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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 AFFINITY HEALTH SYSTEM	D Employer identification number 39-1568866
		Doing Business As	E Telephone number (920) 720-1300
		Number and street (or P O box if mail is not delivered to street address) Room/suite 1570 MIDWAY PL	G Gross receipts \$ 59,275,111
		City or town, state or country, and ZIP + 4 MENASHA, WI 54952	
F Name and address of Principal Officer JEFF BADGER 1570 MIDWAY PL MENASHA, WI 54952		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: WWW AFFINITYHEALTH ORG	
K Type of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> trust <input type="checkbox"/> association <input type="checkbox"/> other		L Year of Formation 1986	M State of legal domicile IL

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE MISSION OF AFFINITY HEALTH SYSTEM IS TO LIVE OUT THE HEALING MINISTRY OF CHRIST BY PROVIDING SERVICES THAT PROMOTE THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE, ESPECIALLY THE POOR		
	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	19
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of employees (Part V, line 2a)	5	537
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	75,852	59,934
	9 Program service revenue (Part VIII, line 2g)	59,207,223	58,170,708
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	377,220	1,040,181
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	59,660,295	59,270,823
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	28,806,485	31,132,897
	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)	43,040,924	39,455,609
18 Total expenses—add lines 13-17 (must equal Part IX, line 25, column (A))	71,847,409	70,588,506	
19 Revenue less expenses Subtract line 18 from line 12	-12,187,114	-11,317,683	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	91,802,477	104,352,414
	21 Total liabilities (Part X, line 26)	264,512,411	308,841,103
	22 Net assets or fund balances Subtract line 21 from line 20	-172,709,934	-204,488,689

Part II Signature Block

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

Please Sign Here	*****	2010-07-14		
	Signature of officer	Date		
	JEFF BADGER CFO	Type or print name and title		
Paid Preparer's Use Only	Preparer's signature	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	2010-07-14		EIN
	WIPFLI LLP PO BOX 12237 GREEN BAY, WI 543072237			Phone no (920) 662-0016

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 Affinity Health System is to live out the healing ministry of Christ by providing services that promote the health and well-being of the communities we serve, especially the poor

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 \$ 14,646,623 including grants of \$ 0) (Revenue \$ 58,170,708)

The entity believes in meeting the healthcare needs of the poor, indigent, and underserved. Care is provided to the patients without regards for ability to pay. The entity provides administrative support to three hospitals, and twenty-FIVE clinic locations. The entity also provides Free newsletters Focusing on Women's Health issues, Children's Health, and Safety Issues Health, Information Spots on Television and Radio Classes on a variety of health related topics including pregnancy and child rearing.

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 \$ 14,646,623 *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?	Yes	
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
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.? <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>		No
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
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
b 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> 		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> 	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 75		
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 537		
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.	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
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
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
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		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> ?		
6a	Did the organization solicit any contributions that were not tax deductible?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		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?		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	Yes	
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	Yes	
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?		No
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?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<i>Section 501(c)(7) organizations.</i> Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	<i>Section 501(c)(12) organizations.</i> Enter		
a	Gross income from members or shareholders		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	<i>Section 4947(a)(1) non-exempt charitable trusts.</i> Is the organization filing Form 990 in lieu of Form 1041?		
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?	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?		No
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?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <u>IL</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 JEFF BADGER 1570 MIDWAY PLACE MENASHA, WI 54952 (920) 720-1300

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						
	c	Fundraising events						
	d	Related organizations . . . 1d						
	e	Government grants (contributions) 1e						
	f	All other contributions, gifts, grants, and similar amounts not included above 59,934 1f						
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total (Add lines 1a-1f)	59,934					
Program Service Revenue	2a	SERVICES TO AFFILIATES	561,000	57,501,161	57,501,161			
	b	MISCELLANEOUS OPERATIN	561,000	575,150	575,150			
	c	WOMEN'S CENTER	561,000	36,290	36,290			
	d	LAMAZE CLASSES	561,000	23,099	23,099			
	e	SERVICE FEES	561,000	18,339	18,339			
	f	All other program service revenue		16,669	13,866	2,803		
	g	Total. Add lines 2a-2f \$ 58,170,708						
Other Revenue	3	Investment income (including dividends, interest other similar amounts)		1,037,994		1,037,994		
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6a	Gross Rents	(i) Real					
			(ii) Personal					
			b	Less rental expenses				
			c	Rental income or (loss)				
	d	Net rental income or (loss)						
	7a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other	6,475				
			b	Less cost or other basis and sales expenses		4,288		
			c	Gain or (loss)		2,187		
	d	Net gain or (loss)		2,187		2,187		
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 a							
b	Less direct expenses . . . b							
c	Net income or (loss) from fundraising events							
9a	Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000 a							
b	Less direct expenses . . . b							
c	Net income or (loss) from gaming activities							
10a	Gross sales of inventory, less returns and allowances . . a							
b	Less cost of goods sold . . b							
c	Net income or (loss) from sales of inventory							
	Miscellaneous Revenue	Business Code						
11a								
b								
c								
d	All other revenue _____							
e	Total. Add lines 11a-11d \$							
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		59,270,823	58,167,905	0	1,042,984		

