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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2008

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Termination

☐ Amended return

☐ Application pending

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

C Name of organization

FLAGSTAFF MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

POST OFFICE BOX 1268

City or town, state or country, and ZIP + 4

FLAGSTAFF, AZ 860021268

D Employer identification number

86-0110232

E Telephone number

(928) 779-3366

G Gross receipts

\$ 369,200,643

F Name and address of Principal Officer

WILLIAM T BRADEL
1200 N BEAVER ST
FLAGSTAFF, AZ 86001

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

(If "No," attach a list See instructions)

H(c) Group Exemption Number

I Tax-exempt status

☒ 501(c) (3) ☐ (Insert no) ☐ 4947(a)(1) or ☐ 527

J Web site:

WWW.FLAGSTAFFMEDICALCENTER.COM

K Type of organization

☒ Corporation ☐ trust ☐ association ☐ other

L Year of Formation

1936

M State of legal domicile

AZ

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities	FLAGSTAFF MEDICAL CENTER WILL IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	15
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5	Total number of employees (Part V, line 2a)	5	0
	6	Total number of volunteers (estimate if necessary)	6	292
	7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	1,222,557
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	-23,745
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	407,458	798,709
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	341,200,647	361,990,224
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,931,338	-3,801,233
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,159,217	-812,444
			359,698,660	358,175,256
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	253,205	232,035
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	118,209,019	143,111,686
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
	b	(Total fundraising expenses, Part IX, column (D), line 25 1,128,709)		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	191,904,490	196,084,686
	18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	310,366,714	339,428,407
	19	Revenue less expenses Subtract line 18 from line 12	49,331,946	18,746,849
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Year	End of Year
	21	Total liabilities (Part X, line 26)	425,713,912	436,710,899
	22	Net assets or fund balances Subtract line 21 from line 20	174,223,446	214,135,052
			251,490,466	222,575,847

Part II Signature Block

Please Sign Here

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

Signature of officer

2010-05-10

Date

GREG KUZMA CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's PTIN (See Gen Inst)

Firm's name (or yours if self-employed), address, and ZIP + 4

ERNST & YOUNG US LLP
TWO NORTH CENTRAL AVENUE STE 2300
PHOENIX, AZ 85004

EIN

Phone no (602) 322-3000

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

☐ Yes ☐ No

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

Cat No 11282Y

Form 990 (2008)

Part III

Statement of Program Service Accomplishments (See the instructions.)

1

Briefly describe the organization's mission
FLAGSTAFF MEDICAL CENTER WILL IMPROVE THE HEALTH OF THE PEOPLE AND 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 (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 277,650,741 including grants of \$ 232,035) (Revenue \$ 363,301,588)

SEE SCHEDULE O

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 \$ 277,650,741 Must equal Part IX, Line 25, column (B).

Form 990 (2008)

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II 	4	Yes
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	Yes
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable 	11	Yes
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12	No
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U S ? If "Yes," complete Schedule F, Part I	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III	16	No
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I 	17	No
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 	18	Yes
19	Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III 	19	No
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20	Yes
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II 	21	Yes
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III 	22	No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J 	23	Yes
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25 	24a	Yes
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	No
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I 	25a	No
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I 	25b	No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II 	26	Yes
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III 	27	No

Part IV Checklist of Required Schedules *(Continued)*

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	1a450		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a0		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? . . . Note: <i>If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.</i>	2b		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		No
b	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts .			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, <i>Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction</i> ?	5c		
6a	Did the organization solicit any contributions that were not tax deductible?	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more?	7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h		
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11	Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		

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

For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

		Yes	No
1a	Enter the number of voting members of the governing body	15	
1b	Enter the number of voting members that are independent	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a material diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		No
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	the governing body?	Yes	
8b	each committee with authority to act on behalf of the governing body?	Yes	
9a	Does the organization have local chapters, branches, or affiliates?		No
9b	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?		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	Yes	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <u>AZ</u>
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. <input type="checkbox"/> own website <input type="checkbox"/> another's website <input checked="" type="checkbox"/> upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. JOHN CORTESE 914 N SAN FRANCISCO SUITE M FLAGSTAFF, AZ 86001 (928) 214-3545

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

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

Form 990 (2008)

Part VII

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)							(D) Reportable compensation from the organization (W- 2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former				
									</		

2 Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization **0**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
COMPHEALTH 6440 S MILLROCK DR STE 175 SALT LAKE CITY, UT 84121	MEDICAL SERVICES	2,465,886
FOREST COUNTRY ANESTHESIA 77 W FOREST AVE STE 207 FLAGSTAFF, AZ 86001	MEDICAL SERVICES	2,341,557
SUMMIT CENTER MRI LLC 1485 N TURQUOISE DR FLAGSTAFF, AZ 86001	MEDICAL SERVICES	1,639,994
NORTHERN ARIZONA ORTHOPAEDICS 1485 N TURQUOISE DR FLAGSTAFF, AZ 86001	MEDICAL SERVICES	1,463,430
CRITICAL CARE CONSULTANTS 1200 N BEAVER ST FLAGSTAFF, AZ 86001	MEDICAL SERVICES	1,263,475
2 Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization		78

Part VIII

Statement of Revenue

				(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a		798,709				
	b	Membership dues 1b						
	c	Fundraising events 174,097	1c					
	d	Related organizations 1d						
	e	Government grants (contributions) 217,076	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 407,536	1f					
	g	Noncash contributions included in lines 1a-1f \$ 35,249						
	h	Total (Add lines 1a-1f) 798,709						
	Program Service Revenue	2a	NET PATIENT SVCS					Business Code 900,099
b		PHARMACY	446,110	4,107,048	2,884,051	1,222,997		
c		CAFETERIA / CATERING	722,210	1,993,030	1,993,030			
d		MOB / INTERCO RENT	900,099	1,177,777	1,177,777			
e		PHYSICIAN REVENUE	900,099	13,453,514	13,453,514			
f		All other program service revenue		1,370,405	1,370,405			
g		Total. Add lines 2a-2f \$ 361,990,224						
Other Revenue		3	Investment income (including dividends, interest other similar amounts)		3,028,230	1,451,875	-440	1,576,795
	4	Income from investment of tax-exempt bond proceeds		0				
	5	Royalties		0				
	6a	Gross Rents	(i) Real	(ii) Personal	55,872			55,872
			55,872					
			55,872					
	b	Less rental expenses						
	c	Rental income or (loss)	55,872					
	d	Net rental income or (loss)		55,872				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other	-6,829,463			-6,829,463
				4,119,205				
			6,337,078	4,611,590				
			-6,337,078	-492,385				
	d	Net gain or (loss)		-6,829,463				
	8a	Gross income from fundraising events (not including \$ 77,996 of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 a	174,097		1,277			1,277
			76,719					
			Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000 a			0			
Less direct expenses b								
c	Net income or (loss) from gaming activities							
10a	Gross sales of inventory, less returns and allowances a			0				
		Less cost of goods sold b						
c	Net income or (loss) from sales of inventory							
	Miscellaneous Revenue		Business Code					
11a	NON PATIENT ROOMS		900,099	203,479	203,479			
b	PURCHASE DISCOUNTS		900,099	836,594	836,594			
c	EXTINGUISHMENT OF DEBT		900,099	-2,007,382			-2,007,382	
d	All other revenue			97,716	42,413		55,303	
e	Total. Add lines 11a-11d \$ -869,593							
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e			358,175,256	363,301,588	1,222,557	-7,147,598	

