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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)	OMB No 1545-0047 2009
	The organization may have to use a copy of this return to satisfy state reporting requirements	Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 01-01-2009 and ending 12-31-2009				
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization Kaleida Health		D Employer identification number 16-1533232
		Doing Business As		E Telephone number (716) 859-8501
		Number and street (or P O box if mail is not delivered to street address) 726 Exchange Street	Room/suite	G Gross receipts \$ 1,159,226,524
		City or town, state or country, and ZIP + 4 Buffalo, NY 14210		
	F Name and address of principal officer James Kaskie 726 Exchange Street Suite 200 Buffalo, NY 14210		H(a) Is this a group return for affiliates? ☐ Yes ☒ No	
I Tax-exempt status ☒ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527		H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions)		
J Website: ▶ www.kaleidahealth.org		H(c) Group exemption number ▶		
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶			L Year of formation 1998	M State of legal domicile NY

Part I		Summary		
Activities & Governance	1	Briefly describe the organization's mission or most significant activities Kaleida Health is the largest healthcare provider in WNY, serving the area's 8 counties with comprehensive services & programs provided at 5 acute care, 3 LT care as well as outpatient & primary care sites		
	2	Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3 1	
	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 10,06	
	6	Total number of volunteers (estimate if necessary)	6 1,30	
	7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a 4,234,27	
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	19,854,284	86,704,225
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	983,768,466	1,057,084,879
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,820,577	917,155
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	10,816,461	11,010,157
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,018,259,788	1,155,716,416
	14	Benefits paid to or for members (Part IX, column (A), line 4)		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	260,679	179,570
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ☐ 0	520,922,489	577,605,218
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	0	0
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	482,308,790	502,544,574
	19	Revenue less expenses Subtract line 18 from line 12	1,003,491,958	1,080,329,362
			14,767,830	75,387,054
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	782,762,609	933,611,492
	22	Net assets or fund balances Subtract line 21 from line 20	678,802,260	700,737,788
			103,960,349	232,873,704

Part II Signature Block	
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge
	Signature of officer 2010-11-11 Date
	Joseph Kessler EVP & CFO Type or print name and title
Paid Preparer's Use Only	Preparer's signature Date Check if self-employed ☒ Preparer's identifying number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ERNST & YOUNG US LLP 1500 KEY TOWER 50 FOUNTAIN PLAZA BUFFALO, NY 14202 EIN
	Phone no (716) 843-5000

1 Briefly describe the organization's mission

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

4a (Code) (Expenses \$ 935,674,054 including grants of \$ 179,570) (Revenue \$ 1,141,367,184)
See schedule O

[illegible][illegible]

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

4e	Total program service expenses	\$ 935,674,054
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Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	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? If "Yes," complete Schedule C, Part I		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	Yes	
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	Yes	
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.	Yes	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.		
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.		
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.		
	• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.		
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.		
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year?	Yes	No
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		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 United States? If "Yes," complete Schedule F, Part 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 U S ? If "Yes," complete Schedule F, Part II		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 U S ? If "Yes," complete Schedule F, Part III		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		No
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	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>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

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	576	
	b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	10,065	
	b If at least one is reported on line 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 (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	Yes	
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		No
	b If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?			5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b	
7 Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f	No
g For all contributions of qualified intellectual property, did the organization file Form 8899 as required?			7g	
h For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?			7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8	
9 Sponsoring organizations maintaining donor advised funds.				
a Did the organization make any taxable distributions under section 4966?			9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?			9b	
10 Section 501(c)(7) organizations. Enter				
a Initiation fees and capital contributions included on Part VIII, line 12		10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		10b		
11 Section 501(c)(12) organizations. Enter				
a Gross income from members or shareholders		11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year		12b		

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . . .	1a	14	
b	Enter the number of voting members that are independent . . .	1b	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . .	3	Yes	
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . . .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, 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	9		No

Section B. Policies

(This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11	Yes	
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line a or b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed NY
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. ☒ Own website ☐ Another's website ☒ Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. Jon Swiatkowski 726 Exchange Street Buffalo, NY 14210 (716) 859-8501

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

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

Form **990** (2009)

1b Total	10,280,214	0	873,910
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2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶299

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

Section B. Independent Contractors

1

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

(A) Name and business address	(B) Description of services	(C) Compensation
University Pediatric Associates 239 Bryant Street BUFFALO, NY 14222	Medical Services	4,177,599
WNY Radiology LLC PO Box 4029 BUFFALO, NY 14240	Radiology Services	3,545,640
Aramark Healthcare Support Svc PO Box 651009 CHARLOTTE, NC 28265	Dietary Services	3,334,334
University Neurology Inc 100 High Street BUFFALO, NY 14260	Medical Services	2,901,724
Sodexho Management Inc PO Boxes 81049 WOBURN, MA 01813	Cleaning&Laundry Svc	2,455,178

2

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶89

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	4,561,700			
	e	Government grants (contributions)	1e	75,153,324			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	6,989,201			
	g	Noncash contributions included in lines 1a-1f \$ 4,801,476					
	h	Total. Add lines 1a-1f		86,704,225			
Program Service Revenue	2a	NET PATIENT	Business Code				
	b	SERVICE REVENUE	623,990	1,052,823,184	1,052,823,184		
	c	MANAGEMENT FEES	561,000	190,543		190,543	
	d	LABORATORY SERV	621,500	4,071,152		4,071,152	
	e	All other program service revenue					
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		1,057,084,879			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		4,427,263	-640,855	-85,908
4		Income from investment of tax-exempt bond proceeds . . .		0			
5		Royalties		0			
6a		Gross Rents	(i) Real 2,122,951	(ii) Personal			
b		Less rental expenses					
c		Rental income or (loss)	2,122,951				
d		Net rental income or (loss)		2,122,951		58,483	2,064,468
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b		Less cost or other basis and sales expenses	3,468,098	42,010			
c		Gain or (loss)	-3,468,098	-42,010			
d		Net gain or (loss)		-3,510,108			-3,510,108
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events . . .		0			
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . . .		0			
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 . . .		0			
Miscellaneous Revenue		Business Code					
11a	VENDOR REBATES	900,099	1,118,412	1,118,412			
b	UNIVERSITY LEASE INCOME	531,120	1,232,564			1,232,564	
c	CAFETERIA	722,210	4,355,961			4,355,961	
d	All other revenue		2,180,269	1,362,218		818,051	
e	Total. Add lines 11a-11d		8,887,206				
12	Total revenue. See Instructions		1,155,716,416	1,054,662,959	4,234,270	10,114,962	

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	179,570	179,570		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	7,937,411		7,937,411	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	438,267,102	402,008,595	36,258,507	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0			
9	Other employee benefits	96,855,932	57,250,784	39,605,148	
10	Payroll taxes	34,544,773	30,126,451	4,418,322	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	1,327,162	539,897	787,265	
c	Accounting	420,000		420,000	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	108,443,451	101,162,388	7,281,063	
12	Advertising and promotion	3,155,013	1,410,027	1,744,986	
13	Office expenses	3,294,958	2,102,941	1,192,017	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	5,890,033	3,627,214	2,262,819	
17	Travel	1,173,148	824,547	348,601	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	12,597,241	10,080,970	2,516,271	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	57,424,905	45,939,924	11,484,981	
23	Insurance	19,200,884	15,403,945	3,796,939	
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	HEALTH CARE SUPPLIES	202,362,076	202,271,626	90,450	0
b	BAD DEBT EXPENSE	26,706,291	26,706,291		
c	EQUIPMENTAL RENTAL & MAINT	20,151,877	9,053,531	11,098,346	
d	UTILITIES	11,615,432	9,320,940	2,294,492	
e	SERVICE CONTRACTS	7,285,580	5,256,622	2,028,958	
f	All other expenses	21,496,523	12,407,791	9,088,732	0
25	Total functional expenses. Add lines 1 through 24f	1,080,329,362	935,674,054	144,655,308	0
26	Joint costs. Check here ☐ 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			605,690	1	800,500
	2	Savings and temporary cash investments			80,547,094	2	118,038,961
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			97,669,743	4	103,737,857
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			23,850,852	8	21,836,253
	9	Prepaid expenses and deferred charges			8,735,464	9	8,216,142
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	1,240,759,928	269,691,392	10c	266,166,517
	b	Less accumulated depreciation	10b	974,593,411			
	11	Investments—publicly traded securities			87,890,804	11	0
	12	Investments—other securities. See Part IV, line 11			82,584,741	12	205,347,461
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			131,186,829	15	209,467,801
	16	Total assets. Add lines 1 through 15 (must equal line 34)			782,762,609	16	933,611,492
Liabilities	17	Accounts payable and accrued expenses			109,300,152	17	119,211,939
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			206,289,155	20	208,745,213
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			2,581,549	23	8,152,568
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			360,631,404	25	364,628,068
	26	Total liabilities. Add lines 17 through 25			678,802,260	26	700,737,788
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			38,175,443	27	98,116,607
	28	Temporarily restricted net assets			50,731,527	28	115,208,207
	29	Permanently restricted net assets			15,053,379	29	19,548,890
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			103,960,349	33	232,873,704
	34	Total liabilities and net assets/fund balances			782,762,609	34	933,611,492

Part XI **Financial Statements and Reporting**

	Yes	No
1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? . .		No
b Were the organization's financial statements audited by an independent accountant? 	Yes	
c If "Yes," to 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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . .	Yes	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separated basis		
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? 	Yes	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Kaleida Health

Employer identification number
16-1533232

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1

☐

A church, convention of churches, or association of churches **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).**

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).**

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 supported organization(s)

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

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

Part II

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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						

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2008 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2009. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support test—2008. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
b 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3Gross receipts from activities that are not an unrelated trade or business under section 513						
4Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5The value of services or facilities furnished by a governmental unit to the organization without charge						
6Total. Add lines 1 through 5						
7aAmounts included on lines 1, 2, and 3 received from disqualified persons						
bAmounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
cAdd lines 7a and 7b						
8Public Support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9Amounts from line 6						
10aGross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
bUnrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
cAdd lines 10a and 10b						
11Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13Total support (Add lines 9, 10c, 11 and 12.)						
14First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

15Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15	
16Public support percentage from 2008 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17	
18Investment income percentage from 2008 Schedule A, Part III, line 17	18	
19a33 1/3% support tests—2009. 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		
b33 1/3% support tests—2008. 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		
20Private 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. Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2009

Open to Public
Inspection

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

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

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

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

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

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

Name of the organization Kaleida Health	Employer identification number 16-1533232
--	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1

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

Political expenditures ▶ \$
- 3

Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1

Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3

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

☐ Yes

☐ No
- 4a

Was a correction made?

