHODOLOGY TO REWARD MEMBERS OF SENIOR MANAGEMENT AND OTHER
IDENTIFIED KEY MANAGEMENT FOR ACHIEVING THOSE GOALS, WHILE REDUCING
AND/OR ELIMINATING AWARDS IF THE PROJECT IS NOT ON SCHEDULE AND/OR OVER
BUDGET. SINCE THIS TYPE OF PLAN IS RELATIVELY UNIQUE IN THE
NOT-FOR-PROFIT ENVIRONMENT, THE COMPENSATION COMMITTEE SPENT CONSIDERABLE
TIME IN ITS DEVELOPMENT AND ENGAGED BOTH AN EXTERNAL COMPENSATION
CONSULTANT TO DEVELOP THE PLAN, AS WELL AS A NOT-FOR-PROFIT LEGAL
COMPENSATION AUTHORITY TO REVIEW THE PLAN.

THE COMPENSATION AND BENEFITS OF CERTAIN OTHER INDIVIDUALS CONTAINED IN
THIS FORM 990 ARE REVIEWED ANNUALLY BY THE PRESIDENT/CHIEF EXECUTIVE
OFFICER WITH ASSISTANCE FROM ORGANIZATION'S HUMAN RESOURCES DEPARTMENT IN
CONJUNCTION WITH THE INDIVIDUAL'S JOB PERFORMANCE DURING THE YEAR AND IS
BASED UPON OTHER OBJECTIVE FACTORS DESIGNED TO ENSURE THAT REASONABLE AND
FAIR MARKET VALUE COMPENSATION IS PAID BY THE ORGANIZATION. OTHER
OBJECTIVE FACTORS INCLUDE MARKET SURVEY DATA FOR COMPARABLE POSITIONS,
INDIVIDUAL GOALS AND OBJECTIVES, PERSONNEL REVIEWS, EVALUATIONS,
SELF-EVALUATIONS AND PERFORMANCE FEEDBACK MEETINGS.

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DISCLOSURE INFORMATIONCORE FORM, PART VI, SECTION C; QUESTION 19

THE ORGANIZATION HAS ISSUED TAX-EXEMPT BONDS TO FINANCE VARIOUS CAPITAL
IMPROVEMENT PROJECTS, RENOVATIONS AND EQUIPMENT. IN CONJUNCTION WITH THE
ISSUANCE OF THESE TAX-EXEMPT BONDS, THE ORGANIZATION'S FINANCIAL
STATEMENTS WERE INCLUDED WITH THE TAX-EXEMPT BOND PROSPECTUS WHICH WAS
MADE AVAILABLE TO THE GENERAL PUBLIC FOR REVIEW. THE ORGANIZATION'S
FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND
REVIEWED THROUGH THE STATE OF NEW JERSEY SECRETARY OF STATE.

Name of the organization

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COMPENSATION INFORMATION DISCLOSURECORE FORM, PART VII AND SCHEDULE JPART VII AND SCHEDULE J REFLECT CERTAIN BOARD MEMBERS AND OFFICERSRECEIVING COMPENSATION AND BENEFITS FROM THIS ORGANIZATION OR A RELATEDORGANIZATION. PLEASE NOTE THIS REMUNERATION WAS FOR SERVICES RENDERED ASFULL-TIME EMPLOYEES OF THE ORGANIZATION OR A RELATED ORGANIZATION AND NOTFOR SERVICES RENDERED AS A VOTING MEMBER OR OFFICER OF THISORGANIZATION'S BOARD OF TRUSTEES.

Name of the organization

Employer identification number

CAPITAL HEALTH SYSTEM, INC.

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AUDITED FINANCIAL STATEMENTS

CORE FORM, PART XI; QUESTION 2

THE TAXPAYER IS THE PARENT ENTITY IN A TAX-EXEMPT, INTEGRATED HEALTH CARE DELIVERY SYSTEM. A BIG FOUR INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TAXPAYER AND ALL AFFILIATES FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007; RESPECTIVELY AND ISSUED A CONSOLIDATED FINANCIAL STATEMENT WITH CONSOLIDATING SCHEDULES BY ENTITY. AN UNQUALIFIED OPINION WAS ISSUED EACH YEAR BY THE INDEPENDENT CPA FIRM. THE TAXPAYER'S AUDIT COMMITTEE ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF ITS FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT AUDITOR.

Name of the organization

Employer identification number

CAPITAL HEALTH SYSTEM, INC.