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	232,035	232,035		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	3,066,305	2,197,815	778,379	90,111
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	105,950,147	99,853,871		499,186
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,553,313	5,237,526	289,929	25,858
9	Other employee benefits	12,418,639	11,712,080	648,703	57,856
10	Payroll taxes	16,123,282	15,208,841	839,563	74,878
11	Fees for services (non-employees)				
a	Management	473,408	473,408	0	
b	Legal	1,238,325	69,433	1,168,892	
c	Accounting	28,014	28,014	0	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	79,513	79,513	0	0
g	Other	34,689,837	33,621,729	778,601	289,507
12	Advertising and promotion	596,732	98,993	497,739	
13	Office expenses	64,519,448	63,156,125	1,333,325	29,998
14	Information technology	507,233	507,233	0	
15	Royalties	0			
16	Occupancy	4,073,284	4,060,394	0	12,890
17	Travel	297,612	111,193	186,419	
18	Payments of travel or entertainment expenses for any Federal, state or local public officials	0			
19	Conferences, conventions and meetings	224,495	224,495	0	
20	Interest	4,109,303		4,075,322	33,981
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	19,635,400	10,427,164	9,195,952	12,284
23	Insurance	3,419,941	978,131	2,441,810	
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	EXP REIMB TO NAH	29,536,351	0	29,536,351	0
b	BAD DEBT	28,470,597	28,470,597	0	0
c	RECRUITING	2,424,794	12,944	2,411,850	0
d	CONSULTING	763,095	91,331	669,604	2,160
e	COLLECTION EXPENSE	593,831	593,831	0	0
f	All other expenses	403,473	204,045	199,428	
25	Total functional expenses. Add lines 1 through 24f	339,428,407	277,650,741	60,648,957	1,128,709
26	Joint Costs. Check <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X **Balance Sheet**

		(A) Beginning of year		(B) End of year		
Assets	1	Cash—non-interest-bearing	10,166,845	1	11,924,059	
	2	Savings and temporary cash investments		2		
	3	Pledges and grants receivable, net		3		
	4	Accounts receivable, net	54,253,587	4	49,934,000	
	5	Receivables from current and former officers, directors, trustees, key employees or other related parties <i>Complete Part II of Schedule L</i>		5		
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) <i>Complete Part II of Schedule L</i>		6		
	7	Notes and loans receivable, net	1,843,452	7	5,259,874	
	8	Inventories for sale or use	5,092,391	8	5,974,009	
	9	Prepaid expenses and deferred charges	1,924,315	9	2,476,200	
	10a	Land, buildings, and equipment cost basis				
		10a	292,026,375			
	b	Less accumulated depreciation <i>Complete Part VI of Schedule D</i>				
		10b	148,124,589	151,428,201	10c	143,901,786
	11	Investments—publicly traded securities	191,441,625	11	207,616,995	
	12	Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i>	4,691,524	12	1,763,692	
	13	Investments—program-related See Part IV, line 11 <i>Complete Part VIII of Schedule D</i>		13		
14	Intangible assets		14			
15	Other assets See Part IV, line 11 <i>Complete Part IX of Schedule D</i>	4,871,972	15	7,860,284		
16	Total assets. Add lines 1 through 15 (must equal line 34)	425,713,912	16	436,710,899		
Liabilities	17	Accounts payable and accrued expenses	27,668,456	17	29,666,685	
	18	Grants payable		18		
	19	Deferred revenue		19		
	20	Tax-exempt bond liabilities	124,523,105	20	132,801,614	
	21	Escrow account liability <i>Complete Part IV of Schedule D</i>		21		
	22	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i>		22		
	23	Secured mortgages and notes payable to unrelated third parties	100,166	23	327,517	
	24	Unsecured notes and loans payable		24		
	25	Other liabilities <i>Complete Part X of Schedule D</i>	21,931,719	25	51,339,236	
	26	Total liabilities. Add lines 17 through 25	174,223,446	26	214,135,052	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets	251,490,466	27	222,575,847	
	28	Temporarily restricted net assets		28		
	29	Permanently restricted net assets		29		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds		30		
	31	Paid-in or capital surplus, or land, building or equipment fund		31		
	32	Retained earnings, endowment, accumulated income, or other funds		32		
	33	Total net assets or fund balances	251,490,466	33	222,575,847	
	34	Total liabilities and net assets/fund balances	425,713,912	34	436,710,899	

Part XI **Financial Statements and Reporting**

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization FLAGSTAFF MEDICAL CENTER	Employer identification number 86-0110232
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Part I Reason for Public Charity Status (to be completed by all organizations) (See Instructions)

The organization is not a private foundation because it is (Please check only **one** organization)

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in Section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in Section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in Section 170(b)(1)(A)(iii). (Attach Schedule H)
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in Section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in Section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See Section 509(a)(4). (See instructions)
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally Integrated d <input type="checkbox"/> Type III - Other
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	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 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	<input type="checkbox"/>	Provide the following information about the organizations the organization supports

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

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

Part II

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

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

Total Support						
Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total Support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

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

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

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

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

Computation of Public Support Percentage			
15	Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15	
16	Public Support Percentage for 2007 Schedule A, Part IV -A, line 27g	16	

Computation of Investment Income Percentage			
17	Investment Income Percentage for 2008 (line 10c column (f) divided by line 13 column (f))	17	
18	Investment Income Percentage from 2007 Schedule A, Part IV -A, line 27h	18	
19a	33 1/3% Tests - 2008. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b	33 1/3% Tests - 2007. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20	Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

Part IV

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

Facts and Circumstances Test

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2008

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities)

- 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 990EZ, Part VI, line 47 (Lobbying Activities)

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

Name of the organization FLAGSTAFF MEDICAL CENTER	Employer identification number 86-0110232
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Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations. (See the instructions for Schedule C for details.)

