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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2008

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
PINNACLE HEALTH HOSPITALS

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
409 SOUTH SECOND ST PO BOX 8700

City or town, state or country, and ZIP + 4
HARRISBURG, PA 171058700

D Employer identification number
25-1778644

E Telephone number
(717) 231-8245

G Gross receipts $ 708,125,828

F Name and address of Principal Officer
William H Pugh
409 SOUTH SECOND ST PO BOX 8700
HARRISBURG, PA 171058700

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

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

H(c) Group Exemption Number ▶

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

J Web site: ▶ WWW PINNACLEHEALTH ORG

K Type of organization ☑ Corporation ☐ trust ☐ association ☐ other ▶

L Year of Formation 1996

M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
INPATIENT AND OUTPATIENT non-profit HEALTHCARE SERVICES FOR CITIZENS OF THE local COMMUNITY

2 Check this box ☐ 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**	17
5	Total number of employees (Part V, line 2a)	**5**	4,849
6	Total number of volunteers (estimate if necessary)	**6**	510
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	**7a**	4,442,069
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	4,452,842	12,323,223
9	Program service revenue (Part VIII, line 2g)	514,708,832	537,130,580
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,546,553	-12,152,335
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	724,488	862,508
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	526,432,715	538,163,976
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	236,867,672	250,239,731
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	(Total fundraising expenses, Part IX, column (D), line 25 0)		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	271,397,007	280,483,556
18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	508,264,679	530,723,287
19	Revenue less expenses Subtract line 18 from line 12	18,168,036	7,440,689
Net Assets or Fund Balances		**Beginning of Year**	**End of Year**
20	Total assets (Part X, line 16)	546,712,582	535,108,496
21	Total liabilities (Part X, line 26)	272,673,147	358,339,823
22	Net assets or fund balances Subtract line 21 from line 20	274,039,435	176,768,673

Part II Signature Block

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

Please Sign Here

****** | 2010-05-17
Signature of officer | Date

William H Pugh TREASURER/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Julius Green CPA	Date 2010-05-17	Check if self-empolyed ▶ ☐	Preparer's PTIN (See Gen Inst)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PARENTEBEARD LLC Suite 200 221 W PHILADELPHIA ST YORK, PA 174012993			EIN ▶ Phone no ▶ (717) 846-7000

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

Part III Statement of Program Service Accomplishments (See the instructions.)

1 Briefly describe the organization's mission

PROVIDING BOTH INPATIENT AND OUTPATIENT HEALTHCARE SERVICES ON A NON-PROFIT BASIS FOR CITIZENS OF THE SURROUNDING COMMUNITY

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 (4) organizations and 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 $ 447,509,816 including grants of $ 0) (Revenue $ 522,889,698)