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,527,097		2,527,097	
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	21,787,279	6,722,366		
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	845,501	233,762	611,739	
9	Other employee benefits	4,471,470	1,236,259	3,235,211	
10	Payroll taxes	1,501,550	415,144	1,086,406	
11	Fees for services (non-employees)				
a	Management				
b	Legal	1,996,403		1,996,403	
c	Accounting	405,403		405,403	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	2,768,699	76,079	2,692,620	
12	Advertising and promotion				
13	Office expenses	1,080,713	140,102	940,611	
14	Information technology				
15	Royalties				
16	Occupancy	1,088,399	19,755	1,068,644	
17	Travel	503,598	21,586	482,012	
18	Payments of travel or entertainment expenses for any Federal, state or local public officials				
19	Conferences, conventions and meetings				
20	Interest	10,762,318	2,576,041	8,186,277	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	6,787,380	1,624,611	5,162,769	
23	Insurance	55,564	13,300	42,264	
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	PURCHASE SERVICES	6,460,734	491,397	5,969,337	
b	Marketing	2,404,089		2,404,089	
c	Material Management	1,621,999		1,621,999	
d	MISCELLANEOUS	1,586,652	343,395	1,243,257	
e	Administration	1,022,247		1,022,247	
f	All other expenses	911,411	732,826	178,585	
25	Total functional expenses. Add lines 1 through 24f	70,588,506	14,646,623	55,941,883	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	399	1	399
	2 Savings and temporary cash investments	294,500	2	393,649
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	43,745,295	4	61,269,177
	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		7	16,021,537
	8 Inventories for sale or use	822,396	8	838,614
	9 Prepaid expenses and deferred charges	1,606,031	9	1,202,803
	10a Land, buildings, and equipment cost basis			
		10a 40,144,075		
	b Less accumulated depreciation <i>Complete Part VI of Schedule D</i>			
		10b 30,501,648	11,439,568	10c 9,642,427
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i>		12	
	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>	33,894,288	15	14,983,808	
16 Total assets. Add lines 1 through 15 (must equal line 34)	91,802,477	16	104,352,414	
Liabilities	17 Accounts payable and accrued expenses	13,619,867	17	14,215,971
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	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	248,699,178	23	289,836,249
	24 Unsecured notes and loans payable		24	
	25 Other liabilities <i>Complete Part X of Schedule D</i>	2,193,366	25	4,788,883
	26 Total liabilities. Add lines 17 through 25	264,512,411	26	308,841,103
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	-172,709,934	27	-204,488,689
	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	-172,709,934	33	-204,488,689	
34 Total liabilities and net assets/fund balances	91,802,477	34	104,352,414	

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?		No
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?		
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
AFFINITY HEALTH SYSTEM

Employer identification number
39-1568866

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?
- h Provide the following information about the organizations the organization supports

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

(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	
See Additional Data Table									
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.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Total of lines 7a and 7b						
8 Public Support (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
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total Support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <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	
16 Public Support Percentage for 2007 Schedule A, Part IV-A, line 27g	16	

Computation of Investment Income Percentage

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

- 19a 33 1/3% Tests - 2008.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization
- b 33 1/3% Tests - 2007.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