☐ Yes

☐ No
- b

If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ \$
- 3

Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes

☐ No
- 5

State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

Part II-A

Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?	Yes		
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?	Yes		38,595
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		232,586
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV		No	
	j Total lines 1c through 1i			271,181
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i.
Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Grants to other organizations & direct contact with legislative body	Schedule C, Part II-B, Questions 1 F and G	The amount reflected for Part II-B, question 1f represents the portion of the dues paid to the Greater New York Hospital Association attributable to lobbying activities. The amount reflected for Part II-B, question 1g represents payments made to organizations in an effort to advocate on the organization's behalf at the New York State and Federal levels as it specifically relates to Health Care legislation and regulatory issues.

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Kaleida Health

Employer identification number
16-1533232

Part I

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

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

Part II

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

1	Purpose(s) of conservation easements held by the organization (check all that apply) ☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space											
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year											
		<table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>2a</td><td></td></tr><tr><td>2b</td><td></td></tr><tr><td>2c</td><td></td></tr><tr><td>2d</td><td></td></tr></table>		Held at the End of the Year	2a		2b		2c		2d	
	Held at the End of the Year											
2a												
2b												
2c												
2d												
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____											
4	Number of states where property subject to conservation easement is located ▶ _____											
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes☐ No											
6	Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____											
7	Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____											
8	Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes☐ No											
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements											

Part III

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

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

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes☐ No

Part IV

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 the arrangement in Part XIV and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if 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	23,068,508	28,374,857			
b Contributions	71,865,683	4,858,054			
c Investment earnings or losses	3,656,737	-5,863,675			
d Grants or scholarships					
e Other expenditures for facilities and programs	18,691,074	4,300,728			
f Administrative expenses					
g End of year balance	79,899,854	23,068,508			

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment 20 500 % %

b

Permanent endowment 0 % %

c

Term endowment 79 500 % %

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

No

3a(ii)

No

b

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

3b

Yes

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) Accumulated depreciation	(d) Book value
1a Land	0	9,180,045		9,180,045
b Buildings		315,130,840	288,517,248	26,613,592
c Leasehold improvements				
d Equipment		903,649,963	677,913,136	225,736,827
e Other		25,598,160	16,326,054	4,636,053
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				266,166,517

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	1,155,716,416
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,080,329,362
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	75,387,054
4	Net unrealized gains (losses) on investments	4	30,454,421
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-88,947,495
9	Total adjustments (net) Add lines 4 - 8	9	-58,493,074
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	16,893,980

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	1,113,046,545
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	30,454,421
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-756,067
e	Add lines 2a through 2d	2e	29,698,354
3	Subtract line 2e from line 1	3	1,083,348,191
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	72,368,225
c	Add lines 4a and 4b	4c	72,368,225
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	1,155,716,416

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	1,096,152,565
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	Other losses	2c	
d	Other (Describe in Part XIV)	2d	24,502,803
e	Add lines 2a through 2d	2e	24,502,803
3	Subtract line 2e from line 1	3	1,071,649,762
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	8,679,600
c	Add lines 4a and 4b	4c	8,679,600
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	1,080,329,362

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Reconciliation of change in net assets from Form 990 to AFS	PART XI, LINE 8	Less Minority interest in cons sub (756,067) Less Contributions for Capital Acquisitions (4,801,476) Less Restricted Contributions (71,865,683) Plus Restricted Investment Loss 189,981 Plus Loss on impairment or abandonment on fixed assets (20,393,850) Plus Net assets released from restriction 8,679,600 ----- Total (\$88,947,495)
Other revenue included on books but not on return	PART XII, Line 2d	MINORITY INTEREST IN SUBSIDIARY (\$756,067)
Other revenue on return but not on books	PART XII, LINE 4B	RESTRICTED CONTRIBUTIONS \$71,865,683 RESTRICTED INVESTMENT LOSS (\$189,981) CONTRIBUTIONS FOR CAPITAL ACQUISITION \$4,801,476 ASSETS RELEASED FROM RESTRICTIONS (\$4,108,953) ----- \$72,368,225
Other Expenses on books but not on return	Part XIII, Line 2d	Loss on impairment and disposal of assets 20,393,850 Net realized loss on sale of investments 4,108,953 ----- 24,502,803 =====
Other expenses in return, not in books	Form 990, Schedule D, Part XIII, line 4b	Net assets released from restriction for operations \$8,679,600
FIN 48 footnote	Schedule D, Part X	The organization's audited financial statements do not report any liability or have any footnote reporting the organization's liability for uncertain tax positions under FIN 48
Intended use of endowment funds	Schedule D, Part V, question 4	The following are the intended uses of the organization's endowment funds: 1) Capital expansion and improvement 2) Advancement of medical education and research and health care services 3) support pediatric health care services

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990.**
▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Kaleida Health

Employer identification number
16-1533232

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			14,010,691	1,450,772	12,559,919	1 160 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			234,466,779	170,352,215	64,114,564	5 930 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			248,477,470	171,802,987	76,674,483	7 090 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			40,100,517	28,340,882	11,759,635	1 090 %
g Subsidized health services (from Worksheet 6)			50,330,616	17,461,471	32,869,145	3 040 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits			90,431,133	45,802,353	44,628,780	4 130 %
k Total. Add lines 7d and 7j			338,908,603	217,605,340	121,303,263	0

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support		558,115	0	558,115	0.050 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total		558,115	0	558,115	0.050 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	217,576,263	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	34,600,000	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5178,098,229	
6	Enter Medicare allowable costs of care relating to payments on line 5	6162,771,496	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	715,326,733	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.		
	☐ Cost accounting system	☐ Cost to charge ratio	☐ Other

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 MFSC LLC	Physician services	51.000 %		49.000 %
2 Community Medical PC	Physician services			100.000 %
3 General Physicians P	Physician services			100.000 %
4 Harlem Road Leasing	MRI equipment leasing	50.000 %		
5 AmTon Imaging LLC	health care services	40.000 %		
6 Park Club Lane LLC	health care services	30.000 %		
7 WNY Healthenet LLC	health care services	14.286 %		
8 Child Health Inv I	health care services	2.972 %		
9 Child Health Inv II	health care services	1.207 %		
10				
11				
12				
13				
14				

Part V

Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Buffalo General Hospital 100 High Street Buffalo, NY 14203	X	X		X			X		
DeGraff Memorial Hospital 445 Tremont Avenue North Tonawanda, NY 14120	X	X					X		
Millard Fillmore Gates Circle Hospital 3 Gates Circle Buffalo, NY 14209	X	X		X			X		
Millard Fillmore Suburban Hospital 1540 Maple Road Williamsville, NY 14221	X	X					X		
Women & Children's Hospital of Buffalo 219 Bryant Street Buffalo, NY 14222	X	X	X	X			X		
MFSC LLC Ambulatory Surgery Center 215 Klein Road Williamsville, NY 14221									ambulatory surgery center
Deaconess Center 1001 Humboldt Parkway Buffalo, NY 14208									skilled nursing facility
DeGraff Skilled Nursing Facility 445 Tremont Street North Tonawanda, NY 14120									skilled nursing facility
Millard Fillmore Gates Skilled Nursing 3 Gates Circle Buffalo, NY 14209									skilled nursing facility

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

Kaleida Health (Kaleida) has developed, implemented and communicates its Financial Assistance (Charity Care) policy, which assists low income, uninsured or underinsured individuals who lack the financial resources to pay for medical services rendered Levels of discounts are awarded based upon income and asset verification and in accordance with the Federal Poverty Guidelines as published annually by the U S Department of Health and Human Services Individuals are notified during intake and registration of Kaleida's Charity Care program After review of income and assets, an individual may be approved for free care (100% discount) or a discount level of 50, 60, 75, or 90%, for medically necessary inpatient, outpatient, emergency room or nursing home services rendered at a Kaleida facility, as follows 200% of Federal Poverty Guideline is awarded 100% discount 250% of Federal Poverty Guideline is awarded 90% discount 300% of Federal Poverty Guideline is awarded 75% discount 350% of Federal Poverty Guideline is awarded 60% discount 400% of Federal Poverty Guideline is awarded 50% discount The applicant for free or reduce price care is contacted by a facilitated enroller for financial screening and enrollment in a government-funded program, if eligible