- 1

Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2

Political expenditures

\$
- 3

Volunteer hours

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

- 1

Enter the amount of any excise tax incurred by the organization under section 4955

\$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955

\$
- 3

If the organization incurred in a section 4955 tax, did it file Form 4720 for this year?

☐ Yes

☐ No
- 4a

Was a correction made?

☐ Yes

☐ No
- b

If "Yes," describe in Part IV

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

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

\$
- 2

Enter the amount of the filing organization's internal funds contributed to other organizations for section 527 exempt funtion 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 own internal 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 internal funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures— (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b	Total lobbying expenditures to influence a legislative body (direct lobbying)		
c	Total lobbying expenditures (add lines 1a and 1b)		
d	Other exempt purpose expenditures		
e	Total exempt purpose expenditures (add lines 1c and 1d)		
f	Lobbying nontaxable amount Enter the amount from the following table in both columns— If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$17,000,000 Over \$17,000,000 The lobbying nontaxable amount is: 20% of the amount on line 1e \$100,000 plus 15% of the excess over \$500,000 \$175,000 plus 10% of the excess over \$1,000,000 \$225,000 plus 5% of the excess over \$1,500,000 \$1,000,000		
g	Grassroots nontaxable amount (enter 25% of line 1f)		
h	Subtract line 1g from line 1a Enter -0- if line g is more than line a		
i	Subtract line 1f from line 1c Enter -0- if line f is more than line c		
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?	<input type="checkbox"/> Yes <input checked="" 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 1a through 1f of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line d, column (e))					
f 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?		No	
	b Paid staff or management (include compensation in expenses reported on lines c through i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?	Yes		45,282
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means?		No	
	i Other activities If "Yes," describe in Part IV		No	
	j Total lines 1c through 1i			45,282
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
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?			No	

Part III-A

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

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

Part III-B

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

1	Dues, assessments and similar amounts from members	1 \$
2	Section 162(e) non-deductible lobbying and political expenditures (<i>do not include amounts of political expenses for which the section 527(f) tax was paid</i>).	
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.

Identifier	Return Reference	Explanation
LOBBYING ACTIVITY EXPLANATION	PART II-B, LINE 1F	FLAGSTAFF MEDICAL CENTER PAID DUES TO THE ARIZONA HOSPITAL AND HEALTHCARE ASSOCIATION A PERCENTAGE OF THIS AMOUNT OR \$45,282 WAS ESTIMATED TO BE ATTRIBUTABLE TO LOBBYING RELATED TO HEALTH CARE ADVOCACY AT THE FEDERAL, STATE, REGIONAL AND LOCAL LEVELS

Supplemental Information

Identifier	Return Reference	Explanation
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SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization FLAGSTAFF MEDICAL CENTER	Employer identification number 86-0110232
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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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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) <div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)<input type="checkbox"/> Preservation of an historically importantly land area</div> <div><input type="checkbox"/> Protection of natural habitat<input type="checkbox"/> Preservation of certified historic structure</div> <div><input type="checkbox"/> Preservation of open space</div>											
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											
		<table><tr><th></th><th>Held at the End of the Year</th></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		Held at the End of the Year	a	Total number of conservation easements	b	Total acreage restricted by conservation easements	c	Number of conservation easements on a certified historic structure included in (a)	d	Number of conservation easements included in (c) acquired after 8/17/06
	Held at the End of the Year											
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>											
6	Staff or volunteer hours devoted to monitoring, inspecting and enforcing easements during the year ▶											
7	Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ▶ \$											
8	Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>											
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements											

Part III

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

1a	If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items	
b	If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items	
	(i) Revenues included in Form 990, Part VIII, line 1	▶ \$
	(ii) Assets included in Form 990, Part X	▶ \$
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items	
a	Revenues included in Form 990, Part VIII, line 1	▶ \$
b	Assets included in Form 990, Part X	▶ \$

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain why in Part XIV and complete the following table

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 the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	1,227,217				
b Contributions	734,776				
c Investment earnings or losses	17,197				
d Grants or scholarships	52,946				
e Other expenditures for facilities and programs	173,685				
f Administrative expenses	46,050				
g End of year balance	1,706,509				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 98 %

b

Permanent endowment ▶ 2 %

c

Term endowment ▶ 0 %

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)		No
3a(ii)		No
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		4,180,677		4,180,677
b Buildings		163,275,495	69,549,984	93,725,511
c Leasehold improvements		885,567	556,985	328,582
d Equipment		121,638,939	76,918,159	44,720,780
e Other		2,045,697	1,099,461	946,236
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				143,901,786

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other FUNDED DEPRECIATION	583,565	F
Other ASSETS LIMITED AS TO USE	1,180,127	F
Total. (Column (b) should equal Form 990, Part X, col (B) line 12) ▶		

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. (Column (b) should equal Form 990, Part X, col (B) line 13)		

(a) Description	(b) Book value
UNAMORTIZED BOND ISSUE COSTS	1,357,556
LAND HELD FOR FUTURE USE	5,736,222
RESTRICTED ASSETS	195,865
ALL OTHER ASSETS	570,641
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)	

(a) Description of Liability	(b) Amount
Federal Income Taxes	
UNEMPLOYMENT	45,664
IBNR	1,855,960
BIO-MED RESERVE	214,125
WORKMEN'S COMP LIABILITY	637,845
CBO PEROT RESERVE	398,672
PHYSICIANS INCOME GUARANTEE OBLIGATION	188,571
OTHER CURRENT LIABILITIES	581,677
HPL-GL RESERVE-LT	3,208,260
ADDITIONAL PENSION LIABILITY	44,208,462
Total. (Column (b) should equal Form 990, Part X, col (B) line 25)	51,339,236

Schedule D (Form 990) 2008

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
INTENDED USES OF ENDOWED FUNDS	SCHEDULE D PART V	MOST OF THE CURRENT ENDOWMENTS ARE BOARD CREATED/ QUASI-ENDOWMENTS CURRENTLY 5% OF THESE FUNDS ARE DESIGNATED FOR DISTRIBUTION BY THE FLAGSTAFF MEDICAL CENTER FOUNDATION COMMITTEE SUCH DISTRIBUTIONS SHOULD ADDRESS 1) COMMUNITY HEALTH CARE NEEDS, 2) ADHERE TO THE CORE MISSION OF THE HOSPITAL, 3) OR REFLECT PROJECTS THAT ARE DEEMED IN THE BEST INTEREST OF THE HOSPITAL
ORGANIZATION'S LIABILITY FOR UNCERTAIN TAX POSITIONS UNDER FIN 48	SCHEDULE D, PART X	IN JUNE 2006, THE FASB ISSUED FASB INTERPRETATION NO 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES - AN INTERPRETATION OF FASB STATEMENT NO 109 (FIN 48) THE INTERPRETATION CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS THE ADOPTION OF FIN (EFFECTIVE JULY 1, 2007) HAD NO SIGNIFICANT IMPACT ON THE CORPORATION'S CONSOLIDATED FINANCIAL POSITION