Facts and Circumstances Test

Additional Data

Software ID:
Software Version:
EIN: 39-1568866
Name: AFFINITY HEALTH SYSTEM

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			
CARLA ALTEPETER , BOARD MEMBER	1 00	X					0	0	0	
FRED KLIEN MD , BOARD MEMBER	1 00	X					0	0	0	
JOHN RUSSO , BOARD MEMBER	1 00	X					0	0	0	
MARY HARP-JIRSCHLE , BOARD MEMBER	1 00	X					0	0	0	
RICHARD WELLS , BOARD MEMBER	1 00	X					0	0	0	
STEPHEN MORTON , BOARD MEMBER	1 00	X					0	0	0	
SUSAN VETTE , BOARD MEMBER	1 00	X					0	0	0	
THOMAS SCHMIDT , BOARD MEMBER	1 00	X					0	0	0	
WAYNE TREMBLY , BOARD MEMBER	1 00	X					0	0	0	
BARBARA STRAND MD , BOARD MEMBER/PHYSICIAN	40 00	X					0	249,026	49,547	
DAVID ROMOND MD , BOARD MEMBER/PHYSICIAN	40 00	X					0	305,907	44,896	
FRANK CHYBOWSKI MD , BOARD MEMBER/PHYSICIAN	40 00	X					0	747,479	34,766	
JOSEPH MCcORMICK MD , BOARD MEMBER/PHYSICIAN	40 00	X					0	867,075	46,852	
Stacy Sensor DO , Board Member/pHYSICIAN	40 00	X					0	443,456	44,145	
CATHERINE TIERNEY , BOARD SECRETARY	1 00	X		X			0	0	0	
DAVID GITTER , BOARD TREASURER	1 00	X		X			0	0	0	
DAN NEUFELDER , PRESIDENT/CEO	40 00	X		X			659,607	0	63,414	
NICHOLAS DESIEN , PRESIDENT-MINISTRY	40 00	X		X			0	1,033,252	701,426	
JOHN OLIVERIO , PRESIDENT-WHEATON	40 00	X		X			0	3,583,876	173,018	
JEFF BADGER , CFO	40 00			X			374,929	0	68,461	
MARK KEHRBERG , SR VP/CHIEF MED OFFICER	40 00				X		352,304	0	53,604	
Vincent Gallucci , Chief Administrative Off	40 00				X		305,496	0	38,253	
THOMAS VESSER , CNO & VP PATIENT CARE	40 00					X	217,257	0	35,943	
SHEILA JENKINS , PRESIDENT NHP	40 00					X	460,390	0	69,145	
Travis D Andersen , President-STE	40 00					X	307,725	0	50,819	
Erick A Emaus , President-AMG	40 00					X	254,545	45,726	50,977	
William Calhoun , President MMC	40 00					X	253,257	0	34,747	

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 SERVICES TO AFFILIATES	561,000	57,501,161	57,501,161		
b MISCELLANEOUS OPERATIN	561,000	575,150	575,150		
c WOMEN'S CENTER	561,000	36,290	36,290		
d LAMAZE CLASSES	561,000	23,099	23,099		
e SERVICE FEES	561,000	18,339	18,339		

Additional Data

Software ID:
Software Version:
EIN: 39-1568866
Name: AFFINITY HEALTH SYSTEM

Form 990, Schedule A, Part I, Line 11h - 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)	(iv) Is the organization in (i) listed in your governing document?		(v) Did you notify the organization in (i) of your support?		(vi) Is the organization in (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
MERCY MEDICAL CENTER OF OSHKOSH INC	390806268	3	Yes			No		No	0
MERCY HEALTH FOUNDATION	237140261	9	Yes			No		No	0
ST ELIZABETH HOSPITAL INC	390816818	3	Yes			No		No	0
ST ELIZABETH HOSPITAL COMMUNITY FOUNDATION INC	391256677	11a	Yes			No		No	0
NETWORK HEALTH SYSTEM INC	391127163	3	Yes			No		No	0
CALUMET MEDICAL CENTER	390905385	3	Yes			No		No	0
FRANCISCAN CARE AND REHABILITATION CENTER INC	391587781	9	Yes			No		No	0

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 AFFINITY HEALTH SYSTEM

Employer identification number 39-1568866

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, 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				
b Buildings		3,571,207	3,335,811	235,396
c Leasehold improvements		426,813	387,309	39,504
d Equipment		35,824,457	26,655,904	9,168,553
e Other		321,598	122,624	198,974
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				9,642,427

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

Table with 3 columns: (a) Description of security or category, (b) Book value, (c) Method of valuation. Rows include Financial derivatives, Closely-held equity interests, and Other.

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

Table with 3 columns: (a) Description of investment type, (b) Book value, (c) Method of valuation. Includes a Total row at the bottom.

