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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

**A** For the 2008 calendar year, or tax year beginning 7/01/08 and ending 6/30/09

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

**C** Name of organization  
**Spectrum Health System**  
 Doing Business As  
 Number and street (or P.O. box if mail is not delivered to street address) **100 Michigan Ave NE**  
 City or town, state or country, and ZIP + 4 **Grand Rapids MI 49503**

**D** Employer identification number  
**38-3382353**

**E** Telephone number  
**616-774-7322**

**G** Gross receipts **15,765,903**

**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)  
**N/A**

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

**J** Website: **www.spectrum-health.org**

**K** Type of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other

**L** Year of formation: **1997** **M** State of legal domicile **MI**

## Summary

**1** Briefly describe the organization's mission or most significant activities:  
**To improve the health of the communities we serve.**

**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** **13**

**4** Number of independent voting members of the governing body (Part VI, line 1b) **4** **5**

**5** Total number of employees (Part V, line 2a) **SEE SCH O** **5** **40**

**6** Total number of volunteers (estimate if necessary) **6** **0**

**7a** Total gross unrelated business revenue from Part VIII, line 12, column (C) **7a**

**7b** Net unrelated business taxable income from Form 990-T, line 34 **7b** **0**

	Prior Year	Current Year
<b>8</b> Contributions and grants (Part VIII, line 1h)		
<b>9</b> Program service revenue (Part VIII, line 2g)	<b>10,502,729</b>	<b>11,458,558</b>
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>33,454</b>	<b>27,496</b>
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>2,765,175</b>	<b>4,279,849</b>
<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>13,301,358</b>	<b>15,765,903</b>
<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)		
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>8,421,619</b>	<b>10,066,032</b>
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)		
<b>16b</b> Total fundraising expenses (Part IX, column (D), line 25)		
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	<b>3,129,425</b>	<b>9,538,758</b>
<b>18</b> Total expenses. Add lines 13 through 17 (must equal Part IX, column (A), line 25)	<b>11,551,044</b>	<b>19,604,790</b>
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<b>1,750,314</b>	<b>-3,838,887</b>
<b>20</b> Total assets (Part X, line 18)	<b>763,846,627</b>	<b>685,908,927</b>
<b>21</b> Total liabilities (Part X, line 28)	<b>775,950,574</b>	<b>796,618,010</b>
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<b>-12,103,947</b>	<b>-110,709,083</b>

## 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.

Signature of officer: Michael P. Freed Date: 1/25/2009  
 Type or print name and title: **Executive Vice President & CFO**

Preparer's signature: Andrews Hooper & Pavlik P.L.C. Date: 11/30/09 Check if self-employed: ☐ Preparer's identifying number (see instructions):  
 Firm's name (or yours if self-employed), address, and ZIP + 4: **3333 Deposit Dr NE Ste 310 Grand Rapids, MI 49546** EIN: **616-942-6440**

May the IRS discuss this return with the preparer shown above? (see instructions)

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

Form 990 (2008)

**Part III Statement of Program Service Accomplishments** (see instructions)**1** Briefly describe the organization's mission:**To improve the health of the communities we serve.****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?☐ Yes ☒ No

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

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

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

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses.

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ **19,535,757** including grants of \$ ) (Revenue \$ **15,738,407** )**Common management and centralized control over the health system activities carried on by supported organizations.****4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**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 **\$ 19,535,757** (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	<b>X</b>	
2 Is the organization required to complete Schedule B, Schedule of Contributors?		<b>X</b>
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		<b>X</b>
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	<b>X</b>	
5 <b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
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		<b>X</b>
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		<b>X</b>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		<b>X</b>
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		<b>X</b>
10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V		<b>X</b>
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	<b>X</b>	
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		<b>X</b>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		<b>X</b>
14a Did the organization maintain an office, employees, or agents outside of the U.S.?		<b>X</b>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I		<b>X</b>
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		<b>X</b>
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		<b>X</b>
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I		<b>X</b>
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		<b>X</b>
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		<b>X</b>
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H		<b>X</b>
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		<b>X</b>
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		<b>X</b>
23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	<b>X</b>	
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		<b>X</b>
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		<b>X</b>
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?		<b>X</b>
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		<b>X</b>
25a <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
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		<b>X</b>
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		<b>X</b>
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		<b>X</b>

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

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

**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		
1b	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?	N/A	1c X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 40	SEE SCH O
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)		2b X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		3a X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	N/A	3b
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a X
b	If "Yes," enter the name of the foreign country: <b>Cayman Islands</b> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b X
c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	N/A	5c
6a	Did the organization solicit any contributions that were not tax deductible?		6a X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	6b
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?		7a X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	N/A	7b
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d N/A	
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	N/A	7g
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	N/A	7h
8	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8 X
9	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</b>		
a	Did the organization make any taxable distributions under section 4966?		9a X
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b X
10	<b>Section 501(c)(7) organizations.</b> Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a N/A	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b N/A	
11	<b>Section 501(c)(12) organizations.</b> Enter:		
a	Gross income from members or shareholders	11a N/A	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b N/A	
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	N/A	12a
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b N/A	

**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 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions			
<b>1a</b>	Enter the number of voting members of the governing body	<b>1a</b>	<b>13</b>
<b>b</b>	Enter the number of voting members that are independent	<b>1b</b>	<b>5</b>
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	See Sch. O	<b>2</b>
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		<b>3</b>
<b>4</b>	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		<b>4</b>
<b>5</b>	Did the organization become aware during the year of a material diversion of the organization's assets?		<b>5</b>
<b>6</b>	Does the organization have members or stockholders?	See Sch. O	<b>6</b>
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	See Sch. O	<b>7a</b>
<b>b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	See Sch. O	<b>7b</b>
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following.		
<b>a</b>	The governing body?		<b>8a</b>
<b>b</b>	Each committee with authority to act on behalf of the governing body?		<b>8b</b>
<b>9a</b>	Does the organization have local chapters, branches, or affiliates?		<b>9a</b>
<b>b</b>	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	N/A	<b>9b</b>
<b>10</b>	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	See Sch. O	<b>10</b>
<b>11</b>	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		<b>11</b>

