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Form **990****Return of Organization Exempt From Income Tax****2009**

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

**Open to Public Inspection**Department of the Treasury  
Internal Revenue Service

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

**A For the 2009 calendar year, or tax year beginning , 2009, and ending , 20**

|                                                                                                                                                                                                                                                                                                          |                                                                  |                                                                                                               |  |                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>B</b> Check if applicable:<br><input type="checkbox"/> Address change<br><input type="checkbox"/> Name change<br><input type="checkbox"/> Initial return<br><input type="checkbox"/> Terminated<br><input checked="" type="checkbox"/> Amended return<br><input type="checkbox"/> Application pending | Please use IRS label or print or type See Specific Instructions. | <b>C</b> Name of organization <b>CAPITAL HEALTH SYSTEM, INC.</b>                                              |  | <b>D</b> Employer identification number<br>22-3548695                                                                                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                                          |                                                                  | Doing Business As                                                                                             |  | <b>E</b> Telephone number<br>(609) 394-6029                                                                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                          |                                                                  | Number and street (or P.O. box if mail is not delivered to street address) Room/suite<br>750 BRUNSWICK AVENUE |  | <b>G</b> Gross receipts \$ 523,643,557.                                                                                                                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                          |                                                                  | City or town, state or country, and ZIP + 4<br>TRENTON, NJ 08638                                              |  | <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "No," attach a list (see instructions) |
| <b>F</b> Name and address of principal officer <b>AL MAGHAZEHE PH.D., FACHE</b><br>750 BRUNSWICK AVENUE TRENTON, NJ 08638                                                                                                                                                                                |                                                                  | <b>H(c)</b> Group exemption number ▶                                                                          |  |                                                                                                                                                                                                                                                                          |
| <b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) (insert no ) 4947(a)(1) or 527                                                                                                                                                                                                  |                                                                  | <b>J</b> Website: ▶ WWW.CAPITALHEALTH.ORG                                                                     |  |                                                                                                                                                                                                                                                                          |
| <b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶                                                                                                                       |                                                                  | <b>L</b> Year of formation 1997 <b>M</b> State of legal domicile NJ                                           |  |                                                                                                                                                                                                                                                                          |

**Part I Summary**

|                                                                         |                                                                                                                                                                                                                                                                                                   |                   |              |              |              |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|--------------|--------------|
| Activities & Governance                                                 | <b>1</b> Briefly describe the organization's mission or most significant activities<br>THE ORGANIZATION IS COMMITTED TO PROVIDING COMPREHENSIVE, QUALITY HEALTHCARE SERVICES WHICH IMPROVE AND SUSTAIN THE HEALTH STATUS OF THE RESIDENTS PRIMARILY IN CENTRAL NEW JERSEY AND LOWER BUCKS COUNTY. |                   |              |              |              |
|                                                                         | <b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets                                                                                                                                                   |                   |              |              |              |
|                                                                         | <b>3</b> Number of voting members of the governing body (Part VI, line 1a)                                                                                                                                                                                                                        | <b>3</b>          | 20           |              |              |
|                                                                         | <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)                                                                                                                                                                                                            | <b>4</b>          | 14           |              |              |
|                                                                         | <b>5</b> Total number of employees (Part V, line 2a)                                                                                                                                                                                                                                              | <b>5</b>          | 3,709        |              |              |
|                                                                         | <b>6</b> Total number of volunteers (estimate if necessary)                                                                                                                                                                                                                                       | <b>6</b>          | 205          |              |              |
|                                                                         | <b>7a</b> Total gross unrelated business revenue from Part VIII, column (C), line 12                                                                                                                                                                                                              | <b>7a</b>         | 1,228,846.   |              |              |
| <b>b</b> Net unrelated business taxable income from Form 990-T, line 34 | <b>7b</b>                                                                                                                                                                                                                                                                                         | -210,944.         |              |              |              |
| Revenue                                                                 | <b>8</b> Contributions and grants (Part VIII, line 1h)                                                                                                                                                                                                                                            | Prior Year        | 4,727,346.   | Current Year | 4,959,762.   |
|                                                                         | <b>9</b> Program service revenue (Part VIII, line 2g)                                                                                                                                                                                                                                             |                   | 462,774,702. |              | 506,583,706. |
|                                                                         | <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)                                                                                                                                                                                                                           |                   | 7,998,889.   |              | 7,126,730.   |
|                                                                         | <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)                                                                                                                                                                                                                |                   | 3,556,456.   |              | 2,998,409.   |
|                                                                         | <b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)                                                                                                                                                                                                      |                   | 479,057,393. |              | 521,668,607. |
|                                                                         | <b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)                                                                                                                                                                                                                        |                   | 0.           |              | 281,580.     |
|                                                                         | <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)                                                                                                                                                                                                                           |                   | 0.           |              | 0.           |
|                                                                         | <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)                                                                                                                                                                                                       |                   | 212,057,598. |              | 239,642,820. |
|                                                                         | <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)                                                                                                                                                                                                                          |                   | 0.           |              | 0.           |
|                                                                         | <b>b</b> Total fundraising expenses, Part IX, column (D), line 25                                                                                                                                                                                                                                 |                   | 0.           |              | 0.           |
| Expenses                                                                | <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)                                                                                                                                                                                                                            |                   | 283,647,235. |              | 246,577,259. |
|                                                                         | <b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)                                                                                                                                                                                                                |                   | 495,704,833. |              | 486,501,659. |
|                                                                         | <b>19</b> Revenue less expenses Subtract line 18 from line 12                                                                                                                                                                                                                                     |                   | -16,647,440. |              | 35,166,948.  |
|                                                                         | <b>20</b> Total assets (Part X, line 16)                                                                                                                                                                                                                                                          | Beginning of Year | 543,119,147. | End of Year  | 755,891,510. |
|                                                                         | <b>21</b> Total liabilities (Part X, line 26)                                                                                                                                                                                                                                                     |                   | 330,489,707. |              | 471,039,924. |
|                                                                         | <b>22</b> Net assets or fund balances. Subtract line 21 from line 20                                                                                                                                                                                                                              |                   | 212,629,440. |              | 284,851,586. |