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

Table with 2 columns: (a) Description, (b) Book value. Rows include INVESTMENT IN Network Health System, Other Assets, and 457B Plan Assets.

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

Table with 2 columns: (a) Description of Liability, (b) Amount. Rows include Federal Income Taxes, PENSION LIABILITY, Other Assets, and 457B Plan Liability.

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	59,270,823
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	70,588,506
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-11,317,683
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	-20,461,072
9	Total adjustments (net) Add lines 4 - 8	9	-20,461,072
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-31,778,755

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	-8,180,545
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	-9,923,359
e	Add lines 2a through 2d	2e	-9,923,359
3	Subtract line 2e from line 1	3	1,742,814
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	57,528,009
c	Add lines 4a and 4b	4c	57,528,009
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12)	5	59,270,823

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

1	Total expenses and losses per audited financial statements	1	12,387,515
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	-57,501,161
e	Add lines 2a through 2d	2e	-57,501,161
3	Subtract line 2e from line 1	3	69,888,676
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	699,830
c	Add lines 4a and 4b	4c	699,830
5	Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18)	5	70,588,506

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 XI, Line 8 - Other Adjustments		change in interest in network health system -9223529 PENSION ADJUSTMENT -12382217 UNREALIZED GAINS FROM NETWORK HEALTH SYSTEM 1492741 TWIN MED DISTRIBUTION -83339 Ministry E H R -264728
Part XII, Line 2d - Other Adjustments		change in interest in nhs -9223529 ALLOCATED REVENUE REIMBURSED TO RELATED PARTIES -699830
Part XII, Line 4b - Other Adjustments		ALLOCATED EXPENSES REIMBURSED BY RELATED PARTIES 57501161 DONATIONS REPORTED TO NET ASSETS 26848
Part XIII, Line 2d - Other Adjustments		ALLOCATED EXPENSES REIMBURSED BY RELATED PARTIES -57501161
Part XIII, Line 4b - Other Adjustments		ALLOCATED REVENUE REIMBURSED TO RELATED PARTIES 699830

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				
BARBARA STRAND MD	(i)							
	(ii)	248,415		611	29,511	20,036	298,573	
DAVID ROMOND MD	(i)							
	(ii)	305,907			33,345	11,551	350,803	
FRANK CHYBOWSKI MD	(i)							
	(ii)	529,264		218,215	15,634	19,132	782,245	
JOSEPH MCCORMICK MD	(i)							
	(ii)	866,396		679	23,200	23,652	913,927	
Stacy Sensor DO	(i)							
	(ii)	443,456			27,162	16,983	487,601	
DAN NEUFELDER	(i)	515,690	130,243	13,674	43,655	19,759	723,021	
	(ii)							
NICHOLAS DESIEN	(i)							
	(ii)	923,799		109,453	680,977	20,449	1,734,678	
JOHN OLIVERIO	(i)							
	(ii)	878,492		2,705,384	110,241	62,777	3,756,894	2,535,213
JEFF BADGER	(i)	289,114	66,007	19,808	48,812	19,649	443,390	
	(ii)							
MARK KEHRBERG	(i)	307,044	32,306	12,954	46,772	6,832	405,908	
	(ii)							
Vincent Gallucci	(i)	239,057	48,181	18,258	21,925	16,328	343,749	
	(ii)							
THOMAS VESSER	(i)	178,441	27,028	11,788	20,678	15,265	253,200	
	(ii)							
SHEILA JENKINS	(i)	331,318	113,253	15,819	49,269	19,876	529,535	
	(ii)							
Travis D Andersen	(i)	248,471	38,298	20,956	29,237	21,582	358,544	
	(ii)							
Erick A Emaus	(i)	216,930	22,344	15,271	32,596	18,381	305,522	
	(ii)	45,545		181			45,726	
William Calhoun	(i)	201,032	33,150	19,075	16,144	18,603	288,004	
	(ii)							

Software ID:
Software Version:
EIN: 39-1568866
Name: AFFINITY HEALTH SYSTEM

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				
BARBARA STRAND MD	(i) (ii)	248,415		611	29,511	20,036	298,573	
DAVID ROMOND MD	(i) (ii)	305,907			33,345	11,551	350,803	
FRANK CHYBOWSKI MD	(i) (ii)	529,264		218,215	15,634	19,132	782,245	
JOSEPH MCCORMICK MD	(i) (ii)	866,396		679	23,200	23,652	913,927	
Stacy Sensor DO	(i) (ii)	443,456			27,162	16,983	487,601	
DAN NEUFELDER	(i) (ii)	515,690	130,243	13,674	43,655	19,759	723,021	
NICHOLAS DESIEN	(i) (ii)	923,799		109,453	680,977	20,449	1,734,678	
JOHN OLIVERIO	(i) (ii)	878,492		2,705,384	110,241	62,777	3,756,894	2,535,213
JEFF BADGER	(i) (ii)	289,114	66,007	19,808	48,812	19,649	443,390	
MARK KEHRBERG	(i) (ii)	307,044	32,306	12,954	46,772	6,832	405,908	
Vincent Gallucci	(i) (ii)	239,057	48,181	18,258	21,925	16,328	343,749	
THOMAS VESSER	(i) (ii)	178,441	27,028	11,788	20,678	15,265	253,200	
SHEILA JENKINS	(i) (ii)	331,318	113,253	15,819	49,269	19,876	529,535	
Travis D Andersen	(i) (ii)	248,471	38,298	20,956	29,237	21,582	358,544	
Erick A Emaus	(i) (ii)	216,930 45,545	22,344	15,271 181	32,596	18,381	305,522 45,726	
William Calhoun	(i) (ii)	201,032	33,150	19,075	16,144	18,603	288,004	

SCHEDULE O
(Form 990)

Supplemental Information to Form 990

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
AFFINITY HEALTH SYSTEM

Employer identification number
39-1568866

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Corporate members are Ministry Health Care and Wheaton Franciscan Services, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		Ministry Health Care and Wheaton Franciscan Services, Inc have joint power to elect and remove the Board of Directors of AHS

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		Amendments of the articles of incorporation and bylaws must be approved by corporate members

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		THE CONTROLLER AND CFO OF AFFINITY HEALTH SYSTEM PERFORM A DETAIL REVIEW OF THE 990 AFTER MANAGEMENT REVIEW, A COPY OF THE 990 IS PROVIDED TO THE BOARD OF DIRECTORS PRIOR TO FILING

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		The Board of Directors receives a conflict of interest questionnaire every year

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		EACH YEAR THE ORGANIZATION ENGAGES AN INDEPENDENT COMPENSATION FIRM TO PROVIDE MARKET DATA FOR CEO, EXECUTIVES AND KEY EMPLOYEE POSTIONS THIS STUDY IS SHARED WITH THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS FOR THEIR REVIEW AND RECOMMENDATIONS REGARDING ANY COMPENSATION CHANGES THE CEO REVIEWS EACH EXECUTIVE AND KEY EMPLOYEE'S ANNUAL PERFORMANCE APPRAISAL RATINGS IN MAKING HIS COMPENSATION RECOMMENDATIONS TO THE COMPENSATION COMMITTEE THE COMPENSATION COMMITTEE HAS THE FINAL AUTHORITY TO APPROVE ANY AND ALL AMOUNTS OF COMPENSATION FOR MEMBERS OF THE EXECUTIVE TEAM

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		The organization believes the financial statements, governing documents, and policies are the property of the organization and are not available for public inspection

Identifier	Return Reference	Explanation
Form 990 Part XI line 2b-2c	Audited Financial Statements	Affinity Health System (Organization) does not receive separately audited financial statements The Organization is audited and reported through consolidated financial statements The audit committee is responsible for the auditor selection The audit statements are reviewed by the Controller, CFO, Ministry Health CFO, and the audit committee

Identifier	Return Reference	Explanation
FORM 990, PART IV, LINE 12	AUDITED FINANCIAL STATEMENTS	THE FINANCIAL STATEMENTS OF the organization ARE AUDITED AS PART OF AFFINITY HEALTH SYSTEM CONSOLIDATED AUDITED FINANCIAL STATEMENTS

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2008

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▶ **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
AFFINITY HEALTH SYSTEM