Pinnacle Health Hospitals (corp 200)Community Benefit CostsSince the founding of Pinnacle Health Hospitals in 1996, its mission has been to provide quality medical treatment and health care for everyone in the community, regardless of their ability to pay In the broad sense, this care includes social, educational, preventive and nutritional services which help people to learn better how to care for themselves Pinnacle Health Hospitals subsidizes the cost of treating patients who are uninsured, unable to pay, or are on government programs where reimbursement is less than the cost of providing the service In addition, a wide variety of health-related services and programs were provided to the community and were partially or fully subsidized by Pinnacle Health Hospitals Finally, Pinnacle Health Hospitals provides or participates in a significant number of educational services and programs dedicated to the training of health professionals The materials that follow describe some of the various patient services, community programs, and educational training provided by Pinnacle Health Hospitals Women's HealthAs one of the largest providers of women's hospital services in the state of Pennsylvania, Pinnacle Health Hospitals offers a variety of clinical, education and support services to women in the greater Harrisburg area A free mammography program for low income, at risk women is offered WomanCare Resource Centers offer a variety of opportunities to become better informed on health issues which affect women These include classes, seminars, discussion groups, counseling sessions and a referral library Membership is free to over 33,000 members Toxicology CenterA needed community service that provides specialized care and relevant treatment to adults and adolescents as a result of overdose or accidental poisoning The toxicology center fills a critical public health gap, is a significant resource to the region and across the state and dedicated to the meet emergent needs of unintentional injury and operates at a loss Parenting Programs/Infant Care Safety programs on infant car seats are provided A variety of childbirth education programs for new and expectant parents and siblings are provided Infant Care Classes are offered A Neonatal Intensive Care Unit, equipped to handle most of the complex problems a baby might develop, is staffed twenty-four hours a day by a neonatologist and specially trained nurses Some parents are on Medicaid, uninsured or underinsured All are admitted regardless of their parents' ability to pay A video on a variety of health and parenting issues is produced by Hospital staff and distributed to all new parents free of charge A transportation van for Prenatal Patients is offered A volunteer contraceptive counseling program is offered to new parents Support ServicesNumerous support groups are offered free of charge to help people understand and cope with particular health and social problems or illnesses Clergy are available to patients and family members twenty-four hours a day Youth ProgramsIn addition to the wide variety of clinical services, Pinnacle Health Hospitals offers several special educational programs for children and teenagers in our community This includes the annual Children's Health Fair, babysitting safety, conferences and lectures on healthy lifestyles and health career sessions, youth health screenings, youth obesity prevention, child abuse awareness/prevention and literacy programs for children Sessions are held for teachers, guidance counselors and school nurses Educational programs are offered in the Maternity Center to help brothers and sisters adjust to the new baby Health Education and ScreeningsAs described in the Hospital's mission statement, Pinnacle Health Hospitals is committed to providing community health education programs and services which will enhance the health status of the people we serve Toward that end, Pinnacle Health Hospitals provided the following community education, wellness and screening programs Community health fairs Consumer health information service provided by the Library Mall walking program for cardiovascular fitness Community lectures on a variety of topics, including cardiovascular health, AIDS, sports medicine, and ethics Smoke stoppers Stress Management Health education stories in the newspaper, on television, on radio and in Hospital newsletter Blood pressure screening Cholesterol screening Body composition screening Prostate screening Podiatric screening Infant Development screenings Speech and hearing screenings Depression and anxiety screeningsTraining of Medical and Health ProfessionalsAs described in the Hospital's Mission statement, Pinnacle Health Hospitals is committed to providing professional and community health education programs which will enhance the health status of the people we serve Toward that end, Pinnacle Health Hospitals provided the following professional education programs Resident Physician Training programs for Family Practice, Medicine, Obstetric/Gynecology, Orthopedics, Plastic Surgery, Psychiatry, Radiology, Surgery, Urology Clinical site for medical residents and students Clinical site for nursing students Clinical site for dietitians Clinical site for emergency medical personnel Clinical site for paramedic students Clinical site for respiratory therapy students Supervision for psychology students Continuing education for nurses and physician office staff

4b (Code) (Expenses $ 14,851,789 including grants of $ 0) (Revenue $ 14,240,882)

Pinnacle Health Emergency Department Services (corp 205)Pinnacle Health Emergency Department Services (PHEDS), is a tax exempt, non-profit corporation engaged in providing professional services in the Pinnacle Health Emergency Department Emergency ServicesTwenty-four hour medical emergency service is provided in two Emergency Departments, (Harrisburg Hospital and Community General Hospital) staffed by physicians and nurses specializing in emergency medicine and support personnel Services are open to all persons without regard to age, sex, race, religion, national origin, handicap or ability to pay Medical coverage is given for community sporting events CPR training programs are offered to community groups and organizations Twenty-four hour Emergency Medical Command is provided for the Tri-County area During Fiscal Year 2009, Harrisburg Hospital Emergency Department had 57,918 billed patient visits and Community General Hospital had 33,544 billed patient visits

4c (Code) (Expenses $ including grants of $) (Revenue $)

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

4e Total program service expenses $ 462,361,605 *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	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		No
5	Section 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		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
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	Yes	
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		No
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?	14a		No
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		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report more than $15,000 on Part IX, column (A), line 11e? *If "Yes," complete Schedule G, Part I*	17		No
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		No
19	Did the organization report more than $15,000 on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	
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		No
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		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? *If "Yes," complete Schedule J*	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25*	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	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		No
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		No
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		No

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**	Yes	
b	Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV*	**28b**		No
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**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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**		No
36	501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No

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	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	4,849		
b	If at least one is reported in 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.*	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country _____ 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			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to 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			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	*Organizations that may receive deductible contributions under section 170(c).*				
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of $75 or more?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	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			
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			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	*Section 501(c)(7) organizations.* Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	*Section 4947(a)(1) non-exempt charitable trusts.* Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

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
	For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.			
1a	Enter the number of voting members of the governing body . .	1a 21		
b	Enter the number of voting members that are independent . .	1b 17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . .	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	the governing body?	8a	Yes	
b	each committee with authority to act on behalf of the governing body?	8b	Yes	
9a	Does the organization have local chapters, branches, or affiliates?	9a		No
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	Yes	
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		No