**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 <i>Shane Fleming</i>                                                                                                                                                                                                                                                                            |  | Date 2/14/12   |                                                 |                                                            |
| Paid Preparer's Use Only | Preparer's signature <i>Sally P...</i>                                                                                                                                                                                                                                                                               |  | Date 2/13/2012 | Check if self-employed <input type="checkbox"/> | Preparer's identifying number (see instructions) P00642486 |
|                          | Firm's name (or yours if self-employed), address, and ZIP + 4 WITHUMSMITH+BROWN, PC 465 SOUTH ST STE 200 MORRISTOWN, NJ 07960-6497                                                                                                                                                                                   |  | EIN 22-2027092 |                                                 | Phone no 973-898-9494                                      |
|                          | May the IRS discuss this return with the preparer shown above? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                |  |                |                                                 |                                                            |

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

Form 990 (2009)

**Part III** Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:

ATTACHMENT 3

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

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

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

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

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code: 541900 ) (Expenses \$ 69,787,475. including grants of \$ 0. ) (Revenue \$ 77,889,388. )

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY PERIOPERATIVE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

4b (Code: 541900 ) (Expenses \$ 51,094,955. including grants of \$ 0. ) (Revenue \$ 99,282,673. )

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY EMERGENCY ROOM AND EMS SERVICES 24/7 365 DAYS A YEAR TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

4c (Code: 541900 ) (Expenses \$ 46,892,199 including grants of \$ 0. ) (Revenue \$ 36,118,700. )

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY MATERNAL CHILD HEALTH SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

4d Other program services. (Describe in Schedule O )

(Expenses \$ 270,086,862 including grants of \$ 281,580. ) (Revenue \$ 294,521,791. )

4e Total program service expenses ► 437,861,491.

**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 . . . . .                                                                                                                   | X   |    |
| 2 Is the organization required to complete Schedule B, Schedule of Contributors? . . . . .                                                                                                                                                                      | X   |    |
| 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 . . . . .                                                                |     | X  |
| 4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II . . . . .                                                                                                                  | X   |    |
| 5 <b>Sections 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III . . . . .                                       |     |    |
| 6 Did the organization maintain any donor advised funds or any 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 . . . . .  |     | X  |
| 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 . . . . .                                      |     | X  |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .                                                                                                   |     | X  |
| 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 . . . . . |     | X  |
| 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 . . . . .                                                                                       |     | X  |
| 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 . . . . .                                                                                                      | X   |    |
| • 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. . . . .                                                                                             |     | X  |
| 12A Was the organization included in consolidated, independent audited financial statement for the tax year? If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional. . . . .                                                                      | X   |    |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E. . . . .                                                                                                                                                   |     | X  |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .                                                                                                                                                       | X   |    |
| b 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 . . . . .                             | X   |    |
| 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II. . . . .                                       |     | X  |
| 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III . . . . .                                          |     | X  |
| 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 . . . . .                                                         |     | X  |
| 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 . . . . .                                                                     |     | X  |
| 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 . . . . .                                                                                               |     | X  |
| 20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H . . . . .                                                                                                                                                                  | X   |    |

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

|      |                                                                                                                                                                                                                                                                                                     | Yes | No |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| 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> . . . . .                                                                  | X   |    |
| 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> . . . . .                                                                                   |     | X  |
| 23   | Did the organization answer "Yes" to Part VII, Section A, line 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> . . . . .                              | X   |    |
| 24 a | 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 lines 24b through 24d and complete Schedule K. If "No," go to question 25.</i> . . . . . |     | X  |
| b    | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .                                                                                                                                                                                         |     |    |
| c    | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .                                                                                                                                                |     |    |
| d    | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .                                                                                                                                                                                   |     |    |
| 25 a | <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i> . . . . .                                                                              |     | X  |
| 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> . . . . .               |     | X  |
| 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> . . . . .                                            |     | X  |
| 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> . . . . .                    |     | X  |
| 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> . . . . .                                                                                                                                                                           | X   |    |
| b    | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .                                                                                                                                                        | X   |    |
| 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 direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .                                                |     | X  |
| 29   | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i> . . . . .                                                                                                                                                                          |     | X  |
| 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> . . . . .                                                                                                          |     | X  |
| 31   | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i> . . . . .                                                                                                                                                                |     | X  |
| 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> . . . . .                                                                                                                                              |     | X  |
| 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> . . . . .                                                                                              |     | X  |
| 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> . . . . .                                                                                                                                                 | X   |    |
| 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> . . . . .                                                                                                                                           | X   |    |
| 36   | <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i> . . . . .                                                                                                   |     | X  |
| 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> . . . . .                                                     |     | X  |
| 38   | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .                                                                                                        | X   |    |

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**Part V Statements Regarding Other IRS Filings and Tax Compliance**