The amounts reported in the table under Part 1, Line 7 were determined using the Health System's Decision Support software program and revenue and expenses from the general ledger The overall revenue and expenses included in the decision support software program were reconciled to the general ledger which reconciles to the audited financial statements The decision support software program allocates direct costs to each patient account based on the resources used by that patient within the specific cost center Indirect costs are allocated using similar stepdown methodology used by CMS in the Institutional Cost Report

2009 Audited Financial Statement Note on Bad Debts (d) Charity Care and Bad Debt Expense Kaleida provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than their established rates Because Kaleida does not anticipate collection of amounts determined to qualify as charity care, they are not reported as revenue Kaleida grants credit without collateral to patients, most of who are local residents and are insured under third-party arrangements Additions to the estimated allowance for doubtful accounts are made by means of the provision for bad debts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Federal and State governmental healthcare coverage, and other collection indicators Bad Debt Costing Methodology Bad Debt Expense is recorded using the valuation method as outlined in Healthcare Financial Management Association Statement 15, which requires bad debt expense to be recorded at the amount that the payer is expected to pay In order to report the costs associated with bad debt expense, the reported bad debt expense needs to be adjusted so that the amount expected to be paid reflects gross charges, prior to the application of an RCC Kaleida Health adjusts bad debt expenses prior to the application of an RCC so that the reported bad debt expense at cost, on Part III, line 2 of IRS Form 990, Schedule H reflects the true cost of the bad debts The organization has a Charity Care Policy, and any writeoffs as a result of this policy are recorded as Charity Care Allowances and are a reduction of New Patient Revenue Individuals who may qualify for Charity Care assistance under this policy, but do not volunteer to complete the application process would not be granted Charity Care assistance Kaleida has used an estimated percentage in calculating the level of charity care included in bad debt expense This percentage (38%) is based upon the results of evaluating current data through the use of a presumptive charity care eligibility system that provided an approximate ratio of a level self pay bad debt expense which might have been eligible for charity care in 2009

The organization used the filed, but unaudited 2009 CMS Cost Report to determine the amounts reported on Part III, section B, line 6 Medicare allowable costs relating to payments received from Medicare

At such time that a patient expresses a financial concern, the patient will be offered the opportunity to apply for charity care Once the patient submits the completed charity care application, the account is placed on hold and all collection activities are suspended until an eligibility determination is made If the patient is eligible for charity care, than the patient is notified of the level of charity care awarded If 100% charity care awarded, than no bill is sent to the patient If less than 100% charity care is awarded, than the patient will receive a bill pursuant to the private pay collection policy

The organization operates the following types of health care facilities other than those required to be licensed, registered or similarly recognized as a health care facility under state law 3 skilled nursing facilities 90 outpatient clinics

Kaleida Health purchased a block of Goodrich Street from the City of Buffalo for its expanding flagship medical campus During the process of the sale, Kaleida advocated strongly that the purchase price (\$1 1 million) go directly into the surrounding inner-city neighborhoods The City of Buffalo agreed and announced the funds will be used to improve or add sidewalks, streets, landscaping, infrastructure and security cameras in the Fruit Belt neighborhood, which borders Kaleida's Buffalo General Hospital facility The health and safety of neighborhood residents are improved with this investment by clearing out debris-filled lots, replacing cracked sidewalks and providing additional security to make the neighborhood safe and healthy for residents, thereby improving health, safety and well-being for city residents Kaleida Health's community building activities include programs such as Kaleida's annual training for women and minority suppliers on "How to Do Business with Kaleida Health," aimed at providing opportunities for minority and women owned businesses to meet purchasing professionals from Kaleida Health and the Western New York Purchasing Alliance The 3-part series provide potential suppliers with an overview of Kaleida Health's purchasing needs, covers the technical aspects of proposal submission and order fulfillment requirements

2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves Kaleida Health assesses the health of the communities we serve through a variety of means, including but not limited to the following - Erie County Department of Health's Community Health Assessment (March 2010) Includes demographic and health status information for the population, including disease prevalence, incidence, health resources and service utilization, profiles of community resources, behavioral risk factors, unmet need for services, local health priorities, and opportunities for action in Erie County - Niagara County Department of Health's Community Health Assessment (September 2009) Includes demographics, description of populations at risk, disease prevalence, incidence, access to care, problems and issues in the community, local health priorities, accomplishments and opportunities for action in Niagara County - Kaleida Health Community and Provider Health Care Assessment (January 2008) Kaleida sponsored and published a population-based, cross-sectional house-to-house community health needs assessment of 2,000 heads of households in medically underserved City of Buffalo neighborhoods Of these households, 1,658 community residents participated in the survey The purpose was to gather data from community residents on health care, provide information on how health care may be improved to best serve the community's needs, and identify what works well and what does not in the local health care environment for these residents, from their perspective Additional data was gathered from community-based primary care providers to identify opportunities for collaboration on disease prevention for patients under their care - Project CODA Creating Options for Dignified Aging in Erie and Niagara Counties (June 2009) A locally driven elderly-centered strategy based upon in-depth research on the demographics and specific needs and wants of elders, caregivers and service providers The assessment provides an overview of the existing long-term care system in Erie and Niagara counties, forecasts the future of long-term care, and identifies models to project future economic and demographic trends, likely shifts in public policies and projections of future changes in consumer preferences and demand for aging services - Western New York Health Care Safety-Net Assessment (February 2008) An assessment of access, consumer experience and health information technology The assessment offers a description of the primary care safety-net in the region, assesses access and the safety-net's overall capacity and strength, assesses consumer's experience with their primary care, and determines the information technology capacity of the primary care safety net Reaching for Excellence Community Vision and Voices for WNY Health Care (July 2009) A community health assessment that incorporates the perspective of the community and users of the health care system in current health care strategy development More than 1700 Western New Yorkers were engaged in a series of community conversations about what consumers want for the future of health care in the region The conversations resulted in 5 health care priorities, reflecting the top concerns of the region across race, ethnicity, age, income and geography Secondary level quantitative data include local surveys, U S census, U S Department of Health and Human Services' Community Health Status Indicators Report for NY (including Erie and Niagara Counties), among other assessments Kaleida's team use data from community health assessments, such as those above, to shape strategy for prioritizing its efforts and identifying areas of focus for the community benefit interventions Many of the interventions adopted by Kaleida focus on populations with Disproportionate Unmet Health Needs (DUHN), including the elderly, low-income individuals and families, children and youth, and persons with special needs The goals selected for each intervention are in support of local collaborative planning efforts when possible, and engage the breadth of Kaleida's community benefit programs

3 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy Kaleida informs individuals of available free or reduced price services at the time of registration into the inpatient, outpatient, emergency department, and long-term care facility Posters informing the patient/family of assistance are available throughout the Kaleida locations Brochures and pamphlets informing the community are widely distributed in the community at health fairs, churches, schools and other public locations Information regarding the availability of financial assistance is also available through Kaleida's website Kaleida offers several initiatives to help individuals in our community access affordable health care, including Facilitated Enrollment To assist eligible individuals with health insurance enrollment by offering education and application assistance for Medicaid, Child Health Plus, Family Health Plus, Prenatal Care Assistance Program, and State Aid for Children with Special Needs A dedicated telephone number is available and information is published in pamphlets at Kaleida sites and at various locations throughout the community Financial Assistance Program As described above, the Kaleida Financial Assistance Program offers free or reduced-prices for patients treated at a Kaleida hospital, outpatient, emergency room, or long-term care facility Discounts are awarded based upon income and asset verification Individuals who do not qualify for Medicaid, Child Health Plus, Family Health Plus, Prenatal Care Assistance Program, and/or State Aid for Children with Special Needs are considered for financial assistance (charity care)