**Section B. Policies**

		Yes	No
<b>12a</b>	Does the organization have a written conflict of interest policy? If "No," go to line 13		<b>12a</b>
<b>b</b>	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		<b>12b</b>
<b>c</b>	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	See Sch. O	<b>12c</b>
<b>13</b>	Does the organization have a written whistleblower policy?		<b>13</b>
<b>14</b>	Does the organization have a written document retention and destruction policy?		<b>14</b>
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
<b>a</b>	The organization's CEO, Executive Director, or top management official?	See Sch. O	<b>15a</b>
<b>b</b>	Other officers or key employees of the organization?	See Sch. O	<b>15b</b>
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		<b>16a</b>
<b>b</b>	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	N/A	<b>16b</b>

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed **► None**

**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 Sch. O**

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization. **► Mr. Ronald J. Knaus 1840 Wealthy St. SE**

**Grand Rapids****MI 49506****616-774-7771**



**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), 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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

See Sch. O

☐ 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-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Richard Breon President	50	X		X	X			1,278,465	0	433,265
Kenneth Fawcett Jr Director	50	X						0	435,956	45,730
Richard Devos, Sr. Director	2	X						0	0	0
Dan Gaydou Chairman	2	X		X				0	0	0
Brian Harris Director	2	X						0	0	0
Earl Holton Vice-Chair	2	X		X				0	0	0
Robert Hooker Director	2	X						0	0	0
Birgit Klohs Director	2	X						0	0	0
Mark Murray Director	2	X						0	0	0
Elizabeth Nickels Director	2	X						0	0	0
Timothy O'Donovan Treasurer	2	X		X				0	0	0
Stephen Rechner, Md Director	2	X						0	0	0
Robert Van Tuinen, Md Director	2	X						0	0	0
Juan Olivarez Director-Par	2	X						0	0	0
Michael Freed Exec. Vice P	50			X	X			645,245	0	190,005
David Leonard Secretary	50			X				453,358	0	127,161
Ronald Knaus Corporate Co	50				X			286,290	0	103,168

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

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Lowell Bursch, Md Sr. Vice Pre	50					X		546,152	0	161,121
John Mosley Sr. Vice Pre	50					X		535,698	0	130,126
John Byrnes, Md Sr. Vice Pre	50					X		487,112	0	141,191
Patrick Ohare Sr. Vice Pre	50					X		458,956	0	130,249
Daniel Oglesby Sr. Vice Pre	50					X		395,660	0	121,251
Robert Connors DVCH Adminis	50						X	0	491,925	164,628
1b Total								5,086,936	927,881	1,747,895

2 Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization ► **14**

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

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from  
the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such  
individual

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

	Yes	No
3	X	
4	X	
5		X

## 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

Compensation from the organization:		
(A) Name and business address	(B) Description of services	(C) Compensation
B & D Consulting, LLC Indianapolis IN 46266	P O Box 664091 Government	182,070
Ernst & Young LLP Chicago IL 60693	P.O. Box 96550, Bank of America Audit	158,423

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

**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b> Federated campaigns	<b>1a</b>					
	<b>b</b> Membership dues	<b>1b</b>					
	<b>c</b> Fundraising events	<b>1c</b>					
	<b>d</b> Related organizations	<b>1d</b>					
	<b>e</b> Government grants (contributions)	<b>1e</b>					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>					
	<b>g</b> Noncash contributions included in lines 1a-1f \$						
	<b>h Total.</b> Add lines 1a-1f						
<b>Program Service Revenue</b>	<b>2a</b> Management fee revenue	Busn. Code	11,458,558	11,458,558			
	<b>b</b>						
	<b>c</b>						
	<b>d</b>						
	<b>e</b>						
	<b>f</b> All other program service revenue						
	<b>g Total.</b> Add lines 2a-2f		11,458,558				
	<b>3</b> Investment income (including dividends, interest, and other similar amounts)		27,496			27,496	
<b>4</b> Income from investment of tax-exempt bond proceeds							
<b>5</b> Royalties							
<b>Other Revenue</b>	<b>6a</b> Gross Rents	(i) Real (ii) Personal					
	<b>b</b> Less rental exps						
	<b>c</b> Rental inc or (loss)						
	<b>d</b> Net rental income or (loss)						
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities (ii) Other					
	<b>b</b> Less cost or other basis & sales exps						
	<b>c</b> Gain or (loss)						
	<b>d</b> Net gain or (loss)						
	<b>8a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	<b>a</b>					
	<b>b</b> Less: direct expenses	<b>b</b>					
	<b>c</b> Net income or (loss) from fundraising events						
	<b>9a</b> Gross income from gaming activities See Part IV, line 19	<b>a</b>					
	<b>b</b> Less: direct expenses	<b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities						
	<b>10a</b> Gross sales of inventory, less returns and allowances	<b>a</b>					
	<b>b</b> Less: cost of goods sold	<b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory						
	<b>Miscellaneous Revenue</b>		<b>Busn. Code</b>				
	<b>11a</b> Miscellaneous Income		4,279,849	4,279,849			
	<b>b</b>						
<b>c</b>							
<b>d</b> All other revenue							
<b>e Total.</b> Add lines 11a-11d		4,279,849					
<b>12 Total Revenue.</b> Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		15,765,903	15,738,407	0	27,496		