Section B. Policies

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you 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 See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

William H Pugh
409 SOUTH SECOND ST
HARRISBURG, PA 171058700
(717) 231-8245

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed
* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

* List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations

* List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations

* List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if the organization did not compensate any officer, director, trustee or key employee

(A) Name and Title	**(B)** Average hours per week	**(C)** Position (check all that apply)						**(D)** Reportable compensation from the organization (W-2/1099MISC)	**(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			

Part VII Continued

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(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			
1b Total ▶								1,951,169	1,602,261	668,478

2 Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization ▶ 143

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Siemens Medical Solutions USA Inc PO Box 640401 Pittsburgh, PA 15264	software support svcs	14,710,516
Aramark Servicemaster Facility Services 2300 Warrenville Road Downers Grove, IL 60515	Cleaning services	8,587,118
SODEXO PO Box 905374 Charlotte, NC 28290	Food services	7,364,923
CPTA Inc 205 South Front Street harrisburg, PA 17104	Transplant services	2,108,906
Up to Date Laundry Inc 1221 Desoto Road Baltimore, MD 21223	Laundry services	1,239,112

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization ▶ 57

Part VIII **Statement of Revenue**

			(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 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 498,830				
	e	Government grants (contributions) 1e 3,001,299				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 8,823,094				
	g	Noncash contributions included in lines 1a-1f $ 2,360				
	h	**Total (Add lines 1a-1f)** ▶	12,323,223			
Program Service Revenue		Business Code				
	2a	Patient Revenue, net	621,500	532,876,510	528,458,472	4,418,038
	b	contracted medical ser	621,500	2,938,937	2,938,937	
	c	misc inpatient/outpati	621,500	339,751	339,751	
	d	medical education	900,099	296,837	296,837	
	e	toxicology membership	621,500	166,367	166,367	
	f	All other program service revenue		512,178	512,178	
	g	**Total. Add lines 2a-2f** ▶ $ 537,130,580				
	3	Investment income (including dividends, interest other similar amounts) ▶	-4,583,298	-997,649		-3,585,649
	4	Income from investment of tax-exempt bond proceeds ▶				
	5	Royalties				
		(i) Real / (ii) Personal				
	6a	Gross Rents 7,221,011 / 7,550				
	b	Less rental expenses 7,613,040				
	c	Rental income or (loss) -392,029 / 7,550				
	d	Net rental income or (loss) ▶	-384,479		24,031	-408,510
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 154,426,295 / 353,480				
	b	Less cost or other basis and sales expenses 161,318,443 / 1,030,369				
	c	Gain or (loss) -6,892,148 / -676,889				
	d	Net gain or (loss) ▶	-7,569,037			-7,569,037
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 *Attach Schedule G if total exceeds $15,000* a				
	b	Less direct expenses b				
	c	Net income or (loss) from fundraising events ▶				
	9a	Gross income from gaming activities See part IV, line 19 *Complete Schedule G if total exceeds $15,000* a				
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities ▶				
	10a	Gross sales of inventory, less returns and allowances a				
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory ▶				
		Miscellaneous Revenue	Business Code			
	11a	Hospital Bed Revenue	900,099	315,060		315,060
	b	Miscellaneous Income	900,099	303,717		303,717
	c	Management & Support	900,099	160,008		160,008
	d	All other revenue _____		468,202		468,202
	e	**Total. Add lines 11a-11d** ▶ $ 1,246,987				
	12	**Total Revenue.** Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e ▶	538,163,976	531,714,893	4,442,069	-10,316,209