4 Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves Kaleida serves the eight counties of Western New York State, with primary service areas in Erie and Niagara Counties The service area has a combined population of approximately 1 6 million people The eight county service area includes Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Orleans, Niagara and Wyoming Counties The region is diverse in character, ranging from rural areas and small towns of the southeastern counties, to the denser areas of Erie and Niagara counties Kaleida Health (Kaleida) is headquartered in the City of Buffalo, (Erie County) New York There are several federally designated Medically Underserved Areas, Medically Underserved Populations, and Health Professional Shortage Areas in Kaleida's service area Western New York County Population Medium Income Percent Unemployed Allegany County 49,157 40,821 8 6 Cattaraugus County 79,689 42,549 8 6 Chautauqua County 133,503 39,824 8 0 Erie County 909,247 48,427 8 1 Genesee County 57,868 49,133 7 0 Niagara County 214,557 45,545 9 3 Orleans County 42,051 46,220 8 8 Wyoming County 41,398 48,472 8 2 Sources U S Census, 2009, NYS Labor Department Demographic Information, Erie County, NY Erie County is the largest metropolitan county in upstate New York According to the U S Census 2008 estimates, the population of Erie County including the City of Buffalo is 909,247 Buffalo serves as the County seat Buffalo has a population of 272,632 The City of Buffalo is the largest city in the region and the second largest city in New York State Buffalo is ranked as the third poorest city in the nation Erie County is home to 3 cities, 16 villages, 25 towns, and two Native American Indian reservations Erie County is largely a metropolitan urban County with the majority of the population living within the cities and surrounding communities There is a significant rural population that resides outside the first and second ring suburban areas The population of Erie County has been declining over the past decade In the year 2000, the population of Erie County was 950,265 This represents an approximately 4% decrease in population between the years 2000 and 2007 According to the U S Census, 5 3% of the Erie County population are under the age of five, 21 5% are under age 18, and 15 6% are age 65 and over Compared to New York State and National age distributions, Erie County has a slightly lower percentage of young people and a higher percentage of people age 65 and older However, the City of Buffalo population distribution is quite different from Erie County In Buffalo, 26 3% of residents are under age 18, which is higher than both New York State (24 7%) and the USA (24 3%) The percent of persons age 65 and over residing in the City of Buffalo is lower than in Erie County as a whole and equal to the New York State percentage of 13 4% In Erie County, 51 8% of the population is female and 48 2% male This distribution is similar to the New York State distribution, however the national distribution is closer to 50% to 50% In the City of Buffalo there is a high percentage of females (53%) and lower percentage of males (47%) According to the 2007 American Community Survey 82 4% of the Erie County population is non-Hispanic Whites, 13 5% non-Hispanic African-Americans, 3 7% Hispanic, 0 5% Native Americans, and 2% Asian/Pacific Islanders The City of Buffalo is characterized by a much higher percentage of African Americans (39 8%), and Hispanics (8 3%) The West Side of Buffalo is home to a large immigrant and refugee population where there are 28 ethnicities and a minimum of 31 languages and dialects spoken Lackawanna, New York, located just south of the City of Buffalo is home to a large Arabian community, many of whom do not speak English as their first language Nearly 9% of the Erie County population speaks a language other than English in their homes The median household income in Erie County is \$45,076 The median earnings for male full-time workers is \$46,348 The median earnings for female full-time workers is \$34,238 For all families in Erie County, 9 9% are below the federal poverty level For families with children under 18 years of age, 17% are below the federal poverty level The likelihood of families living below the poverty level is compounded for female headed families that do not have a husband present Ten percent of families in Erie County have a female head of household with no husband present and 30 1% of these families are below the poverty level For those families with children under 18 years of age, 42 5% are below the poverty level and 53 4% of these families with children under age 5 are below the poverty level Erie County's per capita income in 2007 was \$25,995 In the City of Buffalo where poverty is more prevalent, the median household hold income is \$24,536, which is more than \$20,000 less than the County as a whole, and the per capita income in Buffalo is \$14,991, almost \$11,000 less than the County The median household income nationally is \$66,670, and \$52,944 for New York State In Erie County, 13 7% of all residents live below the federal poverty level, which is very similar to the percent for New York State In the City of Buffalo, 26 6% of residents are living below the federal poverty level According to the New York State Department of Health, at the end of 2008, 6 1% of Erie County residents did not have health insurance and 8 1% of Erie County residents were unemployed in 2009 Erie County has a higher high school graduation rate (82 9%) than New York State (79 1%), however the City of Buffalo's high school graduation rate is lower (74 6%) Similarly, the City of Buffalo's college graduation rate (18 3%) is significantly lower than Erie County (24 5%) and New York State (27 4%) (Erie County Department of Health Community Health Assessment) Demographic Information, Niagara County New York Niagara County is located just north of Erie County Niagara County consists of 26 cities, towns and villages along with the Tuscarora Indian Reservation, which is located approximately in the middle of the county The City of Niagara Falls is the most populated city in Niagara County, followed by North Tonawanda According to the U S Census, Niagara County has a total population of 214,557, which has been declining in recent years Niagara County demographics reveal that 91 3% of residents are Caucasian, 7 3% are African-American, 1 6% are Native American, 1% Asian/Pacific Islander and 0 5% other The median household income for Niagara County is \$45,545 Twelve percent (12%) of county residents lives in poverty and 9% of families and 30% of female headed households with no spouse had incomes below the federal poverty level According to the New York State Department of Health, nearly 9% of people in Niagara County had no health insurance at the end of 2008 English is the primary language for 94 1% of Niagara County residents and the second language spoken is Spanish There is also a small population of recent immigrants from Russia that residents in North Tonawanda, many of whom speak very little English Niagara Falls is the largest city in Niagara County with 48,388 residents The population of the City of Niagara Falls is 77 1% Caucasian, 20 8% African-American, 3 5% Native American, 2 6% Hispanic, and 1 1% Asian/Pacific Islander There are 25,383 females and 23,005 males residing in Niagara Falls The median income in Niagara Falls is \$30,324 According to Business First, the unemployment rate in Niagara Falls in June 2009 was one of the highest in the Western New York region at 11 4% The poverty rates in Niagara Falls from 2005-2007 indicated that an overall 22% of residents live in poverty Within this group, 33% of related children under age 18 live below the federal poverty level In addition, 34% of female headed households had income below the federal poverty level In Niagara Falls, 82% of adults graduated from high school, 12% earned college degrees, however 18% did not complete high school North Tonawanda is the second largest city in Niagara County, with a total population of 32,113 There are 16,199 males and 15,914 females residing in North Tonawanda The majority of residents (98 3%) are Caucasian, 0 5% African-American and 1 2% are Asian/Pacific Islanders The median income in North Tonawanda is \$44,692 According to Business First, the unemployment rate in 2009 was 8 9% A 7% poverty level was identified, including 5% of families residing in North Tonawanda and 14% of female headed households with no spouse 89% of adults graduated from high school and 22% hold a college degree Twelve percent (12%) of North Tonawanda residents dropped out of high school (Niagara County Department of Health Community Health Assessment

5 Community building activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves Kaleida Health purchased a block of Goodrich Street from the City of Buffalo for its expanding flagship medical campus During the process of the sale, Kaleida advocated strongly that the purchase price (\$1 1 million) go directly into the surrounding inner-city neighborhoods The City of Buffalo agreed and announced the funds will be used to improve or add sidewalks, streets, landscaping, infrastructure and security cameras in the Fruit Belt neighborhood, which borders Kaleida's Buffalo General Hospital facility The health and safety of neighborhood residents are improved with this investment by clearing out debris-filled lots, replacing cracked sidewalks and providing additional security to make the neighborhood safe and healthy for residents, thereby improving health, safety and well-being for city residents Kaleida Health's community building activities include programs such as Kaleida's annual training for women and minority suppliers on "How to Do Business with Kaleida Health," aimed at providing opportunities for minority and women owned businesses to meet purchasing professionals from Kaleida Health and the Western New York Purchasing Alliance The 3-part series provide potential suppliers with an overview of Kaleida Health's purchasing needs, covers the technical aspects of proposal submission and order fulfillment requirements

- 6
- Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc) States in which Kaleida Health Files a Community Benefit Report New York State Also see Schedule O description for Form 990, Part III for a description of how the organization furthers its exempt purpose by promoting the health of the community

7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served Promoting community health is how we carry out the mission of Kaleida Health "to advance the health of our community " This is the foundation of our work at Kaleida Health Our community benefit work is focused on the needs of low income, medically underserved populations Poverty trends, community health research and needs assessments are reviewed on a regular basis while planning community health programs Kaleida Health representatives are actively engaged in various community health collaboratives with the local health departments, state health department, and local not-for-profit health and human service agencies We are responsive to community priorities and develop programs and services that fill a gap or supplement an existing program Most Kaleida Health community health outreach programs are offered in partnership with other community organizations or governmental agencies, in order to leverage resources to meet community needs Information regarding the availability of community health programs, assistance with health insurance enrollment and financial assistance for medical care received at Kaleida Health hospitals, emergency departments, outpatient departments or long-term care facilities are disseminated to the public in electronic (website) form in the annual Community Benefit Report, annual Community Service Plan, and disseminated in print form at community health outreach events The Visiting Nursing Association of Western New York, Inc is the Kaleida Health home care affiliate The Visiting Nursing Association of Western New York promotes the health of the community by educating chronic care patients on self-management and personal care in areas such as rehabilitation services, nutrition education and therapy, infection control, falls risk assessment and intervention, and health education related to improved lifestyle choices for individuals and families in their homes and the community Community-based prevention programs are offered through the Visiting Nursing Association, such as the influenza immunization program The Visiting Nursing Association of Western New York offers one of the largest annual influenza immunization programs in the region During the 2009 flu season, the Visiting Nursing Association of Western New York hosted more than 500 influenza vaccine clinics and provided 37,200 seasonal flu vaccines, 6,750 H1N1 flu vaccines and 675 pneumonia vaccines for residents in our community

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

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WNY Clinical Info Exchange 2568 Walden Ave Suite 107 Buffalo, NY 14225	364594483		60,000		n/a	n/a	Contribution
Buffalo Urban League Inc15 E Genesee Street Buffalo, NY 14203	160743940	501(c)(3)	10,000		n/a	n/a	Gala Sponsor
UB Foundation3435 Main Street Buffalo, NY 14231	160865182	501(c)(3)	52,820		n/a	n/a	ABS Program
Erie Community College Foundation Inc4196 Abbott Road Buffalo, NY 14127	161320337	501(c)(3)	40,000		n/a	n/a	ECC Health Science
Economic Development Group437 Franklin Street Buffalo, NY 14202	223781639	501(c)(3)	10,000		n/a	n/a	Health Science Charter School Sponsor
ECMC Lifeline Foundation 462 Grider Street Buffalo, NY 14215	223283946	501(c)(3)	6,750		n/a	n/a	Golf Tourn Spnsr