Employer identification number
39-1568866

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
Mercy Medical Center of Oshkosh Inc 500 s oakwood oshkosh, WI54904 39-1806268	Hospital	WI	501(c)3	3	N/A
Calumet Medical Center Inc 614 MEMORIAL DRIVE CHILTON, WI53014 39-0905385	Hospital	WI	501(c)3	3	N/A
Network Health System Inc 1570 APPLETON ROAD MENASHA, WI54952 39-1127163	CLINICAL HEALTHCARE SERVICES	WI	501(c)3	3	N/A
Franciscan Care and Rehabilitation Center Inc 2915 n meade street APPLETON, WI54911 39-1587781	NURSING HOME SERVICES	WI	501(c)3	9	N/A
Mercy Health Foundation Inc PO BOX 3370 OSHKOSH, WI54903 23-7140261	PUBLIC WELFARE THROUGH COMMUNITY HEALTH DEVELOPMENT	WI	501(c)3	9	N/A
St Elizabeth Community Foundation Inc 1506 S ONEIDA STREET APPLETON, WI54915 39-1256677	RAISE FUNDS IN SUPPORT OF ST ELIZABETH HOSPITAL AND RELATED ENTITIES	WI	501(c)3	11A	N/A
St Elizabeth Hospital Inc 1506 S ONEIDA STREET APPLETON, WI54915 39-0816818	Hospital	WI	501(c)3	3	N/A

Part III Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income (related, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproportionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No
Twin Med LLP PO BOX 8005 MENASHA, WI54952 39-1180341	RENTAL PROPERTY	WI	NETWORK HEALTH SYSTEM	RELATED	345,322	1,155,880		No		Yes	

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
NETWORK HEALTH PLAN 1570 Midway Place Menasha, WI54952 39-1442058	INSURANCE	WI	Network Health System	C	8,595,287	67,397,745	100 000 %
Network Health Insurance Corporation 1570 Midway Place menasha, WI54952 39-2020474	InsURANCE	WI	network Health Plan	C	13,939,684	22,472,625	100 000 %

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	Yes	
1d	Yes	
1e	Yes	
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k	Yes	
1l		No
1m		No
1n	Yes	
1o	Yes	
1p	Yes	
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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Software ID:
Software Version:
EIN: 39-1568866
Name: AFFINITY HEALTH SYSTEM

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
Mercy Medical Center of Oshkosh Inc 500 s oakwood oshkosh, WI54904 39-1806268	Hospital	WI	501(c)3	3	N/A
Calumet Medical Center Inc 614 MEMORIAL DRIVE CHILTON, WI53014 39-0905385	Hospital	WI	501(c)3	3	N/A
Network Health System Inc 1570 APPLETON ROAD MENASHA, WI54952 39-1127163	CLINICAL HEALTHCARE SERVICES	WI	501(c)3	3	N/A
Franciscan Care and Rehabilitation Center Inc 2915 n meade street APPLETON, WI54911 39-1587781	NURSING HOME SERVICES	WI	501(c)3	9	N/A
Mercy Health Foundation Inc PO BOX 3370 OSHKOSH, WI54903 23-7140261	PUBLIC WELFARE THROUGH COMMUNITY HEALTH DEVELOPMENT	WI	501(c)3	9	N/A
St Elizabeth Community Foundation Inc 1506 S ONEIDA STREET APPLETON, WI54915 39-1256677	RAISE FUNDS IN SUPPORT OF ST ELIZABETH HOSPITAL AND RELATED ENTITIES	WI	501(c)3	11A	N/A
St Elizabeth Hospital Inc 1506 S ONEIDA STREET APPLETON, WI54915 39-0816818	Hospital	WI	501(c)3	3	N/A

Form 990, Schedule R, Part V - Transactions with Related Organizations

(A) Name of other organization	(B) Transaction type(a-r)	(C) Amount Involved (\$)
(1) Affinity Medical Group	D	15,000,000
(2) Mercy Medical Center Inc	E	17,000,000
(3) St Elizabeth Hospital	E	17,000,000
(4) Network Health Plan	J	195,311
(5) St Elizabeth Hospital	K	11,920,771
(6) Mercy Medical Center Inc	K	9,468,793
(7) Affinity Medical Group	K	11,282,135
(8) Network Health Plan	K	2,319,965
(9) Calumet Medical Center	K	953,950
(10) St Elizabeth Hospital	N	94,891
(11) Mercy Medical Center Inc	N	101,141
(12) st Elizabeth Hospital	O	875,613
(13) Mercy Medical Center Inc	O	270,036
(14) Affinity Medical Group	O	323,524
(15) Network Health Plan	O	179,788
(16) St Elizabeth Hospital	P	5,576,113
(17) Mercy Medical Center Inc	P	4,293,293
(18) Affinity Medical Group	P	5,104,873
(19) Network Health Plan	P	1,046,754
(20) Calumet Medical Center	P	480,047