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				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	196,800	97,534	99,266	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	193,299,526	178,268,059		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	11,885,748	11,769,255	116,493	
9 Other employee benefits	30,698,100	27,908,111	2,789,989	
10 Payroll taxes	14,159,557	10,098,736	4,060,821	
11 Fees for services (non-employees)				
a Management	11,153,289	65,805	11,087,484	
b Legal	43,794	21,704	22,090	
c Accounting	113,946	52,039	61,907	
d Lobbying				
e Professional fundraising *See Part IV, line 17*				
f Investment management fees	83,138		83,138	
g Other	53,838,919	43,845,283	9,993,636	
12 Advertising and promotion	1,435,866	184,509	1,251,357	
13 Office expenses	107,664,725	105,292,460	2,372,265	
14 Information technology	4,097,443	2,549,576	1,547,867	
15 Royalties				
16 Occupancy	18,974,810	13,953,274	5,021,536	
17 Travel	357,159	289,709	67,450	
18 Payments of travel or entertainment expenses for any Federal, state or local public officials				
19 Conferences, conventions and meetings	984,869	834,841	150,028	
20 Interest	4,482,455	3,003,179	1,479,276	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	31,269,068	24,469,959	6,799,109	
23 Insurance	6,670,452	5,147,718	1,522,734	
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 Bad Debts Expense	33,665,138	30,298,624	3,366,514	
b Loss on Early Extinguis	4,710,488	3,768,390	942,098	
c Expenses paid from rest	563,757	140,939	422,818	
d Dues and Subscriptions	235,470	169,328	66,142	
e Miscellaneous Expense	138,770	132,573	6,197	
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	530,723,287	462,361,605	68,361,682	0
26 **Joint Costs.** Check ☐ 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	6,314	1	5,834
	2	Savings and temporary cash investments	596,576	2	803,600
	3	Pledges and grants receivable, net	1,068,267	3	
	4	Accounts receivable, net	66,975,326	4	62,835,194
	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	4,371,341	7	4,267,522
	8	Inventories for sale or use	12,112,368	8	11,917,900
	9	Prepaid expenses and deferred charges	6,062,034	9	6,221,045
	10a	Land, buildings, and equipment cost basis — 10a: 712,467,850			
	b	Less accumulated depreciation *Complete Part VI of Schedule D* — 10b: 437,933,249	256,761,012	10c	274,534,601
	11	Investments—publicly traded securities	171,121,810	11	144,915,461
	12	Investments—other securities See Part IV, line 11 *Complete Part VII of Schedule D*	6,796,962	12	6,313,933
	13	Investments—program-related See Part IV, line 11 *Complete Part VIII of Schedule D*		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11 *Complete Part IX of Schedule D*	20,840,572	15	23,293,406
	16	**Total assets.** *Add lines 1 through 15 (must equal line 34)*	546,712,582	16	535,108,496
Liabilities	17	Accounts payable and accrued expenses	84,219,154	17	146,474,989
	18	Grants payable		18	
	19	Deferred revenue	138,808	19	447,530
	20	Tax-exempt bond liabilities	90,640,085	20	187,536,946
	21	Escrow account liability *Complete Part IV of Schedule D*		21	
	22	Payable 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	86,987,358	23	9,485,440
	24	Unsecured notes and loans payable		24	
	25	Other liabilities *Complete Part X of Schedule D*	10,687,742	25	14,394,918
	26	**Total liabilities.** *Add lines 17 through 25*	272,673,147	26	358,339,823
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	250,632,128	27	150,490,279
	28	Temporarily restricted net assets	4,260,485	28	11,375,319
	29	Permanently restricted net assets	19,146,822	29	14,903,075
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	274,039,435	33	176,768,673
	34	Total liabilities and net assets/fund balances	546,712,582	34	535,108,496

Part XI Financial Statements and Reporting

				Yes	No
1	Accounting method used to prepare the Form 990 ☐ cash ☑ accrual ☐ other				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a			No
b	Were the organization's financial statements audited by an independent accountant?	2b			No
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		Yes	
b	If "Yes," did the organization undergo the required audit or audits?	3b		Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

Part I Reason for Public Charity Status (to be completed by all organizations) (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 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2).** (Complete Part III)

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

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

h Provide the following information about the organizations the organization supports

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

Part II **Support Schedule for Organizations Described in IRC 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.)

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 line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
6 **Public Support** subtract line 5 from line 4						

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** ▶

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 for 2007 Schedule A, Part IV-A, line 26f **15**

16a **33 1/3% 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% Test - 2007.** If the organization did not check the 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 "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶

b **10% Facts and Circumstances Test - 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 the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶

Part III Support Schedule for Organizations Described in IRC 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 Total of lines 7a and 7b						
8 **Public Support** (Substract line 7c from line 6)						

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 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total Support** (Add lines 9, 10c, 11 and 12)						

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

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 for 2007 Schedule A, Part IV-A, line 27g	16

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% 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% 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 information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide and any other additional information. (see instructions)