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

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

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

[illegible]

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2009

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization Kaleida Health	Employer identification number 16-1533232
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
☐ First-class or charter travel		
☐ Travel for companions		
☐ Tax idemnification and gross-up payments		
☐ Discretionary spending account		
☐ Housing allowance or residence for personal use		
☐ Payments for business use of personal residence		
☒ Health or social club dues or initiation fees		
☐ Personal services (e g , maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	Yes	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
☒ Compensation committee		
☒ Independent compensation consultant		
☒ Form 990 of other organizations		
☒ Written employment contract		
☒ Compensation survey or study		
☒ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
4a Receive a severance payment or change-of-control payment?	Yes	
4b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c Participate in, or receive payment from, an equity-based compensation arrangement?		No
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
5a The organization?		No
5b Any related organization?		No
If "Yes," to line 5a or 5b, describe in Part III		
6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
6a The organization?	Yes	
6b Any related organization?		No
If "Yes," to line 6a or 6b, describe in Part III		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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

[illegible]

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
HEALTH OR SOCIAL CLUB DUES	Schedule J, PART I, LINE 1A	As part of their compensation package officers and key employees of the organization are entitled to choose as an executive perk the benefit of business related social dues or initiation fees.
Severance Payments	Schedule J, Part I, Line 4A	Former EVP/COO, Robert Lovell, received severance payments during the year in the amount of \$428,365.
Executive Deferred Retirement Plan	Schedule J, Part I, Line 4B	During the year, the following officers and key employees listed on Form 990, Part VII, section A participated in the Executive Deferred Retirement Plan: Robert Nolan, Connie Vari, Joseph Kessler, James Kaskie, Larry Zielinski, Donald Boyd, Margaret Paroski, and D. Eric Pogue. Employer and employee contributions during the year to this plan have been reported, as required, on Schedule J, Part II columns (B)(iii) and (C). During 2009, the following officers received payments under an executive deferred retirement plan: Connie Vari \$220,705; Larry Zielinski \$78,214; James Kaskie \$1,212,440; Robert Nolan \$483,807.
Compensation arrangement contingent on net earnings of the organization	Schedule J, Part I, question 6b	The organization places a certain portion of an executive's total available compensation at risk annually, and a proportion of that at-risk amount is dependent upon the consolidated health system attaining certain operating performance targets, both financial and non-financial. During 2008, certain financial operating targets which were set by the Compensation Committee of the Board of Directors, including total Net Operating Margin, were met and exceeded, resulting in compensation under this arrangement paid to Officers and Key Employees during 2009.

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.		OMB No 1545-0047
			2009
			Open to Public Inspection
Department of the Treasury Internal Revenue Service			
Name of the organization Kalerida Health		Employer identification number 16-1533232	

Part I

Bond Issues

	(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	Dormitory Authority of the State of New York	14-6000293	64983TQT3	05-20-2004	97,405,000	Refinance Buf General Hosp mor		X		X
B	Dormitory Authority of the State of New York	14-6000293	64983Q429	09-21-2006	81,810,000	See Schedule O		X		X
C	Dormitory Authority of the State of New York	14-6000293		04-14-2005	16,356,273	Equipment Purchase		X		X
D	Dormitory Authority of the State of New York	14-6000293		09-28-2006	16,485,005	Equipment Purchase		X		X

Part II

Proceeds

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Total proceeds of issue			8,994,545		81,710,616		16,699,795		16,894,022	
2	Gross proceeds in reserve funds			24,890,831		19,336,839		0		0	
3	Proceeds in refunding or defeasance escrows			0		0		0		0	
4	Other unspent proceeds			80,106		0		0		0	
5	Issuance costs from proceeds			1,867,994		3,049,596		60,988		83,005	
6	Working capital expenditures from proceeds			0		0		0		0	
7	Capital expenditures from proceeds			181,445		72,680,752		16,638,807		16,811,017	
8	Year of substantial completion			2004		2009		2006		2008	
9	Were the bonds issued as part of a current refunding issue?	X			X		X		X		
10	Were the bonds issued as part of an advance refunding issue?		X		X		X		X		
11	Has the final allocation of proceeds been made?	X		X		X		X			
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X			

Part III

Private Business Use

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		X		
2	Are there any lease arrangements with respect to the financed property which may result in private business use?		X		X		X		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	X			X		X		
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X		X		X		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		X		X		X			
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		0 %		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 section 501(c)(3) organization, or a state or local government		0 %		0 %						
6	Total of lines 4 and 5		0 %		0 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X			

Part IV

Arbitrage

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X		
2	Is the bond issue a variable rate issue?		X		X		X		X		
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X		X		X		X		
b	Name of provider										
c	Term of hedge										
4a	Were gross proceeds invested in a GIC?	X		X			X		X		
b	Name of provider	see schedule O		See Schedule O							
c	Term of GIC		11 5		4 4						
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X							
5	Were any gross proceeds invested beyond an available temporary period?	X			X		X		X		
6	Did the bond issue qualify for an exception to rebate?	X			X		X				

Schedule L
(Form 990 or 990-EZ)

OMB No 1545-0047

2009

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons
▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization
Kaleida Health

Employer identification number
16-1533232

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes No
2	Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$		
3	Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$		

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Gen Physicians PC See Schedule O		X	250,253	250,253	No		Yes		Yes	
Total ▶ \$			250,253							

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes No
See Additional Data Table				

SCHEDULE M
(Form 990)

NonCash Contributions

OMB No 1545-0047

2009

Open to Public Inspection

►Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

Department of the Treasury
Internal Revenue Service

Name of the organization
Kaleida Health

Employer identification number
16-1533232

Part I

Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (Various medical equipment)	X	18	4,801,476	replacement cost
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

Yes

No

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?

32a

No

b If "Yes," describe in Part II

33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

Part II

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Kaleida Health

Employer identification number
16-1533232

Identifier	Return Reference	Explanation
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Identifier	Return Reference	Explanation
Program Service Accomplishments	Part III -- Background	Kaleida Health is a voluntary, not-for-profit, New York State Department of Health Article 28 licensed hospital-based healthcare delivery system serving the communities of Western New York State at various levels and with facilities in multiple locations throughout the region. Kaleida Health is a product of the 1998 merger of Buffalo General Health System (Buffalo General), Millard Fillmore Gates Circle Hospital (Millard Gates), Millard Fillmore Suburban Hospital (Millard Suburban), Women and Children's Hospital of Buffalo (Women & Children's), and DeGraff Memorial Hospital (DeGraff). In addition to the 5 Kaleida Health (Kaleida) hospitals, Kaleida operates three skilled nursing facilities, and numerous outpatient clinics. The above facilities operate under one tax identification number. Our family of health care organizations is bonded together into one framework for leadership, governance, shared services, financial infrastructure and information technology platforms. Collectively, Kaleida Health's market share is 32.4% in Western New York, 43.8% in Erie County and 27.7% in Niagara County. Annually one million combined inpatient, emergency department and outpatient visits occur at the health care facilities in the Kaleida Health system, which employs 9,500 staff and have nearly 1,800 medical staff members. During 2009, there were 65,352 inpatient discharges, of which 15% were Medicaid and Medicaid managed care, 40% Medicare and Medicare managed care, and 1% were uninsured. Kaleida Health's mission is "to advance the health of the community." Our vision is to be the "regional health care system providing exceptional quality services, with a commitment to education and research, accessible to all." Our values clearly state who we are and how we perform our work: Patient-Centered. We put patients and families first. Excellence. As a team, we pursue exceptional performance with passion. Accountability. We take personal responsibility for delivering results. Integrity. We demonstrate honesty in everything we do. Kaleida Health's programs and affiliates are licensed by the State of New York Department of Health and accredited by the Joint Commission. Kaleida is certified by the U.S. Department of Health and Human Services for participation in Medicare and Medicaid. The Accreditation Counsel for Graduate Medical Education approves all residency programs for physicians, and the American Dental Association approves its dental and oral surgery programs. Kaleida is also a member of the Council of Teaching Hospitals, the American Dental Association, the American Medical Association, and the Greater New York Hospital Association. Operation of Emergency Rooms: Kaleida Health operates five Emergency Departments, one in each of the acute care hospitals, generating a total of 175,909 patient visits during 2009. The Emergency Departments operate 24 hours a day, 7 days each week and are open to anyone, regardless of their ability to pay for services. Board of Directors and Community Guidance: Kaleida Health maintains community control over the corporation through its Board of Directors, comprised of community and faith leaders, and leaders in business and industry, healthcare, and physicians representing the medical staff of Kaleida Health. The majority of the Directors reside in Western New York and each Director serves a three-year term. Open Medical Staff: As conferred by the Board of Directors, medical staff membership is offered to professionally competent physicians, dentists, podiatrists and other specified individuals, who continuously meet the qualifications, standards and requirements outlined in the Bylaws, Rules and Regulations, Policies of the Medical Staff and Kaleida Health, consistent with the needs of Kaleida Health's patients. Staff membership or particular clinical privileges shall not be denied on the basis of age, sex, sexual orientation, race, color, creed, national origin, a disability unrelated to the ability to fulfill patient care and medical staff responsibilities or any other criterion unrelated to the efficient delivery of quality patient care, to professional qualifications or to the needs of the community, or to the purposes, needs, and capabilities of Kaleida Health. Every member of the Medical Staff assists the hospitals in fulfilling our mission and responsibility to provide emergency and uncompensated care for those in need. Use of Surplus Funds: Surplus funds are used to further the mission and operations of Kaleida Health, such as reinvesting in community benefit programs, and making improvements in facilities, patient care, medical, nursing and allied health training, education and research in support of the health needs of the community. Community Benefit Programs and Services: Kaleida Health offers numerous community benefit programs and services in response to the community's needs, by improving access to care, improve public health, advance knowledge, and relieve government programs. These programs are conducted in community-based settings such as schools, churches, community centers, senior centers, and programs are also offered at Kaleida's hospital campuses and facilities. Community benefit programs and services include health fairs, health screenings, health education lectures and workshops for community groups and the general public, school health education programs, and consumer health information in the Kaleida Health Libraries. Kaleida also offers a number of subsidized health services such as outpatient clinics, long-term care services, women's health centers, dialysis services, behavioral health services, school-based health centers, early childhood program, early intervention services, family planning services, Western New York Clinical Information Exchange and Health-e-Link, and WNY Poison Control Center, diagnostic, therapeutic and rehabilitation services for children with special needs. Kaleida's hospitals serve as a major teaching affiliate of the State University of New York at Buffalo's School of Medicine and Biomedical Sciences and Dental Medicine, with training to 350 medical and dental residents each year. Kaleida is involved in and sponsors research projects, and we provide loan forgiveness for physicians to establish practices that serve the underserved communities of Buffalo and Western New York. Kaleida offers clinical training facilities and support for nursing and a number of allied health professional training programs at local colleges and universities, and other professional development/continuing education training programs for colleagues from health care organizations across the region.