OMB No 1545-0047

86-0110232

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

Revenue		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		TURQUOISE BALL	GOLF TOURNAMENT	2	(Add col (a) through col (c))
		(event type)	(event type)	(total number)	
1	Gross receipts	173,783	42,340	35,970	252,093
2	Less Charitable contributions	120,514	26,209	27,374	174,097
3	Gross revenue (line 1 minus line 2)	53,269	16,131	8,596	77,996
Direct Expenses	4	Cash Prizes	0	560	0
	5	Non-cash Prizes	0	400	400
	6	Rent/Facility costs	8,450	6,168	110
	7	Other direct expenses	44,819	8,666	7,546
	8	Direct expense summary Add lines 4 through 7 in column (d)			76,719
	9	Net income summary Combine lines 3 and 8 in column (d).			1,277

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

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<div><div>Yes</div><div>No</div><div>%</div></div>	<div><div>Yes</div><div>No</div><div>%</div></div>	<div><div>Yes</div><div>No</div><div>%</div></div>	
	7 Direct expense summary Add lines 2 through 5 in column (d)				
	8 Net gaming income summary Combine lines 1 and 7 in column (d)				

		Yes	No
9	Enter the state(s) in which the organization operates gaming activities _____		
a	Is the organization licensed to operate gaming activities in each of these states?	9a	
b	If "No," Explain _____		
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a	
b	If "Yes," Explain _____		
11	Does the organization operate gaming activities with nonmembers?	11	
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12	

	Yes	No
13 Indicate the percentage of gaming activity operated in		
a The organization's facility 13a		
b An outside facility 13b		
14 Provide the name and address of the person who prepares the organization's gaming/special events books and records		
Name ►		
Address ►		
15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? 15a		
b If "Yes," enter the amount of gaming revenue received by the organization ► \$ _____ and the amount of gaming revenue retained by the third party ► \$ _____		
c If "Yes," enter name and address		
Name ►		
Address ►		
16 Gaming manager information		
Name ►		
Gaming manager compensation ► \$ _____		
Description of services provided ►		
<input type="checkbox"/> Director/officer <input type="checkbox"/> Employee <input type="checkbox"/> Independent contractor		
17 Mandatory distributions		
a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? 17a		
b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► \$ _____		

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2008

Open to Public Inspection

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

Name of the organization
FLAGSTAFF MEDICAL CENTER

Employer identification number
86-0110232

Part I

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

		Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	
b	If "Yes," is it a written policy?	1b	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Does the organization's policy provide free or discounted care to the "medically indigent"?	3a	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	
6a	Does the organization prepare an annual community benefit report?	6a	
6b	If "Yes," does the organization make it available to the public?	6b	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from worksheets 1 and 2)						
b Unreimbursed Medicaid (from worksheet 3, column a)						
c Unreimbursed costs—other means-tested government programs (from worksheet 3, column b)						
d Total Charity Care and Means-Tested Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from worksheet 4)						
f Health professions education (from worksheet 5)						
g Subsidized health services (from worksheet 6)						
h Research (from worksheet 7)						
i Cash and in-kind contributions to community groups (from worksheet 8)						
j Total Other Benefits						
k Total (line 7d and 7j)						

Part IICommunity Building Activities

(Complete this table if the organization conducted any community building activities) (Optional for 2008)

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

Part IIIBad Debt, Medicare, & Collection Practices

(Optional for 2008)

Section A. Bad Debt Expense

1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	No
2	Enter the amount of the organization's bad debt expense (at cost)	2		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, or rationale for including other bad debt amounts in community benefit.			

Section B. Medicare

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

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures

(Optional for 2008)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

Part V	Facility Information <i>(Required for 2008)</i>
---------------	--

[illegible]

Part VI **Supplemental Information** *(Optional for 2008)*

Complete this part to provide the following information

1 Provide the description required for Part I, line 3c, Part I, line 7, Part III, line 4, Part III, line 8, and Part III, line 9b

[illegible]

2 Needs Assessment. Describe how the organization assesses the health care needs of the communities it serves

3 Patient Education of Eligibility for Assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy

4 Community Information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 Community Building Activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)

7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
FLAGSTAFF MEDICAL CENTER

Grants and Other Assistance to Organizations,
Governments and Individuals in the U.S.

Complete if the organization answered "Yes," on Form 990, Part IV, lines 21 or 22. Attach to Form 990.

OMB No 1545-0047

2008

Open to Public
Inspection

Employer identification number
86-0110232

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 if additional space is needed ☐

1(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COCONINO COMMUNITY COLLEGE2800 LONETREE RD FLAGSTAFF,AZ 86001	86-0686666	501(C)(3)	100,000				FUNDING FOR NURSING PROGRAM
NORTH COUNTRY COMMUNITY HEALTHCAREPO BOX 3630 FLAGSTAFF,AZ 86003	86-0663432	501(C)(3)	60,000				CAPITAL CAMPAIGN - 4TH PAYMENT OF 5 YR PLEDGE
NACASA NORTH COUNTRY COMMUNITY HEALTHCAREPO BOX 3630 FLAGSTAFF,AZ 86003	86-0663432	501(C)(3)	18,535				4 PAYMENTS (\$4706 25 EACH) TO SUPPORT NACASA - NOR
FLAGSTAFF FAMILY YMCA 2800 S LONETREE RD FLAGSTAFF,AZ 86001	86-0096799	501(C)(3)	10,000				1ST INSTALLMENT TOWARD CAPITAL CAMPAAIGN
UNITED WAY1515 E CEDAR STE D-1 FLAGSTAFF,AZ 86004	86-0211666	501(C)(3)	25,000				COMPANY MATCHING ON EMPLOYEE CONTRIBUTIONS
AMERICAN CANCER SOCIETY2724 LAKIN STE 9 FLAGSTAFF,AZ 86004	84-1316555	501(C)(3)	8,000				CONTRIBUTION-CLIMB TO CONQUER THE CURE

2

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

6

3

Enter total number of other organizations

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e) Method of valuation (book, FMV , appraisal, other)	(f)Description of non-cash assistance