**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	2,663,358	2,663,358		
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	5,326,398	5,326,398		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits	2,076,276	2,076,276		
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal	69,033		69,033	
c Accounting				
d Lobbying	230,138	230,138		
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other	427,208	427,208		
12 Advertising and promotion	14,122	14,122		
13 Office expenses	59,973	59,973		
14 Information technology	11,486	11,486		
15 Royalties				
16 Occupancy	402,385	402,385		
17 Travel	243,175	243,175		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	57,930	57,930		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	114,842	114,842		
23 Insurance				
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 MSU Medical School Mbrshp	7,507,775	7,507,775		
b Miscellaneous	400,691	400,691		
c				
d				
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	19,604,790	19,535,757	69,033	
26 Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest bearing		<b>1</b>	
	<b>2</b> Savings and temporary cash investments	<b>2,994,117</b>	<b>2</b>	<b>7,226,457</b>
	<b>3</b> Pledges and grants receivable, net		<b>3</b>	
	<b>4</b> Accounts receivable, net		<b>4</b>	
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		<b>5</b>	
	<b>6</b> 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		<b>6</b>	
	<b>7</b> Notes and loans receivable, net	<b>58,339,572</b>	<b>7</b>	<b>48,339,572</b>
	<b>8</b> Inventories for sale or use		<b>8</b>	
	<b>9</b> Prepaid expenses and deferred charges	<b>247,535</b>	<b>9</b>	<b>2,124,056</b>
	<b>10a</b> Land, buildings, and equipment: cost basis	<b>10a</b>		
	<b>b</b> Less: accumulated depreciation. Complete Part VI of Schedule D	<b>10b</b>	<b>10c</b>	
	<b>11</b> Investments—publicly traded securities	<b>634,645,755</b>	<b>11</b>	<b>557,082,930</b>
	<b>12</b> Investments—other securities. See Part IV, line 11	<b>57,967,201</b>	<b>12</b>	<b>59,349,043</b>
	<b>13</b> Investments—program-related. See Part IV, line 11		<b>13</b>	
	<b>14</b> Intangible assets		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11	<b>9,652,447</b>	<b>15</b>	<b>11,786,869</b>
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	<b>763,846,627</b>	<b>16</b>	<b>685,908,927</b>	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses	<b>8,405,567</b>	<b>17</b>	<b>8,989,389</b>
	<b>18</b> Grants payable		<b>18</b>	
	<b>19</b> Deferred revenue		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities		<b>20</b>	
	<b>21</b> Escrow account liability. Complete Part IV of Schedule D		<b>21</b>	
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties	<b>24,500,000</b>	<b>23</b>	<b>14,500,000</b>
	<b>24</b> Unsecured notes and loans payable		<b>24</b>	
	<b>25</b> Other liabilities. Complete Part X of Schedule D	<b>743,045,007</b>	<b>25</b>	<b>773,128,621</b>
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25	<b>775,950,574</b>	<b>26</b>	<b>796,618,010</b>
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets	<b>-12,103,947</b>	<b>27</b>	<b>-110,709,083</b>
	<b>28</b> Temporarily restricted net assets		<b>28</b>	
	<b>29</b> Permanently restricted net assets		<b>29</b>	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds		<b>32</b>	
	<b>33</b> <b>Total net assets or fund balances</b>	<b>-12,103,947</b>	<b>33</b>	<b>-110,709,083</b>
	<b>34</b> <b>Total liabilities and net assets/fund balances</b>	<b>763,846,627</b>	<b>34</b>	<b>685,908,927</b>

**Part XI Financial Statements and Reporting**

- 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?
- b** Were the organization's financial statements audited by an independent accountant? See Sch. O
- 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? SEE SCH. O
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? N/A

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

**SCHEDULE A**  
(Form 990 or 990-EZ)**Public Charity Status and Public Support**

OMB No 1545-0047

**2008**Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue ServiceTo 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.

Name of the organization

**Spectrum Health System**Employer identification number  
**38-3382353****Part I Reason for Public Charity Status** (All organizations must complete this part.) (see instructions)The organization is not a private foundation because it is: (Please check only **one** organization.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**. (Attach Schedule H.)
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**. (see instructions)
- 11 ☒ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I      b ☐ Type II      c ☒ Type III—Functionally Integrated      d ☐ Type III—Other
- e ☒ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**.
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
- (ii) A family member of a person described in (i) above?
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the organizations the organization supports.

	Yes	No
11g(i)		<input checked="" type="checkbox"/>
11g(ii)		<input checked="" type="checkbox"/>
11g(iii)		<input checked="" type="checkbox"/>

(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 US?		(vii) Amount of support  SEE PART IV
			Yes	No	Yes	No	Yes	No	
<b>Spectrum Health Hospitals</b>	<b>38-1360529</b>	<b>3</b>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<b>0</b>
<b>Spectrum Health Foundation</b>	<b>38-2752328</b>	<b>7</b>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<b>0</b>
<b>Spectrum Health Continuing Care</b>	<b>38-3242232</b>	<b>11b</b>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<b>0</b>
<b>Spectrum Health United</b>	<b>38-1358412</b>	<b>3</b>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<b>0</b>
<b>Reed City Hospital Corporation</b>	<b>38-2770076</b>	<b>3</b>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<b>0</b>
<b>Total</b>									

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

N/A

**Section A. Public Support**

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

**Section B. Total Support**

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

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

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

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

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

(Complete only if you checked the box on line 9 of Part I.)

N/A

**Section A. Public Support**

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

**Section B. Total Support**

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

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

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

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

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

**19a** **33 1/3 % support tests—2008.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and **stop here**. The organization qualifies as a publicly supported organization ☐

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

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



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

### Supplemental Information

Spectrum Health System is the parent organization and supporting organization to the health system. The purposes of this organization, as defined in the Articles of Incorporation, are as follows:

### Purposes

2.1. The purposes for which the corporation is organized are to operate for the benefit of, to perform the functions of and to carry out all of the purposes of Spectrum Health Hospitals; Spectrum Health Foundation, Spectrum Health Continuing Care, Spectrum Health United, Reed City Hospital Coration, and such other organizations (the "Supported Organizations") which are, from time to time, controlled by the corporation and described in Section 501(c)(3) and either Section 509(a)(1) or Section 509(a)(2) of the Internal Revenue Code of 1986, or comparable provisions of subsequent legislation (the "Code"), and, in furtherance of such purposes:

2.1.1. To formulate and implement policies and programs designed to enable and/or cause the Supported Organizations to function as a coordinated health care delivery system (the "System"), to provide direction and management to that System, and to act and/or make decisions for the benefit of such System.

2.1.2. To establish and maintain, either directly, through subsidiary organizations or in cooperation with other organizations, such facilities and services for the care of persons suffering from illness, injury or disability, the elderly and the indigent and for the preservation of health

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

as the Board of Directors may determine, including, without limitation:

2.1.2.1. Hospitals for the inpatient or outpatient care of persons suffering from illness, injury and disability, for the prevention of illness, injury and disability and for the maintenance of health.