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CHS DEPARTMENTAL EIN LISTING

THE ORGANIZATION'S FEDERAL FORM 990 INCLUDES CERTAIN REVENUE RECEIVED AND EXPENSES INCURRED BY VARIOUS CAPITAL HEALTH SYSTEM, INC. RELATED PROGRAMS, DEPARTMENTS, ACTIVITIES AND CAPITAL HEALTH SYSTEM, INC. EMPLOYEES. REVENUE EARNED FROM THESE PROGRAMS AND ACTIVITIES WAS RECEIVED BY CAPITAL HEALTH SYSTEM, INC. UTILIZING DIFFERENT FEDERAL IDENTIFICATION NUMBERS THAN 22-3548695. BELOW IS A LIST OUTLINING THE VARIOUS CAPITAL HEALTH SYSTEM, INC. PROGRAMS, DIVISIONS, DEPARTMENTS AND PHYSICIAN EMPLOYEES AND THEIR RESPECTIVE FEDERAL IDENTIFICATION NUMBERS:

CAPITAL SURGICAL ASSOCIATES	22-3680051
WEST TRENTON MEDICAL ASSOCIATES	20-4643360
MULTISPECIALTY PROVIDER GROUP	22-3628075
CAPITAL ENDOCRINOLOGY	20-1730017
MERCER MATERNAL FETAL SPECIALTY GROUP	20-2886402
INSTITUTE FOR NEUROSCIENCES	26-0346624
FAMILY HEALTH CENTER	22-3796256
LEE GLICKMAN, M.D.	22-3828727
STROKE & CEREBROVASCULAR CENTER OF NEW JERSEY	26-3519824
PARKSIDE MEDICAL ASSOCIATES	22-3103298

Name of the organization

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COMPENSATION AND BENEFITS DISCLOSURE

SCHEDULE J-2, PART I

THE ORGANIZATION DOES NOT COMPENSATE ITS BOARD MEMBERS FOR THEIR SERVICES PERFORMED AS A TRUSTEE. ALL TRUSTEES ARE VOLUNTEERS. COMPENSATION AND BENEFITS, WHERE APPLICABLE FOR CERTAIN MEMBERS, IS RELATED TO THE BOARD MEMBER'S SERVICES PERFORMED AS A FULL-TIME EMPLOYEE OR INDEPENDENT CONTRACTOR OF THE ORGANIZATION.

Name of the organization

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REASON FOR AMENDMENT

PART VII, PART IX AND SCHEDULE J

THE COMPENSATION COLUMNS FOR AL MAGHAZEHE, PH.D., FACHE, LARRY DISANTO,

EUGENE W. GROCHALA, J. SCOTT CLEMMENSEN AND MARGARET SULLIVAN WERE

AMENDED DUE TO CAPITAL HEALTH SYSTEM ISSUING AMENDED FORMS W-2C. AMOUNTS

PREVIOUSLY REPORTED AS DEFERRED COMPENSATION WERE SUBJECT TO CURRENT

TAXATION FOR PURPOSES OF 2008 FORM 990 REPORTING. PART IX LINES 5, 7 AND

9 WERE ALSO ADJUSTED TO REFLECT THE CHANGES IN COMPENSATION AND

BENEFITS.

PART VI, SECTION A; QUESTION 10

THE AMENDED FORM 990 WAS NOT MADE AVAILABLE TO THE ENTIRE BOARD OF

TRUSTEES PRIOR TO FILING.

Part V Transactions With Related Organizations

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

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

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

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(s)	(B) Transaction type (a-f)	(C) Amount involved
(1) CAPITAL HEALTH SYSTEM FOUNDATION	P	420,877.
(2) CAPITAL REGION INSURANCE COMPANY	Q	5,415,521.
(3) MERCER HOLDING CORPORATION	A	91,630.
(4) MERCER HOLDING CORPORATION	D	252,132.
(5) CAPITAL HEALTH SYSTEM FOUNDATION, INC.	D	224,109.
(6) MERCER HOLDING CORPORATION	E	100,537.

Schedule R (Form 990) 2008

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION
=====

THE ORGANIZATION IS COMMITTED TO PROVIDING COMPREHENSIVE, QUALITY HEALTH CARE SERVICES WHICH IMPROVE AND SUSTAIN THE HEALTH STATUS OF THE RESIDENTS PRIMARILY IN CENTRAL NEW JERSEY AND LOWER BUCKS COUNTY. THE ORGANIZATION ASSURES ACCESSIBLE, COMPASSIONATE HEALTH CARE SERVICES THAT HONOR THE DIGNITY OF EVERY PERSON. THE ORGANIZATION WILL BE A LEADER IN DEFINING THE COMMUNITY'S HEALTH CARE NEEDS, IN PROVIDING APPROPRIATE SOLUTIONS, AND DEVELOPING A COMPREHENSIVE CONTINUUM OF CARE INCLUDING EDUCATION, PREVENTION, DISEASE MANAGEMENT AND RESTORATIVE PROGRAMS. THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTH CARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS
=====