CONFLICT OF INTEREST POLICY FORM 990, PART VI, SECTION B, LINE 12C UPON EMPLOYMENT AND ANNUALLY THEREAFTER EACH KEY EMPLOYEE AND OFFICER OF THE ORGANIZATION IS REQUIRED TO COMPLETE A CONFLICT OF INTEREST AND DISCLOSURE FORM, PROVIDING SUFFICIENT INFORMATION ABOUT HIS/HER PERSONAL INTERESTS AND RELATIONSHIPS SO THE ORGANIZATION CAN (1) DETERMINE WHETHER ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST MAY EXIST, AND (2) MONITOR WORK OR SERVICE ASSIGNMENTS TO AVOID PLACING THE KEY EMPLOYEE, OFFICER OR DIRECTOR IN A POSITION WHERE THERE MAY BE AN APPEARANCE, POTENTIAL OR ACTUAL, OF A CONFLICT OF INTEREST OR A QUESTION OF OBJECTIVITY The completed conflicts of interest AND DISCLOSURE FORMS for directors are returned to the ORGANIZATION COMPENSATION APPROVAL PROCESS Form 990, Part VI, Section B, Question 15 a and b On a regular basis, the organization provides documentation to the compensation committee of the Board with respect to the compensation of the organization's officers and key employees for review and approval Such information includes comparable data from similar size tax-exempt organizations in the Western New York community as well as compensation for these positions (as disclosed on Form 990) with other organizations in the health care industry that are of similar size, demographics and geography Review and approval of the compensation arrangement by the officers/executive committee is documented PROCEDURE TO EVALUATE JOINT VENTURE ARRANGEMENT Form 990, Part VI, Section B, question 16b The organization has not adopted a formal written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements However, the normal due diligence process undertaken in conjunction with the organization's external legal counsel, accountants and other business advisors does include a review to determine the following 1) the impact of the arrangement under applicable federal and state law 2) whether the arrangement will jeopardize the organization's exempt status as a Section 501(c)(3) charitable organization - Hospital 3) whether the arrangement will result in any unrelated business taxable income 4) the impact of the arrangement on any existing contractual agreements or other business relationships and 5) whether the arrangement will result in any conflicts of interest If there are concerns with respect to any of the above matters, the organization will take appropriate steps to ensure that, if the joint venture is pursued, the arrangement will be in compliance with applicable Federal and state law and to safeguard the organizations tax-exempt status A formal written policy and procedure has been adopted during and is effective for the 2010 tax year Access to organizational documents Form 990, Part VI, section C, question 19 The organization makes its governing documents, conflict of interest policy, and financial statements available to the public upon request at its office at 726 Exchange Street, Suite 200, Buffalo, NY 14210 A nominal fee is charged if copies are requested Business transactions involving interested persons Schedule L, Part IV Delaware Surgical Group, PC Column B - Relationship between Interested Person and Organization Delaware Surgical Group, PC is an entity in which a current Board member of the organization, Evan Evans, MD also has a partnership interest at the time of the transaction Column D - description of the transaction During 2009, the organization paid the interested person (Delaware Surgical Group, PC) in the normal course of business Walsh Duffield Companies, Inc Column B - Relationship between Interested Person and Organization Walsh Duffield Companies, Inc is an entity of which the current Board Chairman of the organization, Edward F Walsh, Jr also serves as President and COO as well as part shareholder at the time of the transaction Column D - description of the transaction During 2009, the organization paid the interested person (Walsh Duffield Companies, Inc) in the normal course of business for insurance brokerage services Buffalo Niagara Medical Campus Column B - Relationship between Interested Person and Organization the current Board Chairman of the filing organization (Kaleida Health), Edward F Walsh, Jr, was also serving as a board member of the Buffalo Niagara Medical Campus at the time of the transaction Column D - description of the transaction During 2009, the organization paid the interested person (Buffalo Niagara Medical Campus) participation dues and for services in the normal course of business Buffalo Niagara Partnership Column B - Relationship between Interested Person and Organization the current President/CEO of the filing organization (Kaleida Health), James Kaskie, was also serving as a board member of the Buffalo Niagara Partnership at the time of the transaction Column D - description of the transaction During 2009, the organization paid the interested person (Buffalo Niagara Partnership) participation dues Greater New York Hospital Association Column B - Relationship between Interested Person and Organization the current President/CEO of the filing organization (Kaleida Health), James Kaskie, was also serving as a board member of the Greater New York Hospital Association at the time of the transaction Column D - description of the transaction During 2009, the organization paid the interested person (Greater New York Hospital Association) participation dues Jocelyn Vari Column B - Relationship between Interested Person and Organization Jocelyn Vari is a family member of a current officer of the organization, Connie Vari, who received compensation from the organization in excess of \$10,000 Column D - description of the transaction During 2009, the organization paid the interested person (Jocelyn Vari) in the normal course of business to furnish services as Performance Improvement Project Coordinator David Vari Column B - Relationship between Interested Person and Organization David Vari is a family member of a current officer of the organization, Connie Vari, who received compensation from the organization in excess of \$10,000 Column D - description of the transaction During 2009, the organization paid the interested person (David Vari) in the normal course of business for performance of services as an Employee Relations specialist Bonnie Pleuthner Column B - Relationship between Interested Person and Organization Bonnie Pleuthner is a family member of a current officer of the organization, Connie Vari, who received compensation from the organization in excess of \$10,000 Column D - description of the transaction During 2009, the organization paid the interested person (Bonnie Pluethner) in the normal course of business for performance of services as a registred nurse Susan Evans Column B - Relationship between Interested Person and Organization Susan Evans is a family member of a current officer of the organization, Evan Evans MD, who received compensation from the organization in excess of \$10,000 Column D - description of the transaction During 2009, the organization paid the interested person (Susan Evans) in the normal course of business for performance of services as a discharge planner Dr Andras Vari Column B - Relationship between Interested Person and Organization Dr Andras Vari is the husband of a current officer of the organization, Connie Vari, who received compensation from the organization in excess of \$10,000 Column D - description of the transaction During 2009, the organization paid the interested person (Dr Andras Vari) in the normal course of business for performance of physician services REVIEW PROCESS FOR FORM 990 FORM 990, PART IV, SECTION A, QUESTION 10 ORGANIZATION'S MANAGEMENT (A TEAM COMPRISED OF REPRESENTATIVES OF THE FINANCE, HUMAN RESOURCES, AND LEGAL DEPARTMENTS) IN CONSULTATION WITH THE ORGANIZATION'S TAX ADVISORS, ERNST & YOUNG REVIEW THE FORM 990 THE FINANCIAL REVIEW IS BASED ON THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS FOR THE RELEVANT TIME PERIOD BEFORE THE FORM 990 IS FILED WITH THE IRS THE FINANCE COMMITTEE OF THE ORGANIZATION'S BOARD OF DIRECTORS REVIEWS THE FORM 990 AND PROVIDES A COPY OF THE SAME TO THE ORGANIZATION'S FULL BOARD OF DIRECTORS Delegation of CMO duties Form 990, Part VI, question 3 During 2009, the organization contracted with University Neurology for the services of Margaret Paroski in her capacity as Chief Medical Officer (CMO) of the organization Part of her role as CMO is control over certain management duties with respect to employed physicians that customarily are performed by or under the direct supervision of officers or key employees

Identifier	Return Reference	Explanation
Hours devoted to related organizations	Form 990, Schedule J-2, Part I	The follow ing individuals listed on Schedule J-2, Part I, column A each devoted 4 hours in total to related organizations Connie Vari, Joseph Kessler, Law rence Zielinski