2.1.2.2. Facilities providing ambulatory care, nursing care, rehabilitation and other services.

2.1.2.3. Other activities and programs designed and carried on to promote the general health of the community.

2.1.3. To promote and carry on such scientific research as the Board of Directors may determine with respect to the cause, treatment and prevention of illness and injury, the improvement of public health and other matters.

2.1.4. To participate in and to carry on such activities as the Board of Directors may determine for the education of physicians, nurses, other professional and paraprofessional personnel and the public about rendering care to the sick, injured and disabled, about prevention of illness and injury and about the promotion of health.

2.1.5. To conduct activities, either directly, through related or subsidiary organizations or in cooperation with organizations exempt from tax under Section 501(c)(3) of the Code or comparable provisions of subsequent legislation in order to raise funds to further the purposes of the corporation, subject, however, to all limitations on the nature or

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

extent of such activities applicable, from time to time, to organizations described in Sections 501(c)(3) and 509(a)(3) of the Code.

2.1.6. To acquire, to own, to dispose of and to deal with real and personal property and interests therein and to apply gifts, grants, bequests and devises and the proceeds thereof in furtherance of the purposes of the corporation.

2.1.7. To deal with and distribute the corporation's income and assets in such manner as in the judgment of the Board of Directors will best promote its objectives and purposes, without limitation except such, if any, as may be contained in instruments under which such property is conveyed to the corporation.

2.1.8. To do such things and to perform such acts to accomplish its purposes as are permitted by Sections 501(c)(3) and 509(a)(3) of the Code, with all the powers conferred on nonprofit corporations by the laws of the State of Michigan.

**SCHEDULE C**  
**(Form 990 or 990-EZ)****Political Campaign and Lobbying Activities**

OMB No 1545-0047

**2008****Open to Public  
Inspection****For Organizations Exempt From Income Tax Under section 501(c) and section 527**▶ **To be completed by organizations described below.**▶ **Attach to Form 990 or Form 990-EZ.**Department of the Treasury  
Internal Revenue Service**If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then**

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

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

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

**If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax), then**

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

Name of organization

**Spectrum Health System**

Employer identification number

**38-3382353****Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations.**  
**See the instructions for Schedule C for details.**

N/A

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

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

N/A

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

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

N/A

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

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

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

N/A

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

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

**4-Year Averaging Period Under Section 501(h)**

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

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
<b>2a</b> Lobbying non-taxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots non-taxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?	X		
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	X		
c Media advertisements?		X	
d Mailings to members, legislators, or the public?	X		37
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		181,016
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means?		X	
i Other activities? If "Yes," describe in Part IV		X	
j Total lines 1c through 1i			181,053
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		X	

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

N/A

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

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

N/A

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

**Part IV Supplemental Information**

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

Also, complete this part for any additional information

**Schedule C, Part II-B, Line 1**

Spectrum Health System employed as paid management a General Counsel and director of government affairs, who is chiefly responsible for Government Affairs activities. Other executive staff were engaged on a very limited basis for lobbying purposes. Spectrum Health System retained federal and state level multi-client lobby firms. The function of their respective

**Part IV** Supplemental Information (continued)

duties involved direct contact with legislators, their staffs, government officials, or a legislative body on numerous legislative and regulatory issues of interest to Spectrum Health. Spectrum Health System also purchased a subscription to utilize a grassroots database used to educate and engage staff and community individuals on issues of interest to Spectrum Health System and to coordinate grassroots communications with legislators.

Direct contact with qualifying individuals, included sending letters, publications, making phone calls or meeting with government officials, their staff or legislators.

**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

Employer identification number

**Spectrum Health System****38-3382353****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if  
the organization answered "Yes" to Form 990, Part IV, line 6.

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

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

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

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

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ \_ \_ \_ \_ \_

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116, 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 organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

b If "Yes," explain the arrangement in Part XIV and complete the following table.

- c Beginning balance  
 d Additions during the year  
 e Distributions during the year  
 f Ending balance

	Amount
1c	
1d	
1e	
1f	

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

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

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

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

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

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations  
 (ii) related organizations

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

	Yes	No
3a(i)		
3a(ii)		
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				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				

Total. Add lines 1a–1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶



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

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

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

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

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

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

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b, Part V, line 4, Part X; Part XI, line 8; Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b.

**Part XIV** Supplemental Information (continued)

Area with horizontal dashed lines for supplemental information.

**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

**Spectrum Health System**

Employer identification number

**38-3382353****Part I Questions Regarding Compensation****1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

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

**b** If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

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

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a

- a** Receive a severance payment or change of control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations must complete lines 5–8.****5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?

If "Yes" to line 5a or 5b, describe in Part III

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

- a** The organization?
- b** Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

	Yes	No
<b>1b</b>	<b>X</b>	
<b>2</b>	<b>X</b>	
<b>4a</b>		<b>X</b>
<b>4b</b>	<b>X</b>	
<b>4c</b>		<b>X</b>
<b>5a</b>	<b>X</b>	
<b>5b</b>	<b>X</b>	
<b>6a</b>	<b>X</b>	
<b>6b</b>	<b>X</b>	
<b>7</b>		<b>X</b>
<b>8</b>		<b>X</b>

Schedule J (Form 990) 2008

**Part III Supplemental Information**

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

**Part I, Line 5a - Compensation Contingent upon Revenues of Organization**

The Long Term Incentive Program (LTIP) includes a measure of System Revenue Growth over a three year cycle. Awards are accrued annually and paid (if earned) following the close of the three year cycle. System revenue is inclusive of the reporting organization and related organizations.

Part I, Line 5b - Compensation Contingent upon Revenues of Related Org System Revenue Growth, as discussed in Line 5a, is inclusive of revenues from the reporting organization and related organizations.

Part I, Line 6a - Compensation Contingent upon Net Earnings of Organization The Long Term Incentive Program (LTIP) includes a measure of System Operating Margin Growth over a three year cycle. Awards are accrued annually and paid (if earned) following the close of the three year cycle. System operating margin is inclusive of the reporting organization and related organizations.

Annual incentive compensation plans include a measure of System Operating

**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.

Margin over the fiscal year. Awards are accrued annually and paid (if earned) the following year.

Part I, Line 6b - Compensation Contingent upon Net Earnings of Related Org System Operating Margin Growth, as discussed in Line 6a, is inclusive of operating margins from the reporting organization and related organizations.

**Part III - Other Additional Information**

Schedule J, Part I, Line 4b is answered "Yes" because certain individuals, whose salary and benefits are paid by the reporting organization or a related organization, do "Participate In" a supplemental nonqualified retirement plan. However, none of these participants "Received Payment From" these plans during the tax year.





**SCHEDULE O**  
(Form 990)Department of the Treasury  
Internal Revenue Service

Name of the organization

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

OMB No 1545-0047

**2008**Open to Public  
Inspection

Spectrum Health System

Employer identification number  
**38-3382353**

Form 990, Part V, Line 4b - Financial Accounts in Foreign Countries  
Cayman Islands

Form 990, Part VI, Line 2 - Related Party Information Among Officers

Richard Breon

Kenneth Fawcett, M.D.

Director

Director

Brd overlap w/related co.

Richard Breon

Robert Hooker

Director

Director

Brd overlap w/related co.

Kenneth Fawcett, M.D.

Robert Hooker

Director

Director

Brd overlap w/related co.

Form 990, Part VI, Line 6 - Classes of Members or Stockholders

The Taxpayer is organized on a non-stock directorship basis with no  
members.

Form 990, Part VI, Line 7a - Election of Members and Their Rights

The board of directors of Taxpayer is self-perpetuating and appoints its  
own members.

Form 990, Part VI, Line 7b - Decisions Subject to Approval of Members

Name of the organization

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The taxpayer is organized on a non-stock directorship basis with no members.

Form 990, Part VI, Line 10 - Organization's Process Used to Review Form 990  
A copy of the Form 990 is provided to the Board of Directors prior to filing. The review process for this Form 990 is as follows:

1. Preparation of the return is supervised and reviewed by the Organization's Corporate Tax Manager.
2. A second review is performed by an external CPA firm with expertise in tax-exempt return preparation.
3. The return is reviewed by the organization's finance and legal departments (including the Vice President of Finance or Chief Financial Officer) and shared with the members of the Board of Directors.
4. The organization's Vice President of Finance or Chief Financial Officer reviews comments or questions received by members of the Board of Directors, if any, to address or to incorporate, as appropriate, into the return prior to filing.

Form 990, Part VI, Line 12c - Enforcement of Conflicts Policy  
BOARD OF DIRECTORS

1. Conflicts of interest must be disclosed, both via a disclosure form process as well as verbally at a board meeting prior to discussion of any

Name of the organization

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agenda item with regard to which a board member has a conflict.

2. A person having a financial interest in a proposed transaction or arrangement may make a presentation at a meeting of the Board of Directors or committee considering that transaction or arrangement, but after that presentation he or she shall leave the meeting during discussion and voting on that proposed transaction or arrangement. The person having the financial interest shall not be counted in determining whether a quorum is present.

3. The chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee (including outside advisors) to investigate alternatives to the proposed transaction or arrangement, and to advise whether the proposed transaction or arrangement is in Spectrum Health's best interest.

4. The Board of Directors or committee shall exercise due diligence to determine whether Spectrum Health can, with reasonable efforts, obtain a more advantageous transaction or arrangement that would not give rise to a conflict of interest.

1. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors and members whether the proposed transaction or arrangement is in Spectrum Health's best interest and for its own benefit and whether the transaction is fair and reasonable to

Name of the organization

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Spectrum Health, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

2. The minutes of the meetings of the Board of Directors and all Spectrum Health committees shall set forth:

- a) The names of the persons who disclosed a financial interest in a proposed transaction or arrangement involving Spectrum Health or any of its subsidiaries and the nature of the financial interest; and
- b) The names of the persons who were present for discussions and votes relating to such transaction or arrangement, including any discussion of alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with that matter. The votes of individual members need not be recorded unless otherwise directed by the Board of Directors or committee

#### MANAGEMENT

1. Each member of the management team shall complete a Conflict of Interest Disclosure Form upon acceptance of an employment offer and at any point thereafter if a new potential conflict of interest has arisen. The conflict of interest disclosure form should be fully completed and signed. If the staff member discloses any potential conflict of interest, the form shall be submitted immediately to the System's Organizational Integrity Department. A copy of the completed form should be maintained in the staff member's personnel file.

2. Each member of the management team shall complete an electronic Conflict

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of Interest Disclosure Form on an annual basis. The conflict of interest disclosure form should be completed and electronically signed within the given timeframe. The System's Organizational Integrity Department will manage the annual process and will maintain electronic copies of the completed forms.

3. The System's Organizational Integrity Department shall review each form that is submitted. Additional information will be gathered as needed. Whether any items disclosed may be perceived as an actual or potential conflict of interest will be reviewed. In addition, steps that can be taken to reduce the risk of a conflict of interest will be identified.

4. If the System's Organizational Integrity Department believes that a disclosure has been made that comprises an actual or perceived conflict of interest, the System Conflict of Interest Committee or members thereof will be consulted as needed. The staff member's Supervisor and/or Human Resources Generalist may be consulted as well. Reasonable steps should be taken as needed to minimize the risk of a conflict of interest. A written memo summarizing these steps should be sent to the staff member's Supervisor and be maintained in the staff member's file.

Form 990, Part VI, Line 15a - Compensation Process for Top Official  
Spectrum Health System  
Process for Establishing Executive Compensation

The Spectrum Health Board of Directors (Executive Committee) uses the following process for determining compensation of executives at all

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entities:

\*Labor market data reflecting comparable organizations and jobs (prepared by independent firms) are relied upon.

\*Competitive assessment reports are provided in advance of Executive Committee meetings. The competitive assessment report is prepared by a nationally known independent executive compensation firm and, for FY 2009 (7/1/08-6/30/09), was based on the following independent surveys of health care executives at comparable health systems:

- \* Sullivan, Cotter and Associates, Inc.: 2008 Survey of Manager and Executive Compensation in Hospitals and Health Systems
- \* Integrated Healthcare Strategies: 2008 Healthcare Executive Compensation Survey
- \* Mercer Human Resources Consulting: 2008 Integrated Health Networks Compensation Survey
- \* Watson Wyatt Data Services: 2008/2009 Hospital and Healthcare Management Compensation Report

\*These sources are consistent with those used in last year's analysis.