Facts and Circumstances Test

Additional Data

Software ID:
Software Version:
EIN: 25-1778644
Name: PINNACLE HEALTH HOSPITALS

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(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			
PAUL B SHANNON , Chairman	1 00	X		X				0	0	0
Cynthia t Tolsma , Vice chairman	40	X		X				0	0	0
EDNA V BAEHRE PHD , DIRECTOR	50	X						0	0	0
Theodore Bernstein , DIRECTOR	80	X						0	0	0
JOHN O CAMPBELL , DIRECTOR	80	X						0	0	0
SUSAN S COHEN , DIRECTOR	40	X						0	0	0
FELIX GUTIERREZ MD , DIRECTOR	20	X						0	0	0
M RICHARD KLEIMAN , DIRECTOR	30	X						0	0	0
PAUL A KUNKEL MD , DIRECTOR	50	X						0	0	0
ROBERT L LYON , dIRECTOR	1 00	X						0	0	0
DEBORAH S MILLER , DIRECTOR	70	X						0	0	0
DOUGLAS A NEIDICH , DIRECTOR	40	X						0	0	0
Larry L Sollenberger M , DIRECTOR	50	X						0	0	0
Clarence E Asbury , DIRECTOR	50	X						0	0	0
George F Grode , DIRECTOR	90	X						0	0	0
Dennis Walsh , DIRECTOR	50	X						0	0	0
Paul Creary MD , DIRECTOR	40	X						0	0	0
Elan Cull , dIRECTOR	20	X						0	0	0
Bony Dawood , dIRECTOR	60	X						0	0	0
Denise F Harr MD , dIRECTOR	40	X						0	0	0
ROGER LONGENDERFER MD , PRESIDENT/CEO	13 00	X		X				0	879,897	389,800
CHRISTOPHER P MARKLEY , SECRETARY	16 00			X				0	351,577	46,457
RICHARD C SENECA ESQ , ASST SECRETARY	46 90			X				201,600	0	0
William H Pugh , Treasurer	12 00			X				0	370,787	28,633
KIM KELLY , CRNA	40 00					X		479,813	0	31,100
Wendy Biedrzycki , CRNA	40 00					X		306,604	0	21,722
Edward Hildrew , Er Physician	40 00					X		315,980	0	54,477
Gerald Fronko , ER Physician	40 00					X		273,504	0	34,425
Harry Matta , er Physician	40 00					X		267,633	0	61,864
E Danfield-surviving sps , Former director	0 00						X	61,929	0	0

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(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			
E Fletcher-surviving sps , Former director	0 00						X	16,143	0	0
Jesse A Weigel , former director	0 00						X	27,963	0	0
John S Cramer , former officer	0 00						X	90,102	0	0

Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
a Patient Revenue, net	621,500	532,876,510	528,458,472	4,418,038	
b contracted medical ser	621,500	2,938,937	2,938,937		
c misc inpatient/outpati	621,500	339,751	339,751		
d medical education	900,099	296,837	296,837		
e toxicology membership	621,500	166,367	166,367		

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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

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

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

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

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

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

☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of certified historic structure
☐ 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
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

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

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

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

b If "Yes," explain why 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 the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
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

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part 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		11,935,806		11,935,806
b Buildings		352,076,447	186,726,175	165,350,272
c Leasehold improvements		10,772,565	3,624,160	7,148,405
d Equipment		296,678,428	239,928,439	56,749,989
e Other		41,004,604	7,654,475	33,350,129
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				274,534,601

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

(a) Description of security or cateory (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
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
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	
Advances from Third-Party Payors	3,809,400
Due to third party payors	7,096,379
Accrued Long-Term Swap Contract	3,489,139
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	14,394,918

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	538,163,976
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	530,723,287
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	7,440,689
4	Net unrealized gains (losses) on investments	4	-14,411,035
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-90,300,416
9	Total adjustments (net) Add lines 4 - 8	9	-104,711,451
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-97,270,762

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	522,217,052
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-10,469,724		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	8,677,414		
e	Add lines **2a** through **2d**			2e	-1,792,310
3	Subtract line **2e** from line **1**			3	524,009,362
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	14,154,614		
c	Add lines **4a** and **4b**			4c	14,154,614
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	538,163,976

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

1	Total expenses and losses per audited financial statements			1	533,542,238
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	7,613,038		
e	Add lines **2a** through **2d**			2e	7,613,038
3	Subtract line **2e** from line **1**			3	525,929,200
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	83,599		
b	Other (Describe in Part XIV)	4b	4,710,488		
c	Add lines **4a** and **4b**			4c	4,794,087
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	530,723,287

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 XIV, 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