Transactions with Related Organizations Schedule R, Part V, transaction type c There is a variance between the amount reflected on Part VIII, line 1d (and Schedule B) - gifts, grants and contributions from the following related organizations and the amount included on Schedule R, Part V as a result of the variance in timing of the recording of the transfer between the two organizations Kaleida Health Foundation recorded grants paid to the filing organization in the amount of \$1,288,676 (See Schedule R, Part V) versus the \$1,555,411 recorded by the filing organization as grants received (see Part VIII, line 1d and Schedule B) The Women & Children's Hospital of Buffalo Foundation recorded grants paid to the filing organization in the amount of \$2,635,858 (See Schedule R, Part V) versus the \$2,629,244 recorded by the filing organization as grants received (see Part VIII, line 1d and Schedule B) Description of NYS DOH Heal Grant In 2009, the New York State Department of Health awarded Kaleida Health a \$65 million grant to be utilized towards the closure of Millard Fillmore Gates Circle Hospital and the relocation of essential services to a newly created comprehensive heart and vascular institute in a building adjacent to Buffalo General Hospital (one of the hospitals included in this filing organization's health system) During 2009, New York State remitted approximately \$10 million of this grant to Kaleida Health based on expenses the filing organization has incurred to date on this project Even though the remaining amount of the grant will not be received until future years, the entire \$65 million has been included in the 2009 Form 990, Part VIII, line 1e and in Schedule B to be consistent with the organization's audited financial statements prepared in accordance with U S generally accepted accounting principles Loans to Interested Persons Schedule L, Part II General Physicians P C (GPPC) is an intersted person to Kaleida Health since Dr Andras Vari, 100% owner of GPPC, is the husband of Kaleida Health's COO Connie Vari During 2009, Kaleida Health loaned General Physicians P C money to re-activate the physician practice that has been dormant since 2002 The loan was made to assist General Physicians P C to make compensation payments to the physicians in the practice and will be repaid to Kaleida once GPPC has re-established its patient base and has the ability to repay Schedule K - Supplemental Disclosure regarding tax exempt bonds Schedule K - Parts I, II and IV Part I, line B, column f - description of purpose of 2006 tax exempt bond issue from Dormitory Authority of the State of New York Renovate and expand patient care areas at Millard Fillmore Suburban and to renovate and expand the Cardiac Procedure laboratories at Buffalo General Hospital and Millard Fillmore Gates Hospital Part II, line 5, column B - detail of issuance costs from proceeds from 2006 issue from Dormitory Authority of the State of New York Issuance costs - \$1,213,231 and Credit Enhancement fee - \$1,836,365 Part IV, line 4b - Name of Provider for guaranteed insurance contracts Column A - 2004 issue from Dormitory Authority of the State of New York Bayerische Landesbank Column B - 2006 issue from Dormitory Authority of the State of New York Construction fund - MBIA, Inc Reserve fund - MBIA, Inc Part IV, line 4c - Term of guaranteed insurance contract for 2006 issue from Dormitory Authority of the State of New York Construction fund -- 4 4 years Reserve fund -- 2 5 years Note re Compensation of Current and Former Directors Part VII, column (E) and (F), Schedule J, column (E) As per the Form 990 instructions, nontaxable life and disability insurance less than \$10,000 should NOT be included in Form 990, Part VII, column F However, this \$10,000 exception does not apply for nontaxable benefits to be reported in Form 990, Scheudle J As such the sum of Part VII, column (D) and (F) is less than Schedule J, Part II, column (E) by the nontaxable life and disability insurance for the following individuals James Kaskie, Robert Nolan, Connie Vari, Joseph Kessler, Cheryl Klass, Lawrence Zielinski, Donald Boyd, Christopher Lane, James Foster, MD, Robert Lovell, D Eric Pogue, Tamara Owen, Francis Meyer, Jr , Jonathan Swiatkowski, Barbara Losi, Lucy Campbell, MD

For Paperwork Reduction Act Notice, see the Instructions for Form 990 Cat No 51056K **Schedule O (Form 990) 2009**

SCHEDULE R (Form 990) Department of the Treasury Internal Revenue Service	Related Organizations and Unrelated Partnerships ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37. ▶ Attach to Form 990. ▶ See separate instructions.	OMB No 1545-0047
		2009
		Open to Public Inspection

Name of the organization Kaleida Health	Employer identification number 16-1533232
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Part I

Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(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
KALEIDA HEALTH MCO LLC 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 16-1570311	DORMANT	NY	0	0	KH
KALEIDA IPA LLC 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 16-1570380	DORMANT	NY	0	0	KH
Kaleida WNYI LLC 726 Exchange Street Buffalo, NY 14210	health care	NY	-210,193	793,377	KH

Part II

Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(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
MILLARD FILLMORE AMBULATORY SURG CENTER 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 16-1307129	Supportg Org	NY	501(c)(3)	11A	KH
WATERFRONT HEALTH CARE CENTER 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 16-1396236	HEALTH CARE	NY	501(c)(3)	9	KH
VNA HOME CARE SERVICES 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 16-1491203	HOME HLTH CAR	NY	501(c)(3)	9	KH
VNA OF WESTERN NEW YORK 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 16-0743214	HOME HLTH CAR	NY	501(c)(3)	9	KH
GENERAL HOME CARE (GHC) 726 EXCHANGE STREET SUITE 200 BUFFALO, NY 14210 22-2738425	DORMANT	NY	501(c)(3)	9	KH
Kaleida Health Foundation 726 Exchange Street Buffalo, NY 14210 16-1579143	Fundraising	NY	501(c)(3)	7	KH
The Women & Children's Hosp of Bflo Fdn 726 Exchange Street Buffalo, NY 14210 16-1332044	Fundraising	NY	501(c)(3)	7	KH

Part III

Identification of Related Organizations Taxable as a Partnership

(Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(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, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No
MFSC LLC											
100 HIGH STREET BUFFALO, NY14203 26-1582864	HEALTH CARE	NY	KH	Related	646,662	2,149,922	No	0			No
Harlem Road Leasing LLC											
3435 Main Street Buffalo, NY14214 20-5588135	Equipment Leasing	NY	KH	unrelated	-85,908	131,936	No	-85,908		Yes	
AMTON Imaging LLC											
PO Box 1368 Williamsville, NY14231 26-2925470	health care	NY	KaleidaWNYI LLC	related	-210,193	793,377	No	0		Yes	
Park Club Lane LLC											
2828 Sherdan Drive Tonawanda, NY14150 27-1516155	health care	NY	KaleidaWNYI LLC	related	0	0	No	0		Yes	
High St Medical Develop Associates LLC											
350 Essjay Road Suite 101 Williamsville, NY14221 16-1422533	health care	NY	GHC	related	30,252	727,766	No				No
Site E LLC											
726 Exchange Street Suite 200 Buffalo, NY14210	real estate mgmt	NY	KPI	unrelated	0	0	No	0			

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

(Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(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
KALEIDA PROPERTIES INC 726 EXCHANGE STREET SUITE 200 BUFFALO, NY14210 22-2738483	PROP MGMT SER	NY	KH	C CORP	716,564	9,225,373	100 000 %
WESTLINK CORPORATION 726 EXCHANGE STREET SUITE 200 BUFFALO, NY14210 16-1354421	MED & DIAG SE	NY	KH	C CORP	-56	102,605	100 000 %

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)

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

Yes

1j

Yes

1k

No

1l

No

1m

No

1n

Yes

1o

Yes

1p

Yes

1q

No

1r

Yes

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved
(1)	See Additional Data Table		
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2009

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

[illegible]

Software ID:
Software Version:
EIN: 16-1533232
Name: Kaleida Health

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
MILLARD FILLMORE AMBULATORY SURG CENTER 726 EXCHANGE STREET SUITE 200 BUFFALO , NY14210 16-1307129	Supportg Org	NY	501(c)(3)	11A	KH
WATERFRONT HEALTH CARE CENTER 726 EXCHANGE STREET SUITE 200 BUFFALO , NY14210 16-1396236	HEALTH CARE	NY	501(c)(3)	9	KH
VNA HOME CARE SERVICES 726 EXCHANGE STREET SUITE 200 BUFFALO , NY14210 16-1491203	HOME HLTH CAR	NY	501(c)(3)	9	KH
VNA OF WESTERN NEW YORK 726 EXCHANGE STREET SUITE 200 BUFFALO , NY14210 16-0743214	HOME HLTH CAR	NY	501(c)(3)	9	KH
GENERAL HOME CARE (GHC) 726 EXCHANGE STREET SUITE 200 BUFFALO , NY14210 22-2738425	DORMANT	NY	501(c)(3)	9	KH
Kaleida Health Foundation 726 Exchange Street Buffalo, NY14210 16-1579143	Fundraising	NY	501(c)(3)	7	KH
The Women & Children's Hosp of Bflo Fdn 726 Exchange Street Buffalo, NY14210 16-1332044	Fundraising	NY	501(c)(3)	7	KH