|            |                                                                                                                                                                                                                                                                                        | Yes   | No |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|
| <b>1a</b>  | Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable. . . . .                                                                                                                                      | 613   |    |
| <b>1b</b>  | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. . . . .                                                                                                                                                                                               | 0     |    |
| <b>1c</b>  | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .                                                                                                                     | X     |    |
| <b>2a</b>  | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . . . .                                                                                                | 3,709 |    |
| <b>2b</b>  | If at least one is reported on line 2a, did the organization file all required federal employment tax returns?<br><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)                                        | X     |    |
| <b>3a</b>  | Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .                                                                                                                                                         | X     |    |
| <b>3b</b>  | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .                                                                                                                                                                             |       |    |
| <b>4a</b>  | 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)? . . . . .                                   | X     |    |
| <b>4b</b>  | If "Yes," enter the name of the foreign country: <u>CAYMAN ISLANDS</u><br>See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts                                                                             |       |    |
| <b>5a</b>  | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .                                                                                                                                                                        |       | X  |
| <b>5b</b>  | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .                                                                                                                                                             |       | X  |
| <b>5c</b>  | If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? . . . . .                                                                                                                         |       |    |
| <b>6a</b>  | 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? . . . . .                                                                                                  |       | X  |
| <b>6b</b>  | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .                                                                                                                                |       |    |
| <b>7</b>   | <b>Organizations that may receive deductible contributions under section 170(c).</b>                                                                                                                                                                                                   |       |    |
| <b>7a</b>  | 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? . . . . .                                                                                                                              | X     |    |
| <b>7b</b>  | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .                                                                                                                                                                              | X     |    |
| <b>7c</b>  | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .                                                                                                                                         |       |    |
| <b>7d</b>  | If "Yes," indicate the number of Forms 8282 filed during the year . . . . .                                                                                                                                                                                                            |       |    |
| <b>7e</b>  | Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .                                                                                                                                            |       | X  |
| <b>7f</b>  | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .                                                                                                                                                                 |       | X  |
| <b>7g</b>  | For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . . . .                                                                                                                                                                   |       |    |
| <b>7h</b>  | For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .                                                                                                                                                        |       |    |
| <b>8</b>   | <b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . |       | X  |
| <b>9</b>   | <b>Sponsoring organizations maintaining donor advised funds.</b>                                                                                                                                                                                                                       |       |    |
| <b>9a</b>  | Did the organization make any taxable distributions under section 4966? . . . . .                                                                                                                                                                                                      |       |    |
| <b>9b</b>  | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .                                                                                                                                                                                       |       |    |
| <b>10</b>  | <b>Section 501(c)(7) organizations.</b> Enter:                                                                                                                                                                                                                                         |       |    |
| <b>10a</b> | Initiation fees and capital contributions included on Part VIII, line 12 . . . . .                                                                                                                                                                                                     |       |    |
| <b>10b</b> | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .                                                                                                                                                                                  |       |    |
| <b>11</b>  | <b>Section 501(c)(12) organizations.</b> Enter:                                                                                                                                                                                                                                        |       |    |
| <b>11a</b> | Gross income from members or shareholders . . . . .                                                                                                                                                                                                                                    |       |    |
| <b>11b</b> | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .                                                                                                                                                  |       |    |
| <b>12a</b> | <b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .                                                                                                                                                            |       |    |
| <b>12b</b> | If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .                                                                                                                                                                                        |       |    |

Form 990 (2009)

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

**Section A. Governing Body and Management**

|                                                                                                                                                                                                                                        | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| <b>1a</b> Enter the number of voting members of the governing body . . . . .                                                                                                                                                           | 20  |    |
| <b>1b</b> Enter the number of voting members that are independent . . . . .                                                                                                                                                            | 14  |    |
| <b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .                                               |     | X  |
| <b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . . |     | X  |
| <b>4</b> Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .                                                                                               |     | X  |
| <b>5</b> Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .                                                                                                             |     | X  |
| <b>6</b> Does the organization have members or stockholders? . . . . .                                                                                                                                                                 |     | X  |
| <b>7a</b> Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .                                                                                        |     | X  |
| <b>7b</b> Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .                                                                                                            |     | X  |
| <b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:                                                                                             |     |    |
| <b>a</b> The governing body? . . . . .                                                                                                                                                                                                 | X   |    |
| <b>b</b> Each committee with authority to act on behalf of the governing body? . . . . .                                                                                                                                               | X   |    |
| <b>9</b> 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 . . . . .        |     | X  |

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

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

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed NJ,

**18** Section 6104 requires an organization to make its Forms 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.

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization. RONALD J. GUY 750 BRUNSWICK AVENUE TRENTON, NJ 08638  
(609) 394-6029

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors****Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

| (A)<br>Name and Title                             | (B)<br>Average hours per week | (C)<br>Position (check all that apply) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|---------------------------------------------------|-------------------------------|----------------------------------------|-----------------------|---------|--------------|------------------------------|--------|----------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
|                                                   |                               | Individual trustee or director         | Institutional trustee | Officer | Key employee | Highest compensated employee | Former |                                                                      |                                                                           |                                                                                               |
| MICHAEL L SOMERSTEIN MD<br>CHAIRMAN - TRUSTEE     | 3.00                          | X                                      |                       | X       |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| SAMUEL J PLUMERI JR<br>VICE CHAIRMAN - TRUSTEE    | 3.00                          | X                                      |                       | X       |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| NANCY H BECKER<br>SECRETARY - TRUSTEE             | 3.00                          | X                                      |                       | X       |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| MILES W TRUESDELL JR<br>TREASURER - TRUSTEE       | 3.00                          | X                                      |                       | X       |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| JUDGE GERALD J COUNCIL JSC<br>TRUSTEE             | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| LOUIS DAMELIO MD<br>TRUSTEE                       | 55.00                         | X                                      |                       |         |              |                              |        | 617,716.                                                             | 0.                                                                        | 12,941.                                                                                       |
| CARMEN GARCIA ESQ<br>TRUSTEE                      | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| JOSEPH R JINGOLI<br>TRUSTEE                       | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| MARTIN JOHNSON<br>TRUSTEE                         | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| RAMAN KAPUR<br>TRUSTEE                            | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| DANIEL LEE MD<br>TRUSTEE                          | 3.00                          | X                                      |                       |         |              |                              |        | 73,898.                                                              | 0.                                                                        | 0.                                                                                            |
| GILBERT W LUGOSSY<br>TRUSTEE                      | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| AL MAGHAZEHE PHD FACHE<br>TRUSTEE - PRESIDENT/CEO | 55.00                         | X                                      |                       | X       |              |                              |        | 1,280,408.                                                           | 0.                                                                        | 494,716.                                                                                      |
| SEAN S MURRAY<br>TRUSTEE                          | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| CLINTON OGOLO MD<br>TRUSTEE - VP, MEDICAL STAFF   | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |
| JOHN F RICCI<br>TRUSTEE                           | 3.00                          | X                                      |                       |         |              |                              |        | 0.                                                                   | 0.                                                                        | 0.                                                                                            |



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

| (A)<br>Name and title                                   | (B)<br>Average<br>hours per<br>week | (C)<br>Position (check all that apply) |                       |         |              |                              |        | (D)<br>Reportable<br>compensation<br>from<br>the<br>organization<br>(W-2/1099-MISC) | (E)<br>Reportable<br>compensation<br>from related<br>organizations<br>(W-2/1099-MISC) | (F)<br>Estimated<br>amount of<br>other<br>compensation<br>from the<br>organization<br>and related<br>organizations |
|---------------------------------------------------------|-------------------------------------|----------------------------------------|-----------------------|---------|--------------|------------------------------|--------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                                                         |                                     | Individual trustee or director         | Institutional trustee | Officer | Key employee | Highest compensated employee | Former |                                                                                     |                                                                                       |                                                                                                                    |
| TELECHERY SUDHAKAR MD<br>TRUSTEE                        | 3.00                                | X                                      |                       |         |              |                              |        | 0.                                                                                  | 0.                                                                                    | 0.                                                                                                                 |
| JOHN P THURBER<br>TRUSTEE                               | 3.00                                | X                                      |                       |         |              |                              |        | 0.                                                                                  | 0.                                                                                    | 0.                                                                                                                 |
| RONALD L WARREN MD<br>TRUSTEE                           | 3.00                                | X                                      |                       |         |              |                              |        | 0.                                                                                  | 0.                                                                                    | 0.                                                                                                                 |
| MARK S WHITMAN MD<br>TRUSTEE - PRES, MEDICAL STAFF      | 3.00                                | X                                      |                       |         |              |                              |        | 99,169.                                                                             | 0.                                                                                    | 0.                                                                                                                 |
| RONALD J GUY<br>CHIEF FINANCIAL OFFICER                 | 55.00                               |                                        |                       | X       |              |                              |        | 977,973.                                                                            | 0.                                                                                    | 326,185.                                                                                                           |
| EUGENE W GROCHALA<br>CHIEF INFORMATION OFFICER          | 55.00                               |                                        |                       | X       |              |                              |        | 392,022.                                                                            | 0.                                                                                    | 149,119.                                                                                                           |
| STEPHEN A MILLER JD<br>CHIEF COMPLIANCE OFFICER         | 55.00                               |                                        |                       | X       |              |                              |        | 244,011.                                                                            | 0.                                                                                    | 123,957.                                                                                                           |
| LARRY DISANTO<br>EXECUTIVE VICE PRESIDENT               | 55.00                               |                                        |                       | X       |              |                              |        | 736,901.                                                                            | 0.                                                                                    | 318,017.                                                                                                           |
| JAN GABIN ESQ<br>GENERAL COUNSEL                        | 55.00                               |                                        |                       | X       |              |                              |        | 408,405.                                                                            | 0.                                                                                    | 166,062.                                                                                                           |
| ROBERT REMSTEIN DO<br>VP, MEDICAL AFFAIRS               | 55.00                               |                                        |                       | X       |              |                              |        | 467,390.                                                                            | 0.                                                                                    | 142,517.                                                                                                           |
| NATHAN BOSK FACHE<br>VP, AMBULATORY SERVICES            | 55.00                               |                                        |                       | X       |              |                              |        | 370,161.                                                                            | 0.                                                                                    | 140,939.                                                                                                           |
| TIMOTHY M GRAHAM<br>VP, FINANCIAL SERVICES              | 55.00                               |                                        |                       | X       |              |                              |        | 338,966.                                                                            | 0.                                                                                    | 142,507.                                                                                                           |
| PATRICIA V CAVANAUGH RN MSN<br>VP, PATIENT SERVICES/CNO | 55.00                               |                                        |                       | X       |              |                              |        | 336,486.                                                                            | 0.                                                                                    | 124,358.                                                                                                           |
| <b>1b Total</b> CONTINUED AT SCHEDULE J-2               |                                     |                                        |                       |         |              |                              |        | 13,422,467.                                                                         | 0.                                                                                    | 3,039,382.                                                                                                         |

**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 **291**

**3** Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

|          | Yes | No |
|----------|-----|----|
| <b>3</b> |     | X  |
| <b>4</b> | X   |    |
| <b>5</b> |     | X  |

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

**5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If "Yes," complete Schedule J for such person

**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)<br>Name and business address | (B)<br>Description of services | (C)<br>Compensation |
|----------------------------------|--------------------------------|---------------------|
| ATTACHMENT 4                     |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |

**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 **120**

**Part VIII Statement of Revenue**

|                                                                   |                                                        |                                                                                                                                            |                                                                                                       | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from tax<br>under sections<br>512, 513, or 514 |
|-------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------|
| <b>Contributions, gifts, grants<br/>and other similar amounts</b> | <b>1a</b>                                              | Federated campaigns . . . . .                                                                                                              | <b>1a</b>                                                                                             |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>b</b>                                               | Membership dues . . . . .                                                                                                                  | <b>1b</b>                                                                                             |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>c</b>                                               | Fundraising events . . . . .                                                                                                               | <b>1c</b>                                                                                             |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>d</b>                                               | Related organizations . . . . .                                                                                                            | <b>1d</b>                                                                                             |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>e</b>                                               | Government grants (contributions) . . . . .                                                                                                | <b>1e</b>                                                                                             | 4,959,762.           |                                                    |                                         |                                                                           |
|                                                                   | <b>f</b>                                               | All other contributions, gifts, grants,<br>and similar amounts not included above . . . . .                                                | <b>1f</b>                                                                                             |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>g</b>                                               | Noncash contributions included in lines 1a-1f \$ . . . . .                                                                                 |                                                                                                       |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>h</b>                                               | <b>Total.</b> Add lines 1a-1f . . . . .                                                                                                    |                                                                                                       | 4,959,762.           |                                                    |                                         |                                                                           |
| <b>Program Service Revenue</b>                                    | <b>2a</b>                                              | NET PATIENT SERVICE REVENUE                                                                                                                | Business Code                                                                                         | 541900               | 496,069,087                                        | 496,069,087                             |                                                                           |
|                                                                   | <b>b</b>                                               | 911 COUNTY SUPPORT & FIRE DISPATCH                                                                                                         | 541900                                                                                                | 184,116.             | 184,116.                                           |                                         |                                                                           |
|                                                                   | <b>c</b>                                               | SCHOOL OF NURSING                                                                                                                          | 541900                                                                                                | 425,445              | 425,445                                            |                                         |                                                                           |
|                                                                   | <b>d</b>                                               | OTHER HEALTH CARE RELATED REVENUE                                                                                                          | 541900                                                                                                | 9,263,059            | 9,263,059                                          |                                         |                                                                           |
|                                                                   | <b>e</b>                                               | AUXILIARY REVENUE                                                                                                                          | 541900                                                                                                | 641,999.             | 641,999                                            |                                         |                                                                           |
|                                                                   | <b>f</b>                                               | All other program service revenue . . . . .                                                                                                |                                                                                                       |                      |                                                    |                                         |                                                                           |
|                                                                   | <b>g</b>                                               | <b>Total.</b> Add lines 2a-2f . . . . .                                                                                                    |                                                                                                       | 506,583,706.         |                                                    |                                         |                                                                           |
|                                                                   | <b>Other Revenue</b>                                   | <b>3</b>                                                                                                                                   | Investment income (including dividends, interest, and<br>other similar amounts). . . . . ATTACHMENT 5 |                      | 6,436,296.                                         |                                         |                                                                           |
| <b>4</b>                                                          |                                                        | Income from investment of tax-exempt bond proceeds . . . . .                                                                               |                                                                                                       | 0.                   |                                                    |                                         |                                                                           |
| <b>5</b>                                                          |                                                        | Royalties . . . . .                                                                                                                        |                                                                                                       | 0.                   |                                                    |                                         |                                                                           |
| <b>6a</b>                                                         |                                                        | Gross Rents . . . . .                                                                                                                      | (i) Real (ii) Personal                                                                                | 2,010,689.           |                                                    |                                         |                                                                           |
| <b>b</b>                                                          |                                                        | Less rental expenses . . . . .                                                                                                             |                                                                                                       | 1,949,168.           |                                                    |                                         |                                                                           |
| <b>c</b>                                                          |                                                        | Rental income or (loss) . . . . .                                                                                                          |                                                                                                       | 61,521               |                                                    |                                         |                                                                           |
| <b>d</b>                                                          |                                                        | Net rental income or (loss) . . . . .                                                                                                      |                                                                                                       | 61,521.              |                                                    |                                         | 61,521.                                                                   |
| <b>7a</b>                                                         |                                                        | Gross amount from sales of<br>assets other than inventory                                                                                  | (i) Securities (ii) Other                                                                             | 716,216.             |                                                    |                                         |                                                                           |
| <b>b</b>                                                          |                                                        | Less cost or other basis<br>and sales expenses . . . . .                                                                                   |                                                                                                       |                      | 25,782.                                            |                                         |                                                                           |
| <b>c</b>                                                          |                                                        | Gain or (loss) . . . . .                                                                                                                   |                                                                                                       | 716,216.             | -25,782.                                           |                                         |                                                                           |
| <b>d</b>                                                          |                                                        | Net gain or (loss) . . . . .                                                                                                               |                                                                                                       | 690,434.             |                                                    |                                         | 690,434.                                                                  |
| <b>8a</b>                                                         |                                                        | Gross income from fundraising<br>events (not including \$ _____<br>of contributions reported on line 1c)<br>See Part IV, line 18 . . . . . | a                                                                                                     |                      |                                                    |                                         |                                                                           |
| <b>b</b>                                                          |                                                        | Less direct expenses . . . . .                                                                                                             | b                                                                                                     |                      |                                                    |                                         |                                                                           |
| <b>c</b>                                                          |                                                        | Net income or (loss) from fundraising events . . . . .                                                                                     |                                                                                                       | 0.                   |                                                    |                                         |                                                                           |
| <b>9a</b>                                                         |                                                        | Gross income from gaming activities.<br>See Part IV, line 19 . . . . .                                                                     | a                                                                                                     |                      |                                                    |                                         |                                                                           |
| <b>b</b>                                                          |                                                        | Less direct expenses . . . . .                                                                                                             | b                                                                                                     |                      |                                                    |                                         |                                                                           |
| <b>c</b>                                                          |                                                        | Net income or (loss) from gaming activities . . . . .                                                                                      |                                                                                                       | 0.                   |                                                    |                                         |                                                                           |
| <b>10a</b>                                                        |                                                        | Gross sales of inventory, less<br>returns and allowances . . . . .                                                                         | a                                                                                                     |                      |                                                    |                                         |                                                                           |
| <b>b</b>                                                          | Less: cost of goods sold . . . . .                     | b                                                                                                                                          |                                                                                                       |                      |                                                    |                                         |                                                                           |
| <b>c</b>                                                          | Net income or (loss) from sales of inventory . . . . . |                                                                                                                                            | 0.                                                                                                    |                      |                                                    |                                         |                                                                           |
| <b>Miscellaneous Revenue</b>                                      |                                                        | <b>Business Code</b>                                                                                                                       |                                                                                                       |                      |                                                    |                                         |                                                                           |
| <b>11a</b>                                                        | CHILD DAY CARE                                         | 624410                                                                                                                                     | 1,228,846.                                                                                            |                      | 1,228,846.                                         |                                         |                                                                           |
| <b>b</b>                                                          | PATIENT/EMPLOYEE CONVENIENCE                           | 722210                                                                                                                                     | 1,708,042.                                                                                            |                      |                                                    | 1,708,042.                              |                                                                           |
| <b>c</b>                                                          |                                                        |                                                                                                                                            |                                                                                                       |                      |                                                    |                                         |                                                                           |
| <b>d</b>                                                          | All other revenue . . . . .                            |                                                                                                                                            |                                                                                                       |                      |                                                    |                                         |                                                                           |
| <b>e</b>                                                          | <b>Total.</b> Add lines 11a-11d . . . . .              |                                                                                                                                            | 2,936,888                                                                                             |                      |                                                    |                                         |                                                                           |
| <b>12</b>                                                         | <b>Total Revenue.</b> See instructions . . . . .       |                                                                                                                                            | 521,668,607.                                                                                          | 506,583,706          | 1,228,846.                                         | 8,896,293                               |                                                                           |

**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)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|----------------------------------------|-----------------------------|
| 1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 . . .                                                                                                                                 | 281,580.              | 281,580.                        |                                        |                             |
| 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 . . . . .                                                                                                                                                  | 11,083,958.           | 9,975,562.                      | 1,108,396.                             | 0.                          |
| 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 . . . . .                                                                                                                                                                                                  | 190,948,678.          | 171,853,810.                    | 19,094,868.                            |                             |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . .                                                                                                                                 | 3,834,343.            | 3,450,909.                      | 383,434.                               |                             |
| 9 Other employee benefits . . . . .                                                                                                                                                                                                   | 20,445,983.           | 18,401,385.                     | 2,044,598.                             |                             |
| 10 Payroll taxes . . . . .                                                                                                                                                                                                            | 13,329,858.           | 11,996,872.                     | 1,332,986.                             |                             |
| 11 Fees for services (non-employees):                                                                                                                                                                                                 |                       |                                 |                                        |                             |
| a Management . . . . .                                                                                                                                                                                                                | 0.                    |                                 |                                        |                             |
| b Legal . . . . .                                                                                                                                                                                                                     | 1,051,197.            | 946,077.                        | 105,120.                               |                             |
| c Accounting . . . . .                                                                                                                                                                                                                | 304,959.              | 274,463.                        | 30,496.                                |                             |
| d Lobbying . . . . .                                                                                                                                                                                                                  | 194,046.              | 174,641.                        | 19,405.                                |                             |
| e Professional fundraising services See Part IV, line 17                                                                                                                                                                              | 0.                    |                                 |                                        |                             |
| f Investment management fees . . . . .                                                                                                                                                                                                | 616,204.              | 554,584.                        | 61,620.                                |                             |
| g Other . . . . .                                                                                                                                                                                                                     | 0.                    |                                 |                                        |                             |
| 12 Advertising and promotion . . . . .                                                                                                                                                                                                | 5,171,293.            | 4,654,164.                      | 517,129.                               |                             |
| 13 Office expenses . . . . .                                                                                                                                                                                                          | 65,081,617.           | 58,573,455.                     | 6,508,162.                             |                             |
| 14 Information technology . . . . .                                                                                                                                                                                                   | 0.                    |                                 |                                        |                             |
| 15 Royalties . . . . .                                                                                                                                                                                                                | 0.                    |                                 |                                        |                             |
| 16 Occupancy . . . . .                                                                                                                                                                                                                | 0.                    |                                 |                                        |                             |
| 17 Travel . . . . .                                                                                                                                                                                                                   | 0.                    |                                 |                                        |                             |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials                                                                                                                                     | 0.                    |                                 |                                        |                             |
| 19 Conferences, conventions, and meetings . . . .                                                                                                                                                                                     | 375,157.              | 337,641.                        | 37,516.                                |                             |
| 20 Interest . . . . .                                                                                                                                                                                                                 | 6,336,629.            | 5,702,966.                      | 633,663.                               |                             |
| 21 Payments to affiliates . . . . .                                                                                                                                                                                                   | 0.                    |                                 |                                        |                             |
| 22 Depreciation, depletion, and amortization . . .                                                                                                                                                                                    | 32,774,537.           | 29,497,083.                     | 3,277,454.                             |                             |
| 23 Insurance . . . . .                                                                                                                                                                                                                | 6,542,503.            | 5,888,253.                      | 654,250.                               |                             |
| 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 PROVISION FOR BAD DEBT                                                                                                                                                                                                              | 39,499,338.           | 35,549,404.                     | 3,949,934.                             | 0.                          |
| b CONTRACTED OUTSIDE SERVICES                                                                                                                                                                                                         | 23,096,894.           | 20,787,205.                     | 2,309,689.                             | 0.                          |
| c PHYSICIAN FEES                                                                                                                                                                                                                      | 22,525,927.           | 20,273,334.                     | 2,252,593.                             | 0.                          |
| d LOSS ADVANCE REFUNDING DEBT                                                                                                                                                                                                         | 14,963,441.           | 13,467,097.                     | 1,496,344.                             | 0.                          |
| e UTILITIES, TRASH & DISPOSAL                                                                                                                                                                                                         | 8,354,501.            | 7,519,051.                      | 835,450.                               | 0.                          |
| f All other expenses                                                                                                                                                                                                                  | 19,689,016.           | 17,701,955.                     | 1,987,061.                             | 0.                          |
| 25 Total functional expenses. Add lines 1 through 24f                                                                                                                                                                                 | 486,501,659.          | 437,861,491.                    | 48,640,168.                            | 0.                          |
| 26 Joint Costs. Check here <input type="checkbox"/> If following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation . . . . . |                       |                                 |                                        |                             |

**Part X Balance Sheet**

|                                                                               |                                                                                                                                                                                   | (A)<br>Beginning of year |              | (B)<br>End of year |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------|--------------------|
| <b>Assets</b>                                                                 | 1 Cash - non-interest-bearing . . . . .                                                                                                                                           |                          | 1            |                    |
|                                                                               | 2 Savings and temporary cash investments . . . . .                                                                                                                                | 10,924,347.              | 2            | 16,509,861.        |
|                                                                               | 3 Pledges and grants receivable, net . . . . .                                                                                                                                    |                          | 3            |                    |
|                                                                               | 4 Accounts receivable, net . . . . .                                                                                                                                              | 43,204,010.              | 4            | 49,348,186.        |
|                                                                               | 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 . . . . .                                                                                                                                       | 0.                       | 7            | 3,368,625.         |
|                                                                               | 8 Inventories for sale or use . . . . .                                                                                                                                           | 2,072,576.               | 8            | 2,152,909.         |
|                                                                               | 9 Prepaid expenses and deferred charges . . . . .                                                                                                                                 | 3,311,946.               | 9            | 4,414,351.         |
|                                                                               | 10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .                                                                                 | 10a 735,120,369.         |              |                    |
|                                                                               | b Less: accumulated depreciation . . . . .                                                                                                                                        | 10b 330,361,871.         | 261,309,479. | 10c 404,758,498.   |
|                                                                               | 11 Investments - publicly traded securities . . . . .                                                                                                                             |                          | 11           |                    |
|                                                                               | 12 Investments - other securities See Part IV, line 11 . . . . .                                                                                                                  |                          | 12           |                    |
|                                                                               | 13 Investments - program-related. See Part IV, line 11 . . . . .                                                                                                                  | 218,587,120.             | 13           | 247,515,097.       |
|                                                                               | 14 Intangible assets . . . . .                                                                                                                                                    | 2,854,934.               | 14           | 13,105,973.        |
|                                                                               | 15 Other assets See Part IV, line 11 . . . . .                                                                                                                                    | 854,735.                 | 15           | 14,718,010.        |
| 16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . . | 543,119,147.                                                                                                                                                                      | 16                       | 755,891,510. |                    |
| <b>Liabilities</b>                                                            | 17 Accounts payable and accrued expenses . . . . .                                                                                                                                | 57,437,663.              | 17           | 57,769,728.        |
|                                                                               | 18 Grants payable . . . . .                                                                                                                                                       |                          | 18           |                    |
|                                                                               | 19 Deferred revenue . . . . .                                                                                                                                                     |                          | 19           |                    |
|                                                                               | 20 Tax-exempt bond liabilities . . . . .                                                                                                                                          | 156,772,194.             | 20           | 0.                 |
|                                                                               | 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. <b>ATCH 8</b> . . . . .                                                                                        | 47,302,480.              | 23           | 328,797,566.       |
|                                                                               | 24 Unsecured notes and loans payable to unrelated third parties . . . . .                                                                                                         |                          | 24           |                    |
|                                                                               | 25 Other liabilities. Complete Part X of Schedule D . . . . .                                                                                                                     | 68,977,370.              | 25           | 84,472,630.        |
|                                                                               | 26 <b>Total liabilities.</b> Add lines 17 through 25 . . . . .                                                                                                                    | 330,489,707.             | 26           | 471,039,924.       |
| <b>Net Assets or Fund Balances</b>                                            | <b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>                           |                          |              |                    |
|                                                                               | 27 Unrestricted net assets . . . . .                                                                                                                                              | 212,629,440.             | 27           | 284,851,586.       |
|                                                                               | 28 Temporarily restricted net assets . . . . .                                                                                                                                    |                          | 28           |                    |
|                                                                               | 29 Permanently restricted net assets . . . . .                                                                                                                                    |                          | 29           |                    |
|                                                                               | <b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>                                                    |                          |              |                    |
|                                                                               | 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 <b>Total net assets or fund balances</b> . . . . .                                                                                                                             | 212,629,440.             | 33           | 284,851,586.       |
|                                                                               | 34 <b>Total liabilities and net assets/fund balances</b> . . . . .                                                                                                                | 543,119,147.             | 34           | 755,891,510.       |

Form 990 (2009)

**Part XI** Financial Statements and Reporting

|                                                                                                                                                                                                                                                                                                                                                                          | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| <b>1</b> Accounting method used to prepare the Form 990. <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____<br>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.                                                                             |     |    |
| <b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .                                                                                                                                                                                                                                                      |     | X  |
| <b>b</b> Were the organization's financial statements audited by an independent accountant? . . . . .                                                                                                                                                                                                                                                                    | X   |    |
| <b>c</b> If "Yes" to line 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? . . . . .<br>If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O. | X   |    |
| <b>d</b> 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:<br><input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis                            |     |    |
| <b>3a</b> 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? . . . . .                                                                                                                                                                                             | X   |    |
| <b>b</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                                                                                                                                            | X   |    |

Form **990** (2009)

Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-0047

2009

**Open to Public Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

**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 described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

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 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) |     |    |

[illegible]

**For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.**

Schedule A (Form 990 or 990-EZ) 2009

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

**Section A. Public Support**

| Calendar year (or fiscal year beginning in) ►                                                                                                                                                                         | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) 2009 | (f) Total |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants") . . . . .                                                                                                  |          |          |          |          |          |           |
| <b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .                                                                                                    |          |          |          |          |          |           |
| <b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .                                                                                            |          |          |          |          |          |           |
| <b>4</b> <b>Total.</b> Add lines 1 through 3. . . . .                                                                                                                                                                 |          |          |          |          |          |           |
| <b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f). . . . . |          |          |          |          |          |           |
| <b>6</b> <b>Public support.</b> Subtract line 5 from line 4 . . . . .                                                                                                                                                 |          |          |          |          |          |           |

**Section B. Total Support**

| Calendar year (or fiscal year beginning in) ►                                                                                                     | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) 2009 | (f) Total |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|-----------|
| <b>7</b> Amounts from line 4 . . . . .                                                                                                            |          |          |          |          |          |           |
| <b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . . |          |          |          |          |          |           |
| <b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .                             |          |          |          |          |          |           |
| <b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV) . . . . .                                |          |          |          |          |          |           |
| <b>11</b> <b>Total support.</b> Add lines 7 through 10 . . . . .                                                                                  |          |          |          |          |          |           |

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

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

|                                                                                                    |    |   |
|----------------------------------------------------------------------------------------------------|----|---|
| 15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f)). . . . . | 15 | % |
| 16 Public support percentage from 2008 Schedule A, Part III, line 15. . . . .                      | 16 | % |

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

|                                                                                                          |    |   |
|----------------------------------------------------------------------------------------------------------|----|---|
| 17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f)) . . . . . | 17 | % |
| 18 Investment income percentage from 2008 Schedule A, Part III, line 17 . . . . .                        | 18 | % |

19a **33 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 ☐

b **33 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 ☐

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



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

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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), then

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

|                             |                                |
|-----------------------------|--------------------------------|
| Name of organization        | Employer identification number |
| CAPITAL HEALTH SYSTEM, INC. | 22-3548695                     |

**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 function 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 Enter 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-. |
|----------|-------------|---------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |
|          |             |         |                                                                       |                                                                                                                                              |

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

Schedule C (Form 990 or 990-EZ) 2009

JSA  
9E1264 2 000

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

☐ 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 |
|---------------------------------------------------------------------|----------|----------|----------|----------|-----------|
| <b>2 a</b> Lobbying non-taxable amount                              |          |          |          |          |           |
| <b>b</b> Lobbying ceiling amount<br>(150% of line 2a, column (e))   |          |          |          |          |           |
| <b>c</b> Total lobbying expenditures                                |          |          |          |          |           |
| <b>d</b> Grassroots nontaxable amount                               |          |          |          |          |           |
| <b>e</b> Grassroots ceiling amount<br>(150% of line 2d, column (e)) |          |          |          |          |           |
| <b>f</b> Grassroots lobbying expenditures                           |          |          |          |          |           |

Schedule C (Form 990 or 990-EZ) 2009

**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   |
| <b>1</b> 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: |     |    |          |
| <b>a</b> Volunteers?                                                                                                                                                                                                                   |     | X  |          |
| <b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?                                                                                                                                  |     | X  |          |
| <b>c</b> Media advertisements?                                                                                                                                                                                                         |     | X  |          |
| <b>d</b> Mailings to members, legislators, or the public?                                                                                                                                                                              |     | X  |          |
| <b>e</b> Publications, or published or broadcast statements?                                                                                                                                                                           |     | X  |          |
| <b>f</b> Grants to other organizations for lobbying purposes?                                                                                                                                                                          |     | X  |          |
| <b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?                                                                                                                                   | X   |    | 145,655. |
| <b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?                                                                                                                                     | X   |    | 48,391.  |
| <b>i</b> Other activities? If "Yes," describe in Part IV                                                                                                                                                                               |     | X  |          |
| <b>j</b> Total. Add lines 1c through 1i                                                                                                                                                                                                |     |    | 194,046. |
| <b>2 a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?                                                                                                                               |     |    |          |
| <b>b</b> If "Yes," enter the amount of any tax incurred under section 4912                                                                                                                                                             |     |    |          |
| <b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912                                                                                                                                    |     |    |          |
| <b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?                                                                                                                                  |     |    |          |

**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 |
|-----------------------------------------------------------------------------------------------------------|-----|----|
| <b>1</b> Were substantially all (90% or more) dues received nondeductible by members?                     | 1   |    |
| <b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?                | 2   |    |
| <b>3</b> 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."

|                                                                                                                                                                                                                                                     |    |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--|
| <b>1</b> Dues, assessments and similar amounts from members                                                                                                                                                                                         | 1  |  |
| <b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).                                                                                 |    |  |
| <b>a</b> Current year                                                                                                                                                                                                                               | 2a |  |
| <b>b</b> Carryover from last year                                                                                                                                                                                                                   | 2b |  |
| <b>c</b> Total                                                                                                                                                                                                                                      | 2c |  |
| <b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues                                                                                                                                            | 3  |  |
| <b>4</b> 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  |  |
| <b>5</b> 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

SEE PAGE 4

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**Part IV** Supplemental Information (continued)

## LOBBYING ACTIVITIES

SCHEDULE C, PART II-B; LINES 1G AND 1H

DURING 2009, THE ORGANIZATION PAID AN OUTSIDE LOBBYING FIRM \$145,655 FOR LOBBYING ON A FEDERAL AND STATE LEVEL RELATED TO MEDICARE, MEDICAID AND OTHER HEALTH CARE LEGISLATIVE MATTERS.

IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE NEW JERSEY HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION WHICH BOTH ENGAGE IN LOBBYING EFFORTS ON BEHALF OF THEIR MEMBER HOSPITALS. A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS HAS BEEN ALLOCATED TO LOBBYING ACTIVITIES PERFORMED ON BEHALF OF THE ORGANIZATION. THIS ALLOCATION AMOUNTED TO \$48,391.

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

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

Employer identification number

22-3548695

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

|                                                                                                                                                                                                                                                                                 | (a) Donor advised funds | (b) Funds and other accounts                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------|
| 1 Total number at end of year . . . . .                                                                                                                                                                                                                                         |                         |                                                          |
| 2 Aggregate contributions to (during year) . . . . .                                                                                                                                                                                                                            |                         |                                                          |
| 3 Aggregate grants from (during year) . . . . .                                                                                                                                                                                                                                 |                         |                                                          |
| 4 Aggregate value at end of year . . . . .                                                                                                                                                                                                                                      |                         |                                                          |
| 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . .                                                            |                         | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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? . . . . . |                         | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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

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

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

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 acquisition, 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      d ☐ Loan or exchange programs  
 b ☐ Scholarly research      e ☐ Other \_\_\_\_\_  
 c ☐ Preservation for future generations

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:

|                                           | Amount |
|-------------------------------------------|--------|
| c Beginning balance . . . . .             | 1c     |
| d Additions during the year . . . . .     | 1d     |
| e Distributions during the year . . . . . | 1e     |
| f Ending balance . . . . .                | 1f     |

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

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

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

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

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

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

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

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

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

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

| Description of Investment                                                                                 | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land . . . . .                                                                                         |                                      | 49,382,285.                     |                              | 49,382,285.    |
| b Buildings . . . . .                                                                                     |                                      | 133,547,972.                    | 73,958,036.                  | 59,589,936.    |
| c Leasehold improvements . . . . .                                                                        |                                      |                                 |                              |                |
| d Equipment . . . . .                                                                                     |                                      | 313,550,919.                    | 252,502,177.                 | 61,048,742.    |
| e Other . . . . .                                                                                         |                                      | 238,639,193.                    | 3,901,658.                   | 234,737,535.   |
| Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c) . . . . . |                                      |                                 |                              | 404,758,498.   |

Schedule D (Form 990) 2009

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

| (a) Description of security or category<br>(including name of security) | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|-------------------------------------------------------------------------|----------------|--------------------------------------------------------------|
| Financial derivatives . . . . .                                         |                |                                                              |
| Closely-held equity interests . . . . .                                 |                |                                                              |
| Other _____                                                             |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| _____                                                                   |                |                                                              |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 12.)       |                |                                                              |

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

| (a) Description of investment type                                | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|-------------------------------------------------------------------|----------------|--------------------------------------------------------------|
| ATTACHMENT 1                                                      |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| _____                                                             |                |                                                              |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 13.) | 247,515,097.   |                                                              |

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

| (a) Description                                                   | (b) Book value |
|-------------------------------------------------------------------|----------------|
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| _____                                                             |                |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) |                |

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

| 1. (a) Description of liