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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 10-01-2008 and ending 09-30-2009

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization PHS EAGLECREST INC	D Employer identification number 31-1604817
		Doing Business As	E Telephone number (651) 631-6120
		Number and street (or P O box if mail is not delivered to street address) Room/suite 2845 HAMLINE AVENUE NORTH	G Gross receipts \$ 16,140,355
		City or town, state or country, and ZIP + 4 ROSEVILLE, MN 55113	
F Name and address of Principal Officer DAN LINDH 2845 HAMLINE AVENUE NORTH ROSEVILLE, MN 55113		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No," attach a list See instructions) H(c) Group Exemption Number ▶	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c) (3) ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Web site: ▶ N/A			
K Type of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> trust <input type="checkbox"/> association <input type="checkbox"/> other ▶		L Year of Formation 1998	M State of legal domicile MN

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE MISSION OF PHS EAGLECREST, INC IS TO ENRICH THE LIVES OF OLDER ADULTS THROUGH SERVICES AND COMMUNITIES THAT REFLECT THE LOVE OF GOD		
	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	3
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	1
	5 Total number of employees (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	78
	7a Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	1,960,908
	b Net unrelated business taxable income from Form 990-T, line 34	7b	-23,908
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	11,037,730	11,121,039
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	215,199	196,648
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	470,133	4,104,764
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	11,723,062	15,422,451
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	
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)		3,875,910	4,209,772
16a Professional fundraising fees (Part IX, column (A), line 11e)			0
b (Total fundraising expenses, Part IX, column (D), line 25 ⁰)			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)		7,569,841	5,792,829
18 Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))		11,445,751	10,002,601
19 Revenue less expenses Subtract line 18 from line 12	277,311	5,419,850	
Net Assets or Fund Balances		Beginning of Year	End of Year
	20 Total assets (Part X, line 16)	36,182,000	40,676,000
	21 Total liabilities (Part X, line 26)	30,868,000	29,942,000
22 Net assets or fund balances Subtract line 21 from line 20	5,314,000	10,734,000	

Part II Signature Block

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

Please Sign Here	***** Signature of officer	2010-07-29 Date		
	MARK MEYER CFO Type or print name and title			
Paid Preparer's Use Only	Preparer's signature ▶ Collin F Buzzell	Date	Check if self-employed <input type="checkbox"/>	Preparer's PTIN (See Gen Inst)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ RSM McGladrey Inc 801 Nicollet Mall Suite 1100 Minneapolis, MN 55402			EIN ▶
				Phone no ▶ (612) 573-8750

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

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

1 Briefly describe the organization's mission
THE MISSION OF PHS EAGLECREST, INC IS TO ENRICH THE LIVES OF OLDER ADULTS THROUGH SERVICES AND COMMUNITIES THAT REFLECT THE LOVE OF GOD

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 \$ 8,117,189 including grants of \$) (Revenue \$ 13,662,444)
PHS EAGLECREST, INC IS LOCATED IN ROSEVILLE, MINNESOTA AND CONSISTS OF 36 APARTMENT MEMORY CARE SPECIFIC ASSISTED LIVING, 91 TRADITIONAL ASSISTED LIVING APARTMENTS, AND 127 INDEPENDENT SENIOR APARTMENTS

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 \$ 8,117,189 *Must equal Part IX, Line 25, column (B).*