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	Effective July 1, 2007, the System adopted FASB Interpretation No 48, Accounting for Uncertainty in Income Taxes ("FIN 48"), which requires the use of a two-step approach and recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions No adjustments to the consolidated financial statements were required as a result of the adoption of FIN 48
Part XI, Line 8 - Other Adjustments		Fund balance transfer to pinnacle health System -30680022 Change in additional minimum pension liability -58530311 Fund balance transfer to Medical Services -605104 Fund Balance transfer to PHHC & Hospice -22614 Fund Balance Transfer to Community -12920 Fund Balance Transfer to Foundation -449445
Part XII, Line 2d - Other Adjustments		rental expenses shown net of rental income 7613038 net assets released from temporary restrictions 1064376
Part XII, Line 4b - Other Adjustments		restricted contributions 9658928 Contributions from Pinnacle Health Foundation 182430 bank fees reported net in investment income 462 interest/dividend income from restricted assets 243066 net realized gains/losses from sale of restricted investments -640760 loss on early extinguishment of debt 4710488
Part XIII, Line 2d - Other Adjustments		rental expenses shown net of rental income 7613038
Part XIII, Line 4b - Other Adjustments		Loss on early extinguishment of bonds 4710488

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Attach to Form 990. To be completed by organizations that answer "Yes" to Form 990, Part IV, line 20.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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

			Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a		
b	If "Yes," is it a written policy?	1b		
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual 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 *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a		
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b		
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"?	4		
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a		
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare an annual community benefit report?	6a		
6b	If "Yes," does the organization make it available to the public?	6b		
	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

Charity Care and Means-Tested Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a 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 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)						

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 Heathcare Financial Management Association Statement No 15?	1		
2	Enter the amount of the organization's bad debt expense (at cost)	2		
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	3		
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 Mecicare (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 on 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		

☐ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a		
9b	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 V **Facility Information** *(Required for 2008)*

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Pinnacle Health Hospitals - Harrisburg 111 South Front Street Harrisburg, PA 17101	X	X		X		X	X		
Pinnacle health Hospitals - Community 4300 Londonderry Road Harrisburg, PA 17109	X	X		X		X	X		

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 7, Part III, line 4, Part III, line 8, and Part III, line 9b

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 communites 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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a			
a	Receive a severance payment or change of control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	501(c)(3) and 501(c)(4) organizations only 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?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ROGER LONGENDERFER MD	(i) (ii)	561,821	285,177	32,899	337,815	51,985	1,269,697	500,086
CHRISTOPHER P MARKLEY ESQ	(i) (ii)	255,164	91,302	5,111	15,169	31,288	398,034	145,899
RICHARD C SENECA ESQ	(i) (ii)	201,600					201,600	
William H Pugh	(i) (ii)	293,362	69,163	8,262	347	28,286	399,420	169,104
KIM KELLY	(i) (ii)	473,842		5,971	15,209	15,891	510,913	263,787
Wendy Biedrzycki	(i) (ii)	306,604			10,768	10,954	328,326	171,945
Edward Hildrew	(i) (ii)	232,398	14,650	68,932	33,609	20,868	370,457	211,103
Gerald Fronko	(i) (ii)	212,827	11,881	48,796	13,373	21,052	307,929	173,055
Harry Matta	(i) (ii)	229,902	8,417	29,314	36,028	25,836	329,497	185,293
E Danfield-surviving sps	(i) (ii)	61,929					61,929	
E Fletcher-surviving sps	(i) (ii)	16,143					16,143	
Jesse A Weigel	(i) (ii)	27,963					27,963	
	(i)							
	(ii)							
	(i)							
	(ii)							

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

Identifier	Return Reference	Explanation
	Part I, Line 4a	Roger Longenderfer, M D , President and CEO was covered by a 457(f) Supplemental Retirement Agreement (SERP) which was not funded in the current year

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 25-1778644
Name: PINNACLE HEALTH HOSPITALS

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ROGER LONGENDERFER MD	(I) (II)	561,821	285,177	32,899	337,815	51,985	1,269,697	500,086
CHRISTOPHER P MARKLEY ESQ	(I) (II)	255,164	91,302	5,111	15,169	31,288	398,034	145,899
RICHARD C SENECA ESQ	(I) (II)	201,600					201,600	
William H Pugh	(I) (II)	293,362	69,163	8,262	347	28,286	399,420	169,104
KIM KELLY	(I) (II)	473,842		5,971	15,209	15,891	510,913	263,787
Wendy Biedrzycki	(I) (II)	306,604			10,768	10,954	328,326	171,945
Edward Hildrew	(I) (II)	232,398	14,650	68,932	33,609	20,868	370,457	211,103
Gerald Fronko	(I) (II)	212,827	11,881	48,796	13,373	21,052	307,929	173,055
Harry Matta	(I) (II)	229,902	8,417	29,314	36,028	25,836	329,497	185,293
E Danfield-surviving sps	(I) (II)	61,929					61,929	
E Fletcher-surviving sps	(I) (II)	16,143					16,143	
Jesse A Weigel	(I) (II)	27,963					27,963	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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	Dauphin County General Authority	23-2336949	23825ECL6	06-24-2009	187,538,449	refund Series 2004, 2005 & 2007, SWAP termination, capital projects		X		X

Part II Proceeds *(Optional for 2008)*

		A	B	C	D	E
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					

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
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?										

Part III Private Business Use *(Continued)*

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?										
3b	Are there any research agreements with respect to the financed property which may result in private business use?										
3c	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 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 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 been filed wth respect to the bond issue?										
2	Is the bond issue a variable rate issue?										
3a	Has the organization or the government issuer identified a hedge with respect to the bond issue on its books and records?										
b	Name of provider										
c	Term of hedge										
4a	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?										

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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.

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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, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

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? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? 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, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
Denise F Harr MD Partner with Heritage Medical Group	Board Director	300,000	Income guarantee - Physician		No
Felix Gutierrez MD President of Moffitt Heart & Vascular Group	Board Director	116,335	Gainsharing and professional fees paid to Moffitt Hear & Vascular	Yes	
John Campbell Administrative VP of Personal Trust with M & t Bank	Board Director	63,390	Investment management services, letter of credit fees and escrow agent fees were paid to M & T Bank		No
john Campbell director of Harrisburg Downtown Improvement project	board Director	50,000	voluntary assessment paid to Harrisburg Downtown Improvement project		No

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

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

Name of the organization
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		The authority and responsibility for review of the Form 990 for Pinnacle Health System and subsidiaries, shall be delegated to the Finance and Audit Committee of the Pinnacle Health System Board In order to accomplish this, all members of the Finance and Audit Committee shall be provided with a reasonable opportunity to review and comment to executive leadership on the IRS Form 990's of the Pinnacle Health System and its subsidiaries, including Pinnacle Health Hospitals, Pinnacle Health Medical Services, Pinnacle Health Foundation, Pinnacle Health HomeCare and Hospice and Community Life Team before they are filed with the Internal Revenue Service In addition, each member of each respective Board of Directors will be given access to view their individual Form 990 via a shared, password-protected website

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		In the performance of their duties to Pinnacle Health System and subsidiaries (collectively referred to as "PHS"), covered persons shall seek to act in the best interests of PHS, and shall exercise good faith, loyalty, diligence and honesty A covered person is any individual who serves in a fiduciary capacity to, or who has legal authority to represent or obligate, the Pinnacle Health System or any of its affiliated organizations including, but not limited to, directors, officers, employees, and agents Covered persons also include a) immediate families (spouses, children, siblings, parents, or spouse's parents), b) any organization in which they or their immediate families directly or indirectly i) have a material financial or beneficial interest, or ii) serve as a director, officer, employee, agent, attorney or similar capacity A covered person shall disclose any business or personal interests or relationships which may be in conflict with the interest of PHS, including, but not limited to (a) engaging in or seeking to be engaged in (i) the delivery of health care services or (ii) the delivery of goods or services to PHS, or (b) any transaction or arrangement with PHS which would result in benefit to covered persons Covered persons who are Directors must comply with the Pinnacle Health System Guidelines for determining director independence and applying director independence requirements Covered persons with a conflict of interest shall not vote on the matter, and the PHS Board or committee must approve, authorize, or ratify the transaction or arrangement by a majority vote of the non-interested directors or committee members present at a meeting that has a quorum Violations of this statement of policy may subject covered persons to appropriate sanctions, including removal from their positions with PHS

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The compensation committee of the Pinnacle Health System ("PHS") Board of Directors has the authority to develop and maintain executive and physician compensation to be approved by the Pinnacle Health System Board The compensation committee will follow a diligent process that meets regulatory requirements for a rebuttable presumption of a reasonableness and promotes effective governance of executive compensation, consistent with the PHS's compensation philosophy 1 Follow a process that establishes and maintains a rebuttable presumption of reasonableness for all executives and physicians potentially subject to intermediate sanctions 2 Prepare minutes for each meeting to record the terms of the committee's decisions and the process followed in reaching those decisions These minutes must include indications that the committee is following good practices in dealing with conflicts of interest and in obtaining and relying on appropriate comparability data on total compensation 3 Select and directly engage and supervise any consultant hired by PHS to advise the committee on executive and physician compensation 4 Periodically evaluate the appropriateness of this charter and the effectiveness of the process the committee uses in governing executive and physician compensation and report this evaluation to the board 5 Provide the Board with an annual report on the committee's actions 6 monitor changes in laws and regulations pertaining to executive compensation and benefits to see that PHS complies with them 7 Seek outside review of committee operations to ensure compliance with the IRS rebuttable presumption of reasonableness 8 Review actual executive compensation and benefits provided to confirm consistency with compensation and benefits approved by the committee

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		The organization does not make its governing documents or conflict of interest policy available for public inspection as this is not required by federal or state law The organization includes a copy of its financial statements with the state registration filed with the Pennsylvania Department of State, Bureau of Charitable Organizations These documents are a matter of public record and can be viewed at the bureau office

Identifier	Return Reference	Explanation
Form 990, Part XI, Line 2B and 2C		Pinnacle Health Hospitals was included in the audited Consolidated Financial Statements and Supplemental Data for Pinnacle Health System and its subsidiaries The Finance and Audit Committee of the Pinnacle Health System Board assumes the responsibility for the oversight of the audit and the selection of the independent accountant

Identifier	Return Reference	Explanation
Form 990, Part VII, Section A		The following officers and directors have worked an average of 40 hours per week between Pinnacle Health Hospitals and all related organizations of Pinnacle Health System, the parent company Christopher P Markley Roger Longenderfer, M D William H Pugh

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Attach to Form 990. To be completed by organizations that answerd "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.
▶ See separate instructions.

OMB No 1545-0047

2008

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Name of the organization
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity
Pinnacle Health Emergency Department LLC 409 SOUTH SECOND STREET PO BOX 8700 HARRISBURG, PA 17105 86-1057582	Medical Emergency Services	PA	14,249,337	1,216,054	N/A
pinnacle health cumberland condominium association 409 SOUTH SECOND STREET PO BOX 8700 hARRISBURG, PA 171058700 20-8977427	Condominium Association	PA	0	1,591	N/A
United Health Risk Ltd PO Box HM2450 hamilton, Bermuda HM JX BD 25-1778658	Captive insurance	BD	0	0	Pinnacle Health System

Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
Pinnacle health System 409 South Second Street Harrisburg, PA171058700 25-1778658	management and consultative services for related entities	PA	501(C)(3)	Line 11, Type III	N/A
Pinnacle health Medical Services 409 South Second Street harrisburg, PA171058700 25-1709054	Physician services	PA	501(C)(3)	Line 3	Pinnacle Health System
Pinnacle Health Foundation 409 South Second Street harrisburg, PA171058700 22-2691718	investment and fundraising activities for related tax-exempt organizations	PA	501(C)(3)	Line 11, Type II	Pinnacle Health System
Community Life TEam 409 South Second Street harrisburg, PA171058700 23-1890444	Medical transport services	PA	501(C)(3)	Line 9	Pinnacle Health System
Pinnacle health HomeCare & Hospice 409 South Second Street harrisburg, PA171058700 23-2024121	skilled homecare services and services to terminally ill	PA	501(C)(3)	Line 3	N/A

Part III Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproprtionate allocations? Yes	(H) No	(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner? Yes	(J) No
Central Pennsylvania MRI Center 1714 N Second Street Harrisburg, PA17102 23-2411259	Health services	PA	N/A	related	176,065			No		Yes	
Valley Green Medical Park 409 South Second Street PO Box 8700 Harrisburg, PA171058700 25-1599794	Health services	PA	N/A	related	2,505			No		Yes	
West Shore Surgery Center 409 South Second Street PO Box 8700 harrisburg, PA171058700 25-1821415	surgical care - medical services	PA	N/A	related	1,257,844	1,008,135		No		Yes	

Part IV Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
United Central PA Risk retention group 76 St Paul Street Suite 500 Bulington, VT054014477 13-4224033	captive insurance	VT	N/A	C			

Part V Transactions with Related Organizations

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

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

	(A) Name of other organization(s)	(B) Transaction type(a-r)	(C) Amount Involved
(1)	west shore surgery center	A	616,510
(2)	west shore surgery center	R	17,641
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership

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

(A) Name, address, and EIN of entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Are all partners section 501(c)(3) organizations?		(E) Share of end-of-year assets	(F) Disproprtionate allocations?		(G) Code V—UBI amount on Box 20 of K-1	(H) General or managing partner?	
			Yes	No		Yes	No		Yes	No