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.
See Additional Data Table

Identifier	Return Reference	Explanation
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	FORM 990, SCHEDULE I	FLAGSTAFF MEDICAL CENTER FOUNDATION - GRANTS 1) INDIVIDUALS ON THE USER LEVEL ARE RESPONSIBLE FOR SCREENING AND IDENTIFYING THE NEEDS FOR DISTRIBUTION OF GRANT FUNDS 2) DEPARTMENT HEADS AND/OR PROGRAM COORDINATORS MUST VALIDATE AND SIGN ALL REQUESTS FOR PAYMENT OR DISBURSEMENT OF THESE FUNDS 3) WRITTEN REQUESTS ARE REVIEWED BY THE FOUNDATION SPECIALIST FOR OPERATIONS TO VERIFY AVAILABLE FUND BALANCES AND PROPER ACCOUNT NUMBERS 4) THE FOUNDATION SPECIALIST FOR GRANTS THEN INITIALS THE DOCUMENTS AFTER VERIFYING THE CRITERIA FOR DISBURSEMENT 5) THE VICE PRESIDENT OF DEVELOPMENT AUTHORIZES THE DISBURSEMENT OF FUNDS BY SIGNATURE 6) THE FOUNDATION SCANS ALL DOCUMENTS AND SAVES THEM DIGITALLY ON A SECURE SERVER 7) ALL ORIGINAL DOCUMENTS ARE SUBMITTED TO ACCOUNTS PAYABLE FOR FINAL RECORDING AND PAYMENT 8) ORIGINAL DOCUMENTS ARE FILED AND ARCHIVED IN A SECURE LOCATION FOR THE REQUIRED LENGTH OF TIME

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
FLAGSTAFF MEDICAL CENTER

Employer identification number
86-0110232

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

Part II

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WILLIAM T BRADEL	(i)	0	0	0	0	0	0	0
	(ii)	370,489	70,025	18,706	27,416	4,964	491,600	177,070
STEVEN W LEWIS	(i)	0	0	0	0	0	0	0
	(ii)	321,059	44,664	1,841	10,311	21,963	399,838	163,109
ALICE GAGNAIRE	(i)	0	0	0	0	0	0	0
	(ii)	239,837	26,418	5,037	169,744	8,754	449,790	120,952
ROGER S SCHULER	(i)	0	0	0	0	0	0	0
	(ii)	189,840	20,725	11,636	98,239	14,794	335,234	97,878
MARILYNN P BELCHER	(i)	0	0	0	0	0	0	0
	(ii)	181,402	13,863	680	7,842	13,053	216,840	86,094
RICHARD A SMITH	(i)	0	0	0	0	0	0	0
	(ii)	159,297	9,000	15,642	7,141	9,980	201,060	87,984
JOHN J MOUGIN	(i)	0	0	0	0	0	0	0
	(ii)	257,186	52,754	0	9,400	16,254	335,594	151,258
MARK C FOSTER	(i)	0	0	0	0	0	0	0
	(ii)	245,204	51,739	0	10,259	13,335	320,537	140,617
MARK D LACY	(i)	0	0	0	0	0	0	0
	(ii)	215,272	0	0	9,023	16,626	240,921	106,157
RICHARD K NEFF	(i)	0	0	0	0	0	0	0
	(ii)	196,638	12,940	0	4,338	16,198	230,114	103,264
STEVEN M PETERSON	(i)	0	0	0	0	0	0	0
	(ii)	201,545	0	0	8,050	11,580	221,175	0
GREG KUZMA	(i)	0	0	0	0	0	0	0
	(ii)	274,131	26,051	16,143	68,111	18,416	402,852	155,062
	(i)							
	(ii)							
	(i)							
	(ii)							

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

Schedule J (Form 990) 2008

Software ID:
Software Version:
EIN: 86-0110232
Name: FLAGSTAFF MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WILLIAM T BRADEL	(i)	0	0	0	0	0	0	0
	(ii)	370,489	70,025	18,706	27,416	4,964	491,600	177,070
STEVEN W LEWIS	(i)	0	0	0	0	0	0	0
	(ii)	321,059	44,664	1,841	10,311	21,963	399,838	163,109
ALICE GAGNAIRE	(i)	0	0	0	0	0	0	0
	(ii)	239,837	26,418	5,037	169,744	8,754	449,790	120,952
ROGER S SCHULER	(i)	0	0	0	0	0	0	0
	(ii)	189,840	20,725	11,636	98,239	14,794	335,234	97,878
MARILYNN P BELCHER	(i)	0	0	0	0	0	0	0
	(ii)	181,402	13,863	680	7,842	13,053	216,840	86,094
RICHARD A SMITH	(i)	0	0	0	0	0	0	0
	(ii)	159,297	9,000	15,642	7,141	9,980	201,060	87,984
JOHN J MOUGIN	(i)	0	0	0	0	0	0	0
	(ii)	257,186	52,754	0	9,400	16,254	335,594	151,258
MARK C FOSTER	(i)	0	0	0	0	0	0	0
	(ii)	245,204	51,739	0	10,259	13,335	320,537	140,617
MARK D LACY	(i)	0	0	0	0	0	0	0
	(ii)	215,272	0	0	9,023	16,626	240,921	106,157
RICHARD K NEFF	(i)	0	0	0	0	0	0	0
	(ii)	196,638	12,940	0	4,338	16,198	230,114	103,264
STEVEN M PETERSON	(i)	0	0	0	0	0	0	0
	(ii)	201,545	0	0	8,050	11,580	221,175	0
GREG KUZMA	(i)	0	0	0	0	0	0	0
	(ii)	274,131	26,051	16,143	68,111	18,416	402,852	155,062

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds	OMB No 1545-0047
		2008
		Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization FLAGSTAFF MEDICAL CENTER	Employer identification number 86-0110232
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Part I

Bond Issues (Required for 2008)

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY	86-0376099		07-25-2008	45,703,133	SEE SCHEDULE O		X		X
B	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY	86-0376099	985900BT5	01-08-2009	20,000,000	SEE SCHEDULE O		X		X

Part II

Proceeds (Optional for 2008)

		A		B		C		D		E	
1	Total Proceeds of Issue										
2	Gross Proceeds in Reserve Funds										
3	Proceeds in Refunding or Defeasance Escrows										
4	Other Unspent Proceeds										
5	Issuance Costs from Proceeds										
6	Working Capital Expenditures from Proceeds										
7	Capital Expenditures from Proceeds										
8	Year of Substantial Completion										
9	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
10	Were the bonds issued as part of an advance refunding issue?										
11	Has the final allocation of proceeds been made?										
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?										

Part III

Private Business Use (Optional for 2008)

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage *(Optional for 2008)*

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

Schedule L
(Form 990 or 990-EZ)

OMB No 1545-0047

2008

Open to Public Inspection

Transactions with Interested Persons

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

Name of the organization
FLAGSTAFF MEDICAL CENTER

Employer identification number
86-0110232

Part I

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

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

2

Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$

3

Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$

Part II

Loans to and/or From Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
NO AZ RADIOLOGY IMAG INSTALLMENT SALE		X	725,000	290,000		No	Yes		Yes	
Total ▶ \$					290,000					

Part III

Grants or Assistance Benefitting Interested Persons

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

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

Part IV

Business Transactions Involving Interested Persons

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
FOREST COUNTRY ANESTHESIA	CHRISTIANSON/CHAPMAN	2,341,557	MEDICAL SERVICES		No
NORTHERN ARIZONA RADIOLOGY	KOTTRA MEMBER	735,408	MEDICAL SERVICES		No
KATHY KUZMA	GREG KUZMA SPOUSE	66,428	COMPENSATION		No

SCHEDULE M
(Form 990)

Non-Cash Contributions

To be completed by organizations that answered
"Yes" on Form 990, Part IV, lines 29 or 30.
Attach to Form 990

OMB No 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
FLAGSTAFF MEDICAL CENTER

Employer identification number
86-0110232

Part I

Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art	X	2	5,900	OPINIONS OF EXPERTS
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications	X		812	COST
5 Clothing and household goods	X		4,380	COST
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution (historic structures)				
14 Qualified conservation contribution (other)				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory	X	15	5,721	COST
20 Drugs and medical supplies	X	4	2,228	SALE PRICE
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
SPORTING 25 Other (describe <u>GOODS</u>)	X	19	7,122	COST
26 Other (describe GIFT CERTIFICATES FOR MISC <u>GOODS/SVCS</u>)	X	40	6,538	COST
CHILDREN'S 27 Other (describe <u>TOYS</u>)	X	4	795	SALES OF COMPARABLE
28 Other (describe <u>JEWELRY</u>)	X	1	1,753	OPINIONS OF EXPERTS
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement			29	

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b If "Yes", describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b If "Yes", describe in Part II			
33 If the organization did not report revenues in Column (c) for a type of property for which Column (a) is checked, describe in Part II			

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

[illegible]

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
FLAGSTAFF MEDICAL CENTER

Employer identification number
86-0110232

Identifier	Return Reference	Explanation
VOLUNTEERS RESPONSIBILITIES	FORM 990, PART I, LINE 6	FMC VOLUNTEERS PROVIDE CLERICAL ASSISTANCE IN MULTIPLE DEPARTMENTS AND SUPPORT SERVICES SUCH AS WHEELCHAIR ASSISTANCE AND ESCORTING PATIENTS AND FAMILIES WHO ENTER AT THE MAIN ENTRY THEY VOLUNTEER AT THE INFORMATION DESK AND GIFT SHOP AND MAKE DELIVERIES OF GIFTS, READING MATERIALS AND MAIL TO PATIENT ROOMS THEY PROVIDE LOBBY MUSIC, NAVAJO AND SPANISH INTERPRETATION, SPIRITUAL CARE, AND CARING CANINE AND CARING CLOWN VISITS TO PATIENTS THEY ROCK BABIES IN THE SPECIAL CARE NURSERY , PROVIDE MENDED HEARTS PATIENT AND FAMILY SUPPORT, AND ASSIST IN THE FOUNDATION AND AT SPECIAL EVENTS VOLUNTEERS ASSIST IN OTHER DEPARTMENTS SUCH AS THE CANCER CENTER, BIOMEDICAL ENGINEERING, MAIL ROOM, NUTRITION SERVICES, PHARMACY, WOMEN AND INFANTS' CENTER, PHYSICAL THERAPY, FIT KIDS, BARIATRIC CLINIC, EMERGENCY AND SURGICAL SERVICES AND THE TAYLOR HOUSE

Identifier	Return Reference	Explanation
DESCRIPTION OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4	ONE OF THE NICEST THINGS ABOUT LIVING IN NORTHERN ARIZONA IS YOU DON'T HAVE TO TRAVEL TO GET EXCELLENT HEALTHCARE SINCE 1936, FLAGSTAFF MEDICAL CENTER (FMC), A MEMBER OF NORTHERN ARIZONA HEALTHCARE, HAS PROVIDED HIGH QUALITY HEALTHCARE SERVICES TO RESIDENTS AND VISITORS TO NORTHERN ARIZONA WE ARE DEDICATED TO PATIENT-CENTERED CARE WITH A PERSONAL TOUCH FMC IS LICENSED BY MEDICARE AND THE STATE OF ARIZONA FOUNDED BY DR CHARLES SECHRIST AS FLAGSTAFF HOSPITAL, THE 25-BED HOSPITAL WAS DONATED TO THE COMMUNITY OF FLAGSTAFF IN 1955 TODAY, FLAGSTAFF MEDICAL CENTER REMAINS A NOT-FOR-PROFIT HOSPITAL, GOVERNED BY A VOLUNTEER BOARD OF DIRECTORS WE TREAT EVERY PATIENT, REGARDLESS OF THEIR ABILITY TO PAY EVERY YEAR, FLAGSTAFF MEDICAL CENTER INVESTS IN YOUR COMMUNITY HOSPITAL TO ENSURE WE ARE PROVIDING THE BEST, SAFEST CARE, CLOSE TO HOME WE PROVIDE KEY SERVICES TO NORTHERN ARIZONA RESIDENTS AND VISITORS, INCLUDING A REGIONAL TRAUMA CENTER, OPEN-HEART SURGERY, HIGH-TECH IMAGING, A CANCER CENTER, SURGICAL SERVICES, ORTHOPEDIC SERVICES, WOMEN, INFANTS' AND CHILDREN'S SERVICES, AND MORE FMC CURRENTLY HAS - 271 INPATIENT BEDS - 124 PHYSICIANS ON OUR ACTIVE MEDICAL STAFF - 14,225 ANNUAL INPATIENT HOSPITAL ADMISSIONS - 65,002 INPATIENT DAYS - 76,700 ANNUAL OUTPATIENT HOSPITAL VISITS - 40,449 ANNUAL EMERGENCY DEPARTMENT VISITS - 2,149 BABIES BORN THIS YEAR AT FMC FLAGSTAFF MEDICAL CENTER'S MISSION AND VISION ----- VISION - NORTHERN ARIZONA HEALTHCARE, IN PARTNERSHIP WITH OUR COLLEAGUES AND PHYSICIANS, WILL BE THE HIGHEST QUALITY, COST-EFFECTIVE, PREFERRED HEALTHCARE DELIVERY SYSTEM IN NORTHERN AND CENTRAL ARIZONA WE WILL EXCEED THE EXPECTATIONS OF THOSE WE SERVE BY - DEVELOPING QUALITY HEALTHCARE SERVICES USING ADVANCED TECHNOLOGY TO IMPROVE THE HEALTH STATUS AND TO MEET THE GROWING NEEDS OF THE COMMUNITIES WE SERVE - FOSTERING AN ORGANIZATIONAL CULTURE THAT ACTS AS A MAGNET FOR RECRUITING AND RETAINING HIGHLY QUALIFIED COLLEAGUES AND PHYSICIANS - ENSURING EXCEPTIONAL VALUE FOR OUR PATIENTS AND FINANCIAL STRENGTH FOR OUR INSTITUTIONS - DEVELOPING STRATEGIC ALLIANCES AND PARTNERSHIPS WITH PROVIDERS AND ORGANIZATIONS TO ENSURE COMPREHENSIVE SERVICES FOR OUR PATIENTS VALUES - WE ARE COMMITTED TO MEETING THE NEEDS AND EXCEEDING THE EXPECTATIONS OF OUR PATIENTS COLLEAGUES - WE WILL CREATE AN ORGANIZATIONAL CULTURE WHERE COLLEAGUES FEEL VALUED AND TAKE A SENSE OF PRIDE IN THEIR WORK QUALITY - WE CONTINUOUSLY STRIVE TO ACHIEVE EXCELLENCE AT ALL LEVELS IN THE ORGANIZATION SAFETY - WE ARE COMMITTED TO MAINTAINING A SAFE ENVIRONMENT FOR OUR PATIENTS, VISITORS AND COLLEAGUES LEADERSHIP - WE PROMOTE LEADERSHIP AS AN ATTITUDE, NOT A POSITION, PUTTING VALUE ON BOTH PEOPLE AND THE WORK THEY DO TEAMWORK - WE ARE COLLEAGUES WORKING TOGETHER, SHARING KNOWLEDGE, TALENTS, AND SKILLS TO ACHIEVE COMMON GOALS INTEGRITY - WE WILL BE FORTHRIGHT, HONEST AND RESPECTFUL DIVERSITY - WE EMBRACE THE DIVERSITY OF OUR PEOPLE, PATIENTS AND THE COMMUNITIES WE SERVE

Identifier	Return Reference	Explanation
DESCRIPTION OF BUSINESS RELATIONSHIP	FORM 990, PART VI, LINE 2	GARY CHRISTENSEN AND MARK CHAPMAN HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
DESCRIBE THE MEMBERS OR STOCKHOLDERS OF ORGANIZAITON	FORM 990, PART VI, QUESTION 6 AND 7	LINE 6 NORTHERN ARIZONA HEALTHCARE CORPORATION IS THE SOLE CORPORATE MEMBER OF FLAGSTAFF MEDICAL CENTER LINE 7 AS SOLE CORPORATE MEMBER, NORTHERN ARIZONA HEALTHCARE CORPORATION APPROVES THE BOARD OF DIRECTORS THAT ARE ELECTED BY THIS ENTITY ALSO AS SOLE CORPORATE MEMBER, NORTHERN ARIZONA HEALTHCARE CORPORATION HAS RESERVED THE RIGHT AND AUTHORITY TO APPROVE OR DISAPPROVE THOSE ACTS OR POWERS AS SET FORTH IN THE "RESERVED POWERS CHART" THAT IS PART OF THE BYLAWS

Identifier	Return Reference	Explanation
REVIEW OF THE FORM 990 BY THE ORGANIZATION'S GOVERNING BODY	FORM 990, PART VI, QUESTION 10	THE FORM 990 IS PREPARED BY AN ACCOUNTING FIRM BASED ON DATA GATHERED BY THE CONTROLLER AND THE ORGANIZATION'S FINANCIAL OPERATIONS GROUP THE CFO REVIEWS THE DRAFT FORM 990 AND PROVIDES ADDITIONAL COMMENTS THE FINAL DRAFT VERSION OF THE FORM 990 IS PROVIDED TO THE BOARD OF DIRECTORS AND KEY OFFICERS AT A BOARD MEETING HELD PRIOR TO THE MAY 15 DUE DATE FOR THE FORM 990 A REPRESENTATIVE FROM THE ACCOUNTING FIRM ATTENDS THE MEETING AND EXPLAINS SOME OF THE SIGNIFICANT DISCLOSURES IN THE FORM 990 ANY ADDITIONAL COMMENTS SUGGESTED BY THE GOVERNING BODY ARE THEN INCORPORATED INTO THE FINAL VERSION OF THE FORM 990 TO BE FILED WITH THE IRS BY THE FINAL DUE DATE IF ANY SUGGESTED CHANGES ARE MATERIAL OR SIGNIFICANT, AN ADDITIONAL DRAFT IS DISTRIBUTED TO THE GOVERNING BODY PRIOR TO FILING

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, QUESTION 12C	THE ORGANIZATION REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY (BOARD POLICY 6 1) THIS IS ACCOMPLISHED BY A NUMBER OF MECHANISMS FIRST THE CONFLICT OF INTEREST QUESTIONNAIRE IS REVIEWED BY THE GOVERNANCE COMMITTEE OF THE BOARD AS PART OF THE QUESTIONNAIRE, SELF-DISCLOSURE IS REQUIRED BY BOARD MEMBERS IN ADDITION INDIVIDUAL DISCLOSURE BY BOARD MEMBERS OCCURS AT BOARD MEETINGS WHEN NECESSARY (I E A BOARD MEMBER WILL EXCLUDE HIMSELF FROM VOTING ON AN ISSUE IN WHICH HE MAY HAVE A CONFLICT IF INTEREST)

Identifier	Return Reference	Explanation
COMPENSATION PROCESS	FORM 990, PART VI, QUESTION 15A & 15B	THE PROCESS FOR DETERMINING COMPENSATION OF THE ORGANIZATION'S CEO AND OTHER OFFICERS INCLUDES THE PREPARATION OF COMPARABLE DATA BY TOWERS WATSON, AN INDEPENDENT CONSULTING FIRM IN ADDITION THIS INFORMATION IS REVIEWED BY THE GOVERNANCE COMMITTEE OF THE BOARD

Identifier	Return Reference	Explanation
AVAILABILITY OF CERTAIN DOCUMENTS TO THE GENERAL PUBLIC	FORM 990, PART VI, QUESTION 19	THE ORGANIZATION'S FINANCIAL STATEMENTS ARE AVAILABLE THROUGH THE ARIZONA DEPARTMENT OF HEALTH SERVICES IN ADDITION, THEY ARE AVAILABLE THROUGH THE ELECTRONIC MUNICIPAL MARKET ACCCESS (EMMA) AS PART OF THE ORGANIZATION'S CONTINUING DISCLOSURE DOCUMENTS THAT ARE REQUIRED BY ITS PUBLIC DEBT REQUIREMENTS THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS OR ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
A AUDITED FINANCIAL STATEMENTS	PART XI, LINE 2	THE AUDITED FINANCIAL STATEMENTS ARE ISSUED ON A CONSOLIDATED BASIS NO STAND-ALONE AUDITED FINANCIAL STATEMENTS ARE ISSUED FOR THIS ENTITY THEREFORE, THIS QUESTION IS ANSWERED NO IN ACCORDANCE WITH THE INSTRUCTIONS

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLEMENTAL INFORMATION	PART I	LINE A - THE NAME OF THE ISSUE IS HOSPITAL REVENUE REFUNDING BONDS (NORTHERN ARIZONA HEALTHCARE SYSTEM) SERIES 2008A THIS ISSUE REFUNDS BONDS FROM 12/12/96 AND 10/31/02 TOTAL ISSUANCE PRICE WAS \$57,096,705 WHICH WAS ALLOCATED \$45,703,133 TO FLAGSTAFF MEDICAL CENTER AND \$11,393,572 TO VERDE VALLEY MEDICAL CENTER LINE B - THE NAME OF THE ISSUE IS \$52,795,000 HOSPITAL REVENUE BONDS (NORTHERN ARIZONA HEALTHCARE SYSTEM) SERIES 2008B THIS ISSUE REFUNDS BONDS FROM 1/27/05 TOTAL ISSUANCE PRICE WAS \$52,795,000 WHICH WAS ALLOCATED \$20,000,000 TO FLAGSTAFF MEDICAL CENTER AND \$32,795,000 TO VERDE VALLEY MEDICAL CENTER

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
FLAGSTAFF MEDICAL CENTER

Employer identification number
86-0110232

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

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
NORTHERN ARIZONA HEALTHCARE POST OFFICE BOX 1268 FLAGSTAFF, AZ860021268 74-2410946	HEALTHCARE	AZ	501(C)(3)	9	NONE
VERDE VALLEY MEDICAL CENTER 269 SOUTH CANDY LANE COTTONWOOD, AZ86326 86-0100882	HEALTHCARE	AZ	501(C)(3)	3	NAH

Part III

Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproprtionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No
ALLIANCE MEDICAL LAB LLC 1200 N BEAVER STREET FLAGSTAFF, AZ86001 20-0584165	LAB SERVICES	AZ	NA	RELATED	505,980	396,013		No	-440		No
AMBULATORY SURGI CENTER AT FMC LLC 1200 N BEAVER STREET FLAGSTAFF, AZ86001 86-0913157	AMBULATORY SVCS	AZ	NA	RELATED	816,329	2,176,075		No	0	Yes	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership

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)

Yes

No

1a

No

1b

No

1c

No

1d

Yes

1e

Yes

1f

Yes

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

No

1m

Yes

1n

Yes

1o

No

1p

Yes

1q

Yes

1r

Yes

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds		
(A) Name of other organization(s)	(B) Transaction type(a-r)	(C) Amount Involved
(1) NORTHERN ARIZONA HEALTHCARE	I	59,948
(2) VERDE VALLEY MEDICAL CENTER	P	14,049,035
(3) NORTHERN ARIZONA HEALTHCARE	Q	113,225,495
(4) ALLIANCE MEDICAL LAB	R	571,860
(5) NORTHERN ARIZONA HEALTHCARE	N	7,216,554
(6)		

Schedule R (Form 990) 2008

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]

Additional Data

Software ID:
Software Version:
EIN: 86-0110232
Name: FLAGSTAFF MEDICAL CENTER

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
WILLIAM AUSTIN MD , DIRECTOR	4 0	X						0	61,420	0
CHRIS BAVASI , CHAIRMAN	3 0	X		X				0	0	0
GARY CHRISTENSEN MD , DIRECTOR	1 0	X						0	0	0
MARK CHAPMAN MD , DIRECTOR (THRU 12/08)	1 0	X						0	3,333	0
JIM DORMAN , VICE CHAIRMAN	2 0	X		X				0	0	0
WAYNE FOX , DIRECTOR	2 0	X						0	0	0
L GEORGE HERSHEY DO , DIRECTOR	1 0	X						0	0	0
BILL JEFFERS , DIRECTOR	2 0	X						0	0	0
JENNIFER KOTTRA MD , MEDICAL STAFF REP	1 0	X						0	0	0
J THOMAS MONFORT DDS , DIRECTOR	1 0	X						0	0	0
ROBERT M MONTOYA , PAST CHAIRMAN	3 0	X		X				0	0	0
MOLLY MUNGER , DIRECTOR	1 0	X						0	0	0
STEVE PERU , SECRETARY/TREASURER	2 0	X		X				0	0	0
DANIEL SHAW MD , DIRECTOR (THRU 12/09)	1 0	X						0	40,000	0
GUADALUPE WOODSON FNP , DIRECTOR	2 0	X						0	0	0
WILLIAM T BRADEL , PRESIDENT/CEO	40 0	X		X				0	459,220	32,380
GREG KUZMA , VP/CFO	40 0			X				0	316,325	86,527
STEVEN W LEWIS , CHIEF MEDICAL OFFICER	40 0				X			0	367,564	32,274
ALICE GAGNAIRE , VP PROFESSIONAL SERVICES	40 0				X			0	271,292	178,498
ROGER S SCHULER , VP ANCILLARY SERVICES	40 0				X			0	222,201	113,033
MARILYNN P BELCHER , CNO/VP PATIENT CARE SERVICES	40 0				X			0	195,945	20,895
RICHARD A SMITH , VP DEVELOPMENT	40 0				X			0	183,939	17,121
BARBARA S DEMBER , VP PROFESSIONAL SERVICES	40 0				X			0	28,154	8,419
JOHN J MOUGIN , PHYSICIAN	40 0					X		0	309,940	25,654
MARK C FOSTER , PHYSICIAN	40 0					X		0	296,943	23,594
MARK D LACY , PHYSICIAN	40 0					X		0	215,272	25,649
RICHARD K NEFF , PHYSICIAN	40 0					X		0	209,578	20,536
STEVEN M PETERSON , PHYSICIAN	40 0					X		0	201,545	19,630

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
a NET PATIENT SVCS	900,099	339,888,450	339,888,450		
b PHARMACY	446,110	4,107,048	2,884,051	1,222,997	
c CAFETERIA / CATERING	722,210	1,993,030	1,993,030		
d MOB / INTERCO RENT	900,099	1,177,777	1,177,777		
e PHYSICIAN REVENUE	900,099	13,453,514	13,453,514		