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i>	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II.</i>		No
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? <i>If "Yes," complete Schedule C, Part III.</i>		
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? <i>If "Yes," complete Schedule D, Part I.</i>		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? <i>If "Yes," complete Schedule D, Part II.</i>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>		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? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10	Did the organization hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>		No
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? <i>If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.</i>	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? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>		No
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the U.S.?		No
14b	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.? <i>If "Yes," complete Schedule F, Part I.</i>		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? <i>If "Yes," complete Schedule F, Part II.</i>		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? <i>If "Yes," complete Schedule F, Part III.</i>		No
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? <i>If "Yes," complete Schedule G, Part I.</i>		No
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>		No
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>		No
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? <i>If "Yes," complete Schedule J.</i>	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? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25.</i>	Yes	
24b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		No
24c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		No
24d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		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? <i>If "Yes," complete Schedule L, Part I.</i>		No
25b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? <i>If "Yes," complete Schedule L, Part I.</i>		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? <i>If "Yes," complete Schedule L, Part II.</i>		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III.</i>		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>		No
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>		No
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		No
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>		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		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>		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> 	Yes	
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> 	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> 	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> 		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> 		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		
	1a 1		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
	1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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		
	2a 0		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.		
2b			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	Yes	
3a			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	Yes	
3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
4a			
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?		No
5a			
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5b			
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?		No
6a			
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
6b			
7	<i>Organizations that may receive deductible contributions under section 170(c).</i>		
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more?		No
7a			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7c			
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7e			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7f			
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		No
7g			
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		No
7h			
8	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</i> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
8			
9	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</i>		
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	<i>Section 501(c)(7) organizations.</i> 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	<i>Section 501(c)(12) organizations.</i> 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	<i>Section 4947(a)(1) non-exempt charitable trusts.</i> 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		
1b	Enter the number of voting members that are independent		
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		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?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a the governing body?	Yes	
8b	b 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	a Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	c 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	a The organization's CEO, Executive Director, or top management official?	Yes	
15b	b 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?		No
16b	b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <u> MN </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 HEIDI PETERSON 2845 HAMLIN AVENUE NORTH ROSEVILLE, MN 55113 (651) 631-6149

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

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

1a Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed

* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

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

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

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

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

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Larry Carlson , Board Chair	1 00	X		X				0	0	
Dan Lindh , Vice Chair/CEO	40 00	X		X				0	445,914	
Mark Meyer , SecRETARY/TreaSurerer/CFO	40 00	X		X				0	267,447	
Janna Severance , CORPORATE ATTORNEY	40 00				X			0	213,776	
Cathy Bergland , Executive Director, Oper	40 00				X			0	242,377	
Phil Hanson , Executive Director, Huma	40 00				X			0	173,784	
Sharon Klefsaas , Executive Director, Care	40 00				X			0	185,511	
Duane Larson , Director Operations	40 00					X		0	142,587	
Martha Hurr , Executive Director, IT	40 00					X		0	184,986	
Deb Black , Executive Director, Mark	40 00					X		0	165,471	
Beckie Conway , Director Clinical Servic	40 00					X		0	138,910	
Angie Swetland , Director Operations	40 00					X		0	136,227	

Part VII Continued

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Total							0	2,296,990	144,446	

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

- 3** Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*
- 4** For any individual listed online 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? *If "Yes," complete Schedule J for such individual*
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*

	Yes	No
3		No
4	Yes	
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
COUNTRY INN & SUITES CORPORATE PO BOX SDS-12-0586 MINNEAPOLIS, MN 554860586	FRANCHISE FEES	211,328

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

Part VIII Statement of Revenue

			(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . . 1a _____					
	b	Membership dues 1b _____					
	c	Fundraising events 1c _____					
	d	Related organizations . . . 1d _____					
	e	Government grants (contributions) 1e _____					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f _____					
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total (Add lines 1a-1f) 1f _____					
Program Service Revenue	2a	RESIDENT SERVICES Business Code 623,990	9,183,431	9,183,431			
	b	MOTEL Business Code 721,110	1,937,608		1,937,608		
	c	_____					
	d	_____					
	e	_____					
	f	All other program service revenue _____					
	g	Total. Add lines 2a-2f 2f \$ 11,121,039					
Other Revenue	3	Investment income (including dividends, interest other similar amounts) 3	196,648			196,648	
	4	Income from investment of tax-exempt bond proceeds 4					
	5	Royalties 5					
	6a	Gross Rents	(i) Real 343,655				
			(ii) Personal				
			Less rental expenses 717,904				
			Rental income or (loss) -374,249				
	d	Net rental income or (loss) 6d	-374,249		23,300	-397,549	
	7a	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
			Less cost or other basis and sales expenses				
			Gain or (loss)				
	d	Net gain or (loss) 7d					
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 a						
		Less direct expenses . . . b					
		Net income or (loss) from fundraising events . . . 8c					
9a	Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000 a						
		Less direct expenses . . . b					
		Net income or (loss) from gaming activities . . . 9c					
10a	Gross sales of inventory, less returns and allowances . . . a						
		Less cost of goods sold . . . b					
		Net income or (loss) from sales of inventory . . . 10c					
11a	Miscellaneous Revenue Business Code	GAIN ON REFINANCE 623,990	4,040,440	4,040,440			
		MEAL SERVICES 623,990	322,291	322,291			
		BEAUTY SHOP 623,990	95,241	95,241			
		All other revenue _____	21,041	21,041			
		Total. Add lines 11a-11d 11e \$ 4,479,013					
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e 12	15,422,451	13,662,444	1,960,908	-200,901		

Part IX Statement of Functional Expenses

**Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).**

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	3,478,385	2,895,855		
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	93,479	93,479		
9	Other employee benefits	370,680	370,680		
10	Payroll taxes	267,228	267,228		
11	Fees for services (non-employees)				
a	Management	546,797		546,797	
b	Legal	44,953		44,953	
c	Accounting	44,018		44,018	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other				
12	Advertising and promotion	14,415		14,415	
13	Office expenses	348,265	234,228	114,037	
14	Information technology	11,654		11,654	
15	Royalties				
16	Occupancy	702,031	702,031		
17	Travel	829	829		
18	Payments of travel or entertainment expenses for any Federal, state or local public officials				
19	Conferences, conventions and meetings				
20	Interest	1,649,161	1,649,161		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,242,958	1,242,958		
23	Insurance	167,873		167,873	
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	CULINARY	412,821	412,821		
b	MAINTENANCE	171,759	171,759		
c	LICENSE/FEES/DUES/TAXES	163,886		163,886	
d	motel services	147,451		147,451	
e	medical expense	68,704	68,704		
f	All other expenses	55,254	7,456	47,798	
25	Total functional expenses. Add lines 1 through 24f	10,002,601	8,117,189	1,885,412	0
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)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	3,891,000	1	5,559,000
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	126,000	4	105,000
	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	38,000	7	27,000
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	18,000	9	261,000
	10a Land, buildings, and equipment cost basis			
		10a 36,157,000		
	b Less accumulated depreciation <i>Complete Part VI of Schedule D</i>			
		10b 9,620,000	27,326,000	10c 26,537,000
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i>	3,417,000	12	2,619,000
	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>	1,366,000	15	5,568,000	
16 Total assets. Add lines 1 through 15 (must equal line 34)	36,182,000	16	40,676,000	
Liabilities	17 Accounts payable and accrued expenses	1,575,000	17	974,000
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	23,505,000	20	23,390,000
	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	3,746,000	23	3,534,000
	24 Unsecured notes and loans payable		24	
	25 Other liabilities <i>Complete Part X of Schedule D</i>	2,042,000	25	2,044,000
	26 Total liabilities. Add lines 17 through 25	30,868,000	26	29,942,000
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	5,314,000	27	10,734,000
	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	5,314,000	33	10,734,000	
34 Total liabilities and net assets/fund balances	36,182,000	34	40,676,000	

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?		No
2b	Were the organization's financial statements audited by an independent accountant?	Yes	
2c	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?	Yes	
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?		No
3b	If "Yes," did the organization undergo the required audit or audits?		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2008

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization
PHS EAGLECREST INC

Employer identification number

31-1604817

Part I Reason for Public Charity Status (to be completed by all organizations) (See Instructions)

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

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

- (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the 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?

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

h Provide the following information about the organizations the organization supports

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

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

Public Support

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

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total Support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						<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 III Support Schedule for Organizations Described in IRC 509(a)(2)

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")	37,967	1,166				39,133
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	8,089,509	8,272,533	9,074,847	9,160,595	11,121,039	45,718,523
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total Add lines 1-5	8,127,476	8,273,699	9,074,847	9,160,595	11,121,039	45,757,656
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Total of lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						45,757,656

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6	8,127,476	8,273,699	9,074,847	9,160,595	11,121,039	45,757,656
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	99,528	165,506	215,280	215,199	196,648	892,161
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b	99,528	165,506	215,280	215,199	196,648	892,161
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on	116,657	200,693	141,352	161,091	-24,908	594,885
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total Support (Add lines 9, 10c, 11 and 12)						47,244,702
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Computation of Public Support Percentage