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)
(1)	Millard Fillmore Ambulatory Surgical Center	o	86,380
(2)	Millard Fillmore Ambulatory Surgical Center	e	58,860
(3)	Millard Fillmore Ambulatory Surgical Center	c	377,045
(4)	Waterfront Health Care Center	d	2,495,419
(5)	Waterfront Heath Care Center	p	2,355,575
(6)	VNA Home Care Services	d	219,850
(7)	VNA Home Care Services	p	1,423,280
(8)	VNA of Western New York	n	82,748
(9)	VNA of Western New York	p	3,135,120
(10)	VNA of Western New York	d	371,819
(11)	MFSC LLC	j	546,017
(12)	MFSC LLC	d	53,447
(13)	MFSC LLC	O	716,827
(14)	KALEIDA PROPERTIES	R	1,915,799
(15)	KALEIDA PROPERTIES	N	98,486
(16)	KALEIDA PROPERTIES	P	305,890
(17)	KALEIDA HEALTH FOUNDATION	C	1,288,676
(18)	KALEIDA HEALTH FOUNDATION	R	869,600
(19)	KALEIDA HEALTH FOUNDATION	D	647,046
(20)	WOMENS AND CHILDRENS HOSPITAL OF BUFFALO FDN	C	2,635,858
(21)	WOMENS AND CHILDRENS HOSPITAL OF BUFFALO FDN	r	648,511

Additional Data

Software ID:
Software Version:
EIN: 16-1533232
Name: Kaleida Health

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
Mathew L Brown Director	1 0	X						0	0	0
James Budny MD Ex-Officio without vote	1 0	X						0	0	0
Evan Evans MD Director	1 0	X						50,000	0	0
Robert Halonen PhD Director	1 0	X						0	0	0
Muriel Howard PhD Director	1 0	X						0	0	0
James Kaskie Pres/CEO Ex-Officio with vote	38 0	X		X	X			2,282,482	0	42,139
Joyce P Korzen RN Director	1 0	X						0	0	0
John R Koelmel Vice Chair	1 0	X		X				0	0	0
Hon James A W McLeod Secretary	1 0	X		X				0	0	0
David A Milling MD Director	1 0	X						0	0	0
Herman S Mogavero Jr MD Director	1 0	X						0	0	0
Dale N Schumacher MD Director	1 0	X						0	0	0
Francisco M Vasquez PhD Director	1 0	X						0	0	0
Edward F Walsh Jr Chairman	1 0	X		X				0	0	0
Robert M Zak Treasurer	1 0	X		X				0	0	0
Robert Nolan General Counsel	38 0			X	X			925,746	0	38,672
Connie Vari COO	38 0			X	X			847,468	0	48,306
Joseph Kessler CFO	38 0			X	X			484,899	0	173,343
Margaret Paroski MD CMO	38 0			X	X			541,646	0	166,765
D Eric Pogue Chief Human Resource Officer	38 0			X				361,646	0	97,265
Cheryl Klass President-WCHO B	38 0				X			629,759	0	41,848
Lawrence Zielinski President-BGH	38 0				X			539,645	0	33,133
Donald Boyd SVP Business Development	38 0				X			464,112	0	45,398
Christopher Lane President-MFS	38 0				X			455,761	0	35,247
Tamara Owen President-Millard Gates	38 0				X			354,247	0	43,873

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(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			
James Foster MD CMO - WCHOB	38 0					X		412,625	0	15,343
Francis Meyer Jr VP Info Systems Technology	38 0					X		409,400	0	22,194
Jonathan Swiatkowski VP Finance & Busi Operations	38 0					X		380,810	0	25,187
Barbara Losi VP Chief Administrative Ofr	38 0					X		359,365	0	29,703
Lucy Campbell MD Employed Physician	38 0					X		352,238	0	3,675
Robert Lovell Former COO	0 0						X	428,365	0	11,819

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
NET PATIENT					
SERVICE REVENUE	623,990	1,052,823,184	1,052,823,184		
MANAGEMENT FEES	561,000	190,543		190,543	
LABORATORY SERV	621,500	4,071,152		4,071,152	
All other program service revenue					

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

<i>Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
HEALTH CARE SUPPLIES	202,362,076	202,271,626	90,450	0
BAD DEBT EXPENSE	26,706,291	26,706,291		
EQUIPMENTAL RENTAL & MAINT	20,151,877	9,053,531	11,098,346	
UTILITIES	11,615,432	9,320,940	2,294,492	
SERVICE CONTRACTS	7,285,580	5,256,622	2,028,958	

Additional Data

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Name: Kaleida Health

Form 990, Schedule D, Part VII - Investments— Other Securities

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
VAR PUBL TRADED SECURITIES	106,261,215	F
BRANDES INTERNATIONAL EQUITY	21,596,287	F
PIMCO STOCKPLUS SUBFUND B LLC	0	F
AAM HIGH YIELD TOTAL RET FUND	6,360,637	F
INTECH RISK-MANAGED L CAP FUND	12,237,612	F
FEDERAL ST ASSOC OFFSHORE FUND	6,534,278	F
ARDEN ENDOWMENT ADVISORS CL G	5,989,478	F
MCM CF GLOBAL ALPHA I FUND	9,151,808	F
WTC CTF RESEAR VALUE PUR 4/06	11,559,868	F
ORRINGTON PLUS CLASS B SEGREG	58,268	F
BENCHMARK PLUS INST PART L CAP	6,416,528	F
WTC CIF OPPORTUNISTIC FUND	8,963,418	F
CHARITABLE TEMPORARY INVEST FD	6	F
KALEIDA MIT COMMON FUND LP	206,820	F
COMMON CAP VENTURE PTNRS VI	262,158	F
COMMON FND CAP PRIVATE EQ P V	401,752	F
KALEIDA MIT REALITY LP	1,237,210	F
PIMCO STOCKPLUS SUBFUND B LLC	0	F
KALEIDA SI REALITY LP	1,800,320	F
KALEIDA SI TA ASSOC LP	0	F
SEIX CREDIT DISLOCATION FUND	6,309,798	F

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Amount
DUE TO THIRD PARTY PAYORS	19,390,876
SELF INSURANCE LIABILITY	147,547,826
LINE OF CREDIT	6,000,000
OTHER LIABILITIES	8,538,424
PENSION LIABILITY	158,737,292
ASSET RETIREMENT OBLIGATIONS	10,216,983
CAPITAL LEASE OBLIGATIONS, ETC	9,113,426
CONSTRUCTIONS PAYABLE	5,083,241

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Name: Kaleida Health

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				
James Kaskie	(i) (ii)714,464 0	308,125 0	1,259,894 0	30,947 0	14,208 0	2,327,637 0	1,212,440 0
Robert Nolan	(i) (ii)333,081 0	100,358 0	492,307 0	27,480 0	11,783 0	965,009 0	483,807 0
Connie Vari	(i) (ii)479,746 0	138,517 0	229,205 0	43,498 0	5,556 0	896,522 0	220,705 0
Joseph Kessler	(i) (ii)369,680 0	106,719 0	8,500 0	162,151 0	11,832 0	658,882 0	0 0
Margaret Paroski MD	(i) (ii)400,000 0	116,646 0	25,000 0	166,765 0	0 0	708,411 0	0 0
Cheryl Klass	(i) (ii)351,150 0	275,109 0	3,500 0	30,656 0	11,805 0	672,220 0	0 0
Lawrence Zielinski	(i) (ii)300,337 0	141,094 0	98,214 0	21,941 0	11,751 0	573,337 0	78,214 0
Donald Boyd	(i) (ii)299,388 0	157,890 0	6,833 0	34,206 0	11,751 0	510,069 0	0 0
Christopher Lane	(i) (ii)275,175 0	170,586 0	10,000 0	24,055 0	11,724 0	491,540 0	0 0
James Foster MD	(i) (ii)337,893 0	74,732 0	0 0	13,903 0	2,021 0	428,549 0	0 0
Robert Lovell	(i) (ii)0 0	0 0	428,365 0	627 0	11,848 0	440,840 0	0 0
D Eric Pogue	(i) (ii)302,904 0	43,742 0	15,000 0	92,457 0	5,367 0	459,470 0	0 0
Tamara Owen	(i) (ii)235,445 0	115,302 0	3,500 0	39,065 0	5,270 0	398,582 0	0 0
Francis Meyer Jr	(i) (ii)260,783 0	148,617 0	0 0	22,194 0	510 0	432,104 0	0 0
Jonathan Swiatkowski	(i) (ii)236,758 0	144,052 0	0 0	13,995 0	11,683 0	406,488 0	0 0
Barbara Losi	(i) (ii)225,420 0	133,945 0	0 0	18,511 0	11,670 0	389,546 0	0 0
Lucy Campbell MD	(i) (ii)352,238 0	0 0	0 0	3,675 0	235 0	356,148 0	0 0

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Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
Delaware Surgical Group PC	See Schedule O	87,800	See Schedule O		No
Walsh Duffield Companies Inc	See Schedule O	141,627	See Schedule O		No
Buffalo Niagara Medical Campus	See Schedule O	324,002	See Schedule O		No
Buffalo Niagara Partnership	See Schedule O	17,900	See Schedule O		No
Greater New York Hospital Associati	See Schedule O	70,300	See Schedule O		No
Jocelyn Vari	See Schedule O	67,618	See Schedule O		No
David Vari	See Schedule O	43,331	See Schedule O		No
Bonnie Pleuthner	See Schedule O	69,975	See Schedule O		No
Susan Evans	See Schedule O	72,715	See Schedule O		No
Dr Andras Vari	See Schedule O	322,205	See Schedule O		No