NAME AND ADDRESS -----	DESCRIPTION OF SERVICES -----	COMPENSATION -----
SKANSKA USA BUILDING INC 516 EAST TOWNSHIP LINE ROAD BLUE BELL, PA 19422	CONSTRUCTION	20,101,972.
HKS INC P.O. BOX 674097 DALLAS, TX 75267	ARCHITECTURAL	5,042,877.
TRENTON ANESTHESIOLOGY P.O. BOX 15321 NEWARK, NJ 07192	PHYSICIAN	4,845,539.
ARAMARK MANAGEMENT SERVICE P.O. BOX 33170 NEWARK, NJ 07188	HOUSEKEEPING	3,730,710.
ARRAY ARCHITECTS OF NEW JERSEY 2520 RENAISSANCE BOULEVARD KING OF PRUSSIA, PA 19406	ARCHITECTURAL	3,141,624.
TOTAL COMPENSATION		----- 36,862,722. =====

CAPITAL HEALTH SYSTEM, INC.

FORM 990, PART VIII - INVESTMENT INCOME

DESCRIPTION	(A) TOTAL REVENUE	(B) RELATED OR EXEMPT REVENUE	(C) UNRELATED BUSINESS REV.	(D) EXCLUDED REVENUE
INTEREST AND DIVIDEND INCOME	6,670,355.			6,670,355.
TOTALS	6,670,355.			6,670,355.

[illegible]

SUPPLEMENT TO RENT AND ROYALTY SCHEDULE
=====

OTHER INCOME

RENTAL INCOME	2,128,510.

	2,128,510.
	=====

OTHER DEDUCTIONS

RENTAL PROPERTY RELATED EXPENSES	1,622,368.

	1,622,368.
	=====

RENT AND ROYALTY SUMMARY

PROPERTY -----	TOTAL INCOME -----	DEPLETION/ DEPRECIATION -----	OTHER EXPENSES -----	ALLOWABLE NET INCOME -----
RENTAL INCOME	2,128,510.	-----	1,622,368.	506,142.
TOTALS	2,128,510.	=====	1,622,368.	506,142.

FORM 990, PART X - NOTES AND LOANS RECEIVABLE
=====

BORROWER: DUE FROM AFFILIATES; NON-CURRENT

BEGINNING BALANCE DUE	93,263,705.
ENDING BALANCE DUE	NONE

TOTAL BEGINNING NOTES AND LOANS RECEIVABLE	93,263,705.
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=====

TOTAL ENDING NOTES AND LOANS RECEIVABLES	NONE
--	------

=====

FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES
=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID INSURANCE	2,961,961.	3,311,946.
	-----	-----
TOTALS	2,961,961.	3,311,946.
	=====	=====

FORM 990, PART X - SECURED MORTGAGES AND NOTES PAYABLE
=====

LENDER: LINE OF CREDIT

BEGINNING BALANCE DUE	45,000,000.
ENDING BALANCE DUE	45,000,000.

LENDER: CAPITAL LEASE OBLIGATIONS

BEGINNING BALANCE DUE	1,196,518.
ENDING BALANCE DUE	2,302,480.

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	46,196,518.
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TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	47,302,480.
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SCHEDULE D, PART VIII - INVESTMENTS - PROGRAM RELATED
=====

DESCRIPTION -----	BOOK VALUE -----	COST OR FMV -----
MUTUAL FUNDS - FIXED INCOME SECURITIES	99,732,895.	FMV
MUTUAL FUNDS - EQUITY SECURITIES	61,926,923.	FMV
INVESTMENT IN SUBSIDIARIES	5,013,810.	FMV
ACCRUED INTEREST	322,111.	FMV
CERTIFICATES OF DEPOSIT	1,058,684.	FMV
CASH AND CASH EQUIVALENTS; LIMITED USE	7,750,921.	FMV
U.S. GOVERNMENT OBLIGATIONS; LIMITED USE	25,168,881.	FMV
ACCRUED INTEREST; LIMITED USE	NONE	FMV
LIMITED USE ASSETS HELD UNDER SUPPLEMENTAL RETIREMENT PLAN	1,571,847.	FMV
ALTERNATIVE INVESTMENTS	16,041,048.	FMV

TOTALS	218,587,120.	
	=====	