\*Compensation adjustments are approved by independent Executive Committee members, consistent with the Spectrum Health compensation philosophy

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described below.

\*Minutes of Committee discussions and decisions are prepared to memorialize Executive Committee decisions based upon the above data.

Cash compensation data relied upon by the Executive Committee are national and reflect the compensation paid to executives in comparable jobs in comparably-sized healthcare organizations. Spectrum Health recruits nationally for its executives. Benefits data reflect national healthcare market practices. Geographic pay differential and cost of living data indicate consistency with national data.

This process is intended to assist Spectrum Health in qualifying for the rebuttable presumption of reasonableness (Intermediate Sanctions Regulations) and the Spectrum Health Excess Benefit Transaction Policy for those individuals in the group who are disqualified persons\*. The opinion submitted from the third party independent consulting firm is in accordance with the provisions of Treasury Regulations Section 53.4958-6(c)(2) and is also intended to satisfy the professional advice requirement of Treasury Regulations Section 53.4958-1(d)(4)(iii).

Form 990, Part VI, Line 15b - Compensation Process for Officers

See explanation provided for Form 990, Part VI, Line 15a.

Form 990, Part XI, Line 2c - Change in Financial Review Process

See supplemental statement in Schedule O related to Form 990, Part IV, Line 12.



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## Schedule L, Part IV - Business Transactions Involving Interested Persons

Name and Relationship	Amount and Description	Share Revenue
Mr. Timothy O'Donovan	\$ 0	
See Sch. O	Business	
Mr. Michael Freed	\$ 0	
See Sch. O	Family	

## Schedule O - Additional Information

FORM 990, PART I, LINE 5 AND FORM 990, PART V, LINE 2a

Taxpayer may have indirect employees. Compensation for these employees are paid by a related organization. An allocation of amounts paid for indirect employees is pursuant to a management services contract and is included on Lines 5-10 of Part IX.

FORM 990, PART IV, LINE 12 AND PART XI, LINE 2b

The organization's financial statements are audited annually by an independent accounting firm. The "No" response to these questions relates to the fact that the GAAP basis financial statements were prepared on a consolidated basis and not on a stand alone basis.

FORM 990, PART VI, LINE 19

The organization's Articles of Incorporation have been provided to the State of Michigan and are available to the public on the State's website. The organization's Bylaws and internal policies are generally not made available to the public. The overall system consolidated financial statements are provided at [www.spectrum-health.org](http://www.spectrum-health.org) in the section titled

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"About Us." Financial performance, is discussed at an annual public meeting held by the parent organization and posted to [www.spectrum-health.org](http://www.spectrum-health.org) quarterly (under the section titled "About Us").

PART VI, SECTION A, LINE 2 FAMILY AND BUSINESS RELATIONSHIPS AND  
SCHEDULE L, PART IV - BUSINESS TRANSACTIONS WITH INTERESTED PERSONS

Mr. Richard Breon, President and CEO, has a son that works for related organization. Also, Mr. Breon has a business relationship with Dr. Fawcett and Mr. Hooker through joint board memberships in entities affiliated with Taxpayer.

Mr. Michael Freed, CFO, has two daughters who are employed by Spectrum Health Hospitals, a related affiliate.

Mr. Richard DeVos, Sr., a member of Taxpayer's Board of Directors, has immediate family members with a more than 35% ownership in Michigan Street Development, LLC, which has leased medical and general use office space to Spectrum Health Hospitals, a related affiliate. During fiscal year 2008, MSD, LLC was paid \$1,798,251. Furthermore, MVP Sportplex GR, LLC, another entity over 35% owned by family members of Mr. DeVos has entered into business transactions with Spectrum Health Hospitals. In addition, Mr. DeVos's sons, Mr. Daniel DeVos and Mr. Dick DeVos, serve on the Board of Directors for related organizations. Lastly, family members of Mr. DeVos also made charitable contributions to Spectrum Health Foundation, a related organization, during the tax year.

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Mr. Gaydou is an officer of a taxable entity that has a business relationship with Taxpayer. Booth Newspapers, \$476,320, all in advertising sales. Also, Mr. Gaydou has a daughter and son-in-law that are employed by Spectrum Health Hospitals, a related organization.

Mr. Holton is a board member for two taxable entities that have business relationships with Taxpayer and certain of its affiliates.

Mr. Murray is a member of the board of directors of a taxable entity that provides utilities to the Taxpayer and certain of its affiliates.

Ms. Nickels is a director of Spartan Stores, a taxable entity that transacts business with Taxpayer and certain of its affiliates.

Mr. O'Donovan is a director of a taxable entity that purchases health insurance from on of Taxpayer's affiliates.

Dr. Fawcett has a business relationship with Mr. Breon through joint membership in a board of an entity affiliated with Taxpayer. In addition, Dr. Fawcett also services as chairman for the Priority Health's a related organization, Pharmacy and Therapeutics Committee and receives \$125 per meeting. There are approximately six meetings annually.

Mr. Hooker has a business relationship with Mr. Breon through joint membership in a board of an entity affiliated with Taxpayer.

Through our annual conflict of interest and tax reporting processes,

Name of the organization

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certain individuals listed in Schedule L have reported that they, or companies they work for, have business or family relationships with the reporting organization that exceed thresholds provided in the instructions to the Form 990. If an amount is not listed in Schedule L, a statement is provided above explaining the nature of the transaction(s).

## FORM 990, PART VII

Consistent with prior years, the compensation reported for these individuals is not for services in their capacity as members of the Board of Directors but for services as employees of the organization or a related organization.

Consistent with prior years, compensation and benefits are reported using the most recent calendar year compensation data. The compensation figures reported in these sections is for the year ended December 31, 2008.

Individuals with compensation reported in Part VII work a combined average of 50 hours per week for the reporting organization and/or a related tax-exempt organization.

## SCHEDULE R - DIRECT CONTROLLING ENTITY

Michigan Association of Children's Hospitals is a newly formed inactive organization. This entity hasn't yet applied for a federal employer identification number.

The Form 990 limits this column to ten characters and therefore acronyms are used to define the controlling entity. These acronyms are defined as

Name of the organization

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follows:

NA - Not Applicable

PH - Priority Health

RCHC - Reed City Hospital Corporation

SHCC - Spectrum Health Continuing Care

SHH - Spectrum Health Hospitals

SHS - Spectrum Health System

SHU - Spectrum Health United

**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 answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
► See separate instructions.

OMB No. 1545-0047

**2008****Open to Public Inspection**

Name of the organization

**Spectrum Health System**Employer identification number  
**38-3382353****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
<b>PHMB Properties, LLC</b> 1231 East Beltline NE Grand Rapids MI 49525 38-2715520	<b>Prop. Mgmt</b>	<b>MI</b>	<b>3,426,528</b>	<b>31,773,850</b>	<b>PH</b>

**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
<b>Spectrum Health System</b> 100 Michigan Ave NE Grand Rapids MI 49503 38-3382353	<b>Management</b>	<b>MI</b>	<b>501c3</b>	<b>11c</b>	<b>N/A</b>
<b>Spectrum Health Hospitals</b> 100 Michigan Ave NE Grand Rapids MI 49503 38-1360529	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>3</b>	<b>SHS</b>
<b>Spectrum Health Primary Care Ptnrs</b> 100 Michigan Ave NE Grand Rapids MI 49503 38-1358164	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>3</b>	<b>SHH</b>
<b>West Michigan Regional Laboratory</b> 1726 Knollcrest Circle SE Grand Rapids MI 49546 38-3414862	<b>Teach/Rsch</b>	<b>MI</b>	<b>501c3</b>	<b>9</b>	<b>SHH</b>
<b>SH-SM Shared Technology Services</b> 100 Michigan Ave NE Grand Rapids MI 49503 36-4528474	<b>Med. Svcs</b>	<b>MI</b>	<b>501c3</b>	<b>9</b>	<b>SHH</b>

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

DAA

Schedule R (Form 990) 2008

**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) Dispro- portionate alloc?		(I) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(J) General or managing partner?
							Yes	No		

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** See Sch. O

(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
Helen DeVos Women's and Children's 1840 Wealthy St SE Grand Rapids MI 49506 38-3264184	Mgmt	MI	SHH	C	554,733	733,680	86.960000
Partnership for Children's Health 1840 Wealthy St SE Grand Rapids MI 49506 38-3364676	Mgmt	MI	SHH	C			100.000000
The Fred and Lena Meijer Heart Cent 100 Michigan St NE Grand Rapids MI 49503 83-0464302	Mgmt	MI	SHH	C	1,803,924	512,091	98.270000
Children's Heart Center 100 Michigan St NE Grand Rapids MI 49503 38-3417270	Med. Svcs	MI	SHH	C	1,540,121	6,217,550	100.000000

**Part V Transactions With Related Organizations****Note.** Complete line 1 if any entity is listed in Parts II, III, or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?**a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity**b** Gift, grant, or capital contribution to other organization(s)**c** Gift, grant, or capital contribution from other organization(s)**d** Loans or loan guarantees to or for other organization(s)**e** Loans or loan guarantees by other organization(s)**f** Sale of assets to other organization(s)**g** Purchase of assets from other organization(s)**h** Exchange of assets**i** Lease of facilities, equipment, or other assets to other organization(s)**j** Lease of facilities, equipment, or other assets from other organization(s)**k** Performance of services or membership or fundraising solicitations for other organization(s)**l** Performance of services or membership or fundraising solicitations by other organization(s)**m** Sharing of facilities, equipment, mailing lists, or other assets**n** Sharing of paid employees**o** Reimbursement paid to other organization for expenses**p** Reimbursement paid by other organization for expenses**q** Other transfer of cash or property to other organization(s)**r** Other transfer of cash or property from other organization(s)**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

		(A) Name of other organization(s)	(B) Transaction type (a-r)	(C) Amount involved
(1)		<b>Spectrum Health Hospitals</b>	<b>k</b>	<b>10,102,436</b>
(2)		<b>Reed City Hospital Corporation</b>	<b>k</b>	<b>250,000</b>
(3)		<b>Spectrum Health Continuing Care</b>	<b>k</b>	<b>600,000</b>
(4)		<b>Spectrum Health United</b>	<b>k</b>	<b>400,000</b>
(5)		<b>Spectrum Health Foundation</b>	<b>k</b>	<b>12,000</b>
(6)		<b>Priority Health</b>	<b>k</b>	<b>78,120</b>

Schedule R (Form 990) 2008



## 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.

[illegible]



**Part II Continuation of 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
<u>Spectrum Health Foundation</u> - - - - - <u>38-2752328</u>					
<u>100 Michigan Ave NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49503</u>	<b>Philanthro</b>	<b>MI</b>	<b>501c3</b>	<b>7</b>	<b>SHS</b>
<u>Spectrum Health Continuing Care</u> - - - - - <u>38-3242232</u>					
<u>750 Fuller Ave NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49503</u>	<b>Rehab/Care</b>	<b>MI</b>	<b>501c3</b>	<b>11b</b>	<b>SHS</b>
<u>SH Continuing Care Center</u> - - - - - <u>38-2415333</u>					
<u>750 Fuller Ave NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49503</u>	<b>Rehab/Nrs</b>	<b>MI</b>	<b>501c3</b>	<b>9</b>	<b>SHCC</b>
<u>SH Kent Community Campus</u> - - - - - <u>38-3472677</u>					
<u>750 Fuller Ave NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49503</u>	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>3</b>	<b>SHCC</b>
<u>Spectrum Health Worth Services</u> - - - - - <u>38-2786617</u>					
<u>750 Fuller Ave NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49503</u>	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>9</b>	<b>SHCC</b>
<u>Visiting Nurse Services of West MI</u> - - - - - <u>38-1359195</u>					
<u>750 Fuller Ave NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49503</u>	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>9</b>	<b>SHCC</b>
<u>Priority Health</u> - - - - - <u>38-2715520</u>					
<u>1231 East Beltline NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49525</u>	<b>HMO</b>	<b>MI</b>	<b>501c4</b>		<b>SHS</b>
<u>Trinity Health Plans</u> - - - - - <u>38-2663747</u>					
<u>1231 East Beltline NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49525</u>	<b>HMO Mgmt</b>	<b>MI</b>	<b>501c4</b>		<b>PH</b>
<u>PH Government Programs, Inc.</u> - - - - - <u>32-0016523</u>					
<u>1231 East Beltline NE</u> - - - - -					
<u>Grand Rapids</u> <u>MI 49525</u>	<b>HMO</b>	<b>MI</b>	<b>501c3</b>	<b>9</b>	<b>PH</b>
<u>Spectrum Health United</u> - - - - - <u>38-1358412</u>					
<u>615 S Bower</u> - - - - -					
<u>Greenville</u> <u>MI 48838</u>	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>3</b>	<b>SHS</b>
<u>SH United Memorial Foundation</u> - - - - - <u>38-2990574</u>					
<u>615 S Bower</u> - - - - -					
<u>Greenville</u> <u>MI 48838</u>	<b>Philanthro</b>	<b>MI</b>	<b>501c3</b>	<b>11a</b>	<b>SHU</b>
<u>Ambulatory United</u> - - - - - <u>38-3170488</u>					
<u>407 S Nelson</u> - - - - -					
<u>Greenville</u> <u>MI 48838</u>	<b>Healthcare</b>	<b>MI</b>	<b>501c3</b>	<b>11a</b>	<b>SHU</b>
<u>United Lifestyles</u> - - - - - <u>38-3589727</u>					
<u>615 S Bower</u> - - - - -					
<u>Greenville</u> <u>MI 48838</u>	<b>Wellness</b>	<b>MI</b>	<b>501c3</b>	<b>3</b>	<b>SHU</b>

## Part II Continuation of Identification of Related Tax-Exempt Organizations

[illegible]

### Part III Continuation of Identification of Related Organizations Taxable as a Partnership

[illegible]



38-3382353

Spectrum Health System

Schedule R-1 (Form 990) 2008

**Part V** Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(7)	(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved
(8)	Value Health Partners	k	16,002
(9)	Priority Health	d	2,030,376
(10)	Spectrum Health Hospitals	j	340,121
(11)	Spectrum Health Hospitals	r	97,661,909
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			

DAA

Schedule R-1 (Form 990) 2008

## Part VI Continuation of Unrelated Organizations Taxable as a Partnership

[illegible]



Forms <b>990 / 990-PF</b>	<b>Other Notes and Loans Receivable</b>		<b>2008</b>
For calendar year 2008, or tax year beginning		7/01/08 , and ending	6/30/09
Name <b>Spectrum Health System</b>			Employer Identification Number <b>38-3382353</b>

**Form 990, Part X, Line 7 - Additional Information**

Name of borrower	Relationship to disqualified person
(1) <b>Reed City Hospital Corporation</b>	<b>Wholly owned tax-exempt subsidiary</b>
(2) <b>Spectrum Health United</b>	<b>Wholly owned tax-exempt subsidiary</b>
(3) <b>Spectrum Health-Kent Community Campu</b>	<b>Wholly owned tax-exempt subsidiary</b>
(4) <b>Spectrum Health Kelsey</b>	<b>Wholly owned tax-exempt subsidiary</b>
(5) <b>Priority Health</b>	<b>Wholly owned tax-exempt subsidiary</b>
(6) <b>Priority Health</b>	<b>Wholly owned tax-exempt subsidiary</b>
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) <b>5,000,000</b>	<b>6/27/08</b>	<b>2/01/12</b>	<b>Mature/Renew 2012</b>	<b>1.170</b>
(2) <b>3,500,000</b>	<b>6/27/08</b>	<b>2/01/12</b>	<b>Mature/Renew 2012</b>	<b>1.170</b>
(3) <b>4,500,000</b>	<b>6/27/08</b>	<b>2/01/12</b>	<b>Mature/Renew 2012</b>	<b>1.170</b>
(4) <b>1,500,000</b>	<b>6/27/08</b>	<b>2/01/12</b>	<b>Mature/Renew 2012</b>	<b>1.170</b>
(5) <b>33,839,572</b>	<b>12/27/06</b>	<b>N/A</b>	<b>Interest annually</b>	<b>6.000</b>
(6) <b>10,000,000</b>	<b>6/20/08</b>	<b>2/01/12</b>	<b>Mature/Renew 2012</b>	<b>1.170</b>
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) <b>Unsecured</b>	<b>Operations</b>
(2) <b>Unsecured</b>	<b>Operations</b>
(3) <b>Unsecured</b>	<b>Operations</b>
(4) <b>Unsecured</b>	<b>Operations</b>
(5) <b>Unsecured</b>	<b>Surplus notes</b>
(6) <b>Unsecured</b>	<b>Operations</b>
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)	<b>5,000,000</b>	<b>3,000,000</b>	
(2)	<b>3,500,000</b>	<b>0</b>	
(3)	<b>4,500,000</b>	<b>0</b>	
(4)	<b>1,500,000</b>	<b>1,500,000</b>	
(5)	<b>33,839,572</b>	<b>33,839,572</b>	
(6)	<b>10,000,000</b>	<b>10,000,000</b>	
(7)			
(8)			
(9)			
(10)			
<b>Totals</b>	<b>58,339,572</b>	<b>48,339,572</b>	

Forms <b>990 / 990-PF</b>	<b>Mortgages and Other Notes Payable</b>	<b>2008</b>
For calendar year 2008, or tax year beginning <b>7/01/08</b> , and ending <b>6/30/09</b>		
Name <b>Spectrum Health System</b>		Employer Identification Number <b>38-3382353</b>

**Form 990, Part X, Line 23 - Additional Information**

Name of lender	Relationship to disqualified person
(1) <b>National City Bank</b>	<b>Independent third party</b>
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) <b>24,500,000</b>	<b>6/27/08</b>	<b>2/01/12</b>	<b>Mature/Renew 2012</b>	<b>1.170</b>
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) <b>Unsecured</b>	<b>Line of credit</b>
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)	<b>24,500,000</b>	<b>14,500,000</b>
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Totals</b>	<b>24,500,000</b>	<b>14,500,000</b>