15 Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15	96 850 %
16 Public Support Percentage for 2007 Schedule A, Part IV -A, line 27g	16	80 270 %

Computation of Investment Income Percentage

17 Investment Income Percentage for 2008 (line 10c column (f) divided by line 13 column (f))	17	1 890 %
18 Investment Income Percentage from 2007 Schedule A, Part IV -A, line 27h	18	10 400 %

- 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 D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2008

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization PHS EAGLECREST INC

Employer identification number 31-1604817

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.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate contributions, grants, and value, and questions about donor advisement.

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

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include purpose of easements, number of easements, acreage, and monitoring details.

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.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include questions about reporting art and historical treasures.

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

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

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

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

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

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

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

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

	Amount
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					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a** Board designated or quasi-endowment
- b** Permanent endowment
- c** Term endowment

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land		6,821,000		6,821,000
b Buildings		26,212,000	8,099,000	18,113,000
c Leasehold improvements				
d Equipment		3,124,000	1,521,000	1,603,000
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				26,537,000

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other REPLACEMENT FUND	2,619,000	F
Total. (Column (b) should equal Form 990, Part X, col (B) line 12) ▶	2,619,000	

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

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

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

(a) Description	(b) Book value
DUE FROM AFFILIATES	4,595,000
FINANCING COSTS (NET OF AMORTIZATION)	973,000
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.) ▶	5,568,000

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
DUE TO AFFILIATES	876,000
SWAP MARK TO MARKET	1,168,000
Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ▶	2,044,000

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	FIN 48 IS NOT APPLICABLE FOR THE AUDIT YEAR ENDING 09/30/2009

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				
Dan Lindh	(i)							
	(ii)	445,914			11,500	6,057	463,471	
Mark Meyer	(i)							
	(ii)	267,447			11,500	6,254	285,201	
Janna Severance	(i)							
	(ii)	213,776			6,457	4,330	224,563	
Cathy Bergland	(i)							
	(ii)	242,377			11,403	4,214	257,994	
Phil Hanson	(i)							
	(ii)	173,784			8,225	7,179	189,188	
Sharon Klefsaas	(i)							
	(ii)	185,511				6,879	192,390	
Duane Larson	(i)							
	(ii)	142,587			6,034	6,045	154,666	
Martha Hurr	(i)							
	(ii)	184,986			9,539	275	194,800	
Deb Black	(i)							
	(ii)	165,471			8,352	4,565	178,388	
Angie Swetland	(i)							
	(ii)	136,227			7,119	7,662	151,008	
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Software ID:
Software Version:
EIN: 31-1604817
Name: PHS EAGLECREST INC

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				
Dan Lindh	(i) (ii)	445,914		11,500	6,057	463,471	
Mark Meyer	(i) (ii)	267,447		11,500	6,254	285,201	
Janna Severance	(i) (ii)	213,776		6,457	4,330	224,563	
Cathy Bergland	(i) (ii)	242,377		11,403	4,214	257,994	
Phil Hanson	(i) (ii)	173,784		8,225	7,179	189,188	
Sharon Klefsaas	(i) (ii)	185,511			6,879	192,390	
Duane Larson	(i) (ii)	142,587		6,034	6,045	154,666	
Martha Hurr	(i) (ii)	184,986		9,539	275	194,800	
Deb Black	(i) (ii)	165,471		8,352	4,565	178,388	
Angie Swetland	(i) (ii)	136,227		7,119	7,662	151,008	

**Schedule K
(Form 990)**

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

2008

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.

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Department of the Treasury
Internal Revenue Service

Name of the organization
PHS EAGLECREST INC

Employer identification number
31-1604817

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 CITY OF ROSEVILLE	41-6007849	778112AA0	06-26-2009	23,390,000	REFINANCING EXISTING DEBT		X		X

Part II Proceeds (Optional for 2008)

	A	B	C	D	E					
1 Total Proceeds of Issue	23,390,000									
2 Gross Proceeds in Reserve Funds										
3 Proceeds in Refunding or Defeasance Escrows										
4 Other Unspent Proceeds										
5 Issuance Costs from Proceeds	287,325									
6 Working Capital Expenditures from Proceeds										
7 Capital Expenditures from Proceeds	618,132									
8 Year of Substantial Completion	2009									
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9 Were the bonds issued as part of a current refunding issue?	X									
10 Were the bonds issued as part of an advance refunding issue?		X								
11 Has the final allocation of proceeds been made?	X									
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X									

Part III Private Business Use (Optional for 2008)

	A		B		C		D		E	
	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?		X								
2 Are there any lease arrangements with respect to the financed property which may result in private business use?		X								

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?		X								
3b Are there any research agreements with respect to the financed property which may result in private business use?		X								
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?		X								
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		0 %								
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		0 %								
6 Total of lines 4 and 5		0 %								
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X									

Part IV Arbitrage (Optional for 2008)

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

SCHEDULE O
(Form 990)

Supplemental Information to Form 990

OMB No 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **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.**

Name of the organization
PHS EAGLECREST INC

Employer identification number
31-1604817

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		The sole member of PHS Eaglecrest, Inc is Presbyterian Homes & Services

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		THE MEMBERS OF THE ORGANIZATION ELECT THE MEMBERS OF THE GOVERNING BODY, BUT NOT IF THE PERSONS ON THE GOVERNING BODY ARE THE ORGANIZATION'S ONLY MEMBERS, OR THEIR DELEGATES

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		The organization's FORM 990 is provided to voting members of the governing body prior to filing with the IRS. Officers and management of the organization have been involved in the preparation of FORM 990 and have reviewed it throughout the process.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		The organization obtains annually written disclosure from governing body members, officers and key employees. Management and officers review these disclosures and evaluate whether the interest could result in a conflict and then take the necessary steps to remediate any such conflict.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The Presbyterian Homes & Services Board of Directors is responsible for the governance and structure of compensation plans and for ensuring regulatory compliance for these plans. CEO, Senior Management, Executives and Officers compensation systems are managed by the Executive Committee and Presbyterian Homes & Services Board of Directors. Systems are reviewed manually and the organization engages an external independent compensation consultant to provide a fair market value opinion. The target for total compensation for executive staff who meet performance expectations is set at 105% of the midpoint in each respective market price pay range.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICIES, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

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, lines 33, 34, 35, 36, or 37.**
▶ **See separate instructions.**

Department of the Treasury
Internal Revenue Service

Name of the organization
PHS EAGLECREST INC

Employer identification number
31-1604817

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
EAGLECREST LLC 2845 HAMLINE AVENUE NORTH ROSEVILLE, MN 55113 41-1930409	CARE OF THE ELDERLY	MN	2,018,000	5,602,000	N/A
HAMLINE CENTER LLC 2845 HAMLINE AVENUE NORTH ROSEVILLE, MN 55113 20-1211093	CARE OF THE ELDERLY	MN	267,000	510,000	N/A
EAGLECREST SENIOR HOUSING LLC 2845 HAMLINE AVENUE NORTH ROSEVILLE, MN 55113 26-3791446	CARE OF THE ELDERLY	MN	13,852,000	34,564,000	

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
See Additional Data Table					

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) Disproportionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No

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		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l	Yes	
1m		No
1n	Yes	
1o		No
1p		No
1q		No
1r		No

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) presbyterian homes management & services inc	N	469,853
(2) presbyterian homes management & services inc	L	68,404
(3)		
(4)		
(5)		
(6)		

Software ID:
Software Version:
EIN: 31-1604817
Name: PHS EAGLECREST INC

Form 990, Schedule R, 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 501(c)(3))	(F) Direct Controlling Entity
Presbyterian Homes of Arden Hills 2845 hamline avenue north Roseville, MN55113 41-1482075	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Castle Ridge Care Center 2845 hamline avenue north Roseville, MN55113 51-0171801	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbyterian Homes of Andover 2845 hamline avenue north Roseville, MN55113 41-1891862	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSBeacon Hill Inc 2845 hamline avenue north Roseville, MN55113 30-0093682	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbyterian Homes of Bloomington Care Center Inc 2845 hamline avenue north Roseville, MN55113 41-1862259	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHS Cottage Grove Inc 2845 hamline avenue north Roseville, MN55113 30-0227875	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Gideon Pond Housing Corp 2845 hamline avenue north Roseville, MN55113 41-1428336	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Gideon Pond West Inc 2845 hamline avenue north Roseville, MN55113 41-1671887	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSHamline Inc 2845 hamline avenue north Roseville, MN55113 30-0225325	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSInver Grove Inc 2845 hamline avenue north Roseville, MN55113 31-1725017	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbyterian Homes Mill Pond Apartments Inc 2845 hamline avenue north Roseville, MN55113 31-1581710	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbyterian Homes Mill Pond Care Center Inc 2845 hamline avenue north Roseville, MN55113 31-1581714	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSMonticello Inc 2845 hamline avenue north Roseville, MN55113 41-1819439	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbytereterian Homes of North Oaks Inc 2845 hamline avenue north Roseville, MN55113 30-0054296	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSOakdale Inc 2845 hamline avenue north Roseville, MN55113 41-1832098	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSShoreview Inc 2845 hamline avenue north Roseville, MN55113 31-1631264	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHMWashington Glen inc 2845 hamline avenue north Roseville, MN55113 30-0066083	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSWoodbury 2845 hamline avenue north Roseville, MN55113 31-1630828	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Center Park Senior Apartments Inc 2845 hamline avenue north Roseville, MN55113 41-1685829	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Maranatha Conservative Baptist Home 2845 hamline avenue north roseville, MN55113 41-0855713	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbytereterian Homes Management & Services 2845 hamline avenue north roseville, MN55113 41-1499595	Care of the elderly	MN	501(C)(3)	509(A)(3) II	N/A
Presbyterian Homes Foundation 2845 hamline avenue north roseville, MN55113 41-1465334	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbyterian Homes Housing & Assisted Living Inc 2845 hamline avenue north roseville, MN55113 41-1463801	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Presbyterian Homes & Services 2845 hamline avenue north roseville, MN55113 41-0758756	Care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
BROADMOOR APARTMENTS INC 2845 hamline avenue north roseville, MN55113 20-1112603	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PRESBYTERIAN HOMES OF BLOOMINGTON INC 2845 hamline avenue north roseville, MN55113 41-1871732	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PRESBYTERIAN HOMES CARE CENTERS INC 2845 hamline avenue north roseville, MN55113 41-1500288	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
AVALON SQUARE INC 2845 hamline avenue north roseville, MN55113 31-1662044	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
KIRKLAND CROSSINGS INC 2845 hamline avenue north roseville, MN55113 31-1662039	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PRESBYTERIAN HOMES OF WISCONSIN INC 2845 hamline avenue north roseville, MN55113 39-6054152	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A

Form 990, Schedule R, 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 501(c)(3))	(F) Direct Controlling Entity
GRANDVIEW CHRISTIAN HOME 2845 hamline avenue north roseville, MN55113 41-0844893	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
GRANDVIEW CHRISTIAN MINISTRIES 2845 hamline avenue north roseville, MN55113 41-1526031	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
GRANDVIEW WEST INC 2845 hamline avenue north roseville, MN55113 31-1608246	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
MILL RIDGE COMMONS 2845 hamline avenue north roseville, MN55113 36-3545892	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
CROIXDALE 2845 hamline avenue north roseville, MN55113 41-0843106	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
NOAHS ARK AFFORDABLE HOUSING INC 2845 hamline avenue north roseville, MN55113 41-1777250	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
PHSCHANHASSEN INC 2845 hamline avenue north roseville, MN55113 31-1725630	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
VALLEY SENIOR SERVICE ALLIANCE 2845 hamline avenue north roseville, MN55113 41-1915023	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
WILLIAMSBURG RETIREMENT COMMUNITY 2845 hamline avenue north roseville, MN55113 75-3033211	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
presbyterian homes hospice inc 2845 hamline avenue north roseville, MN55113 26-0766609	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A
Wayzata Bay Senior Housing Inc 2845 hamline avenue north roseville, MN55113 26-0615372	care of the elderly	MN	501(C)(3)	509(A)(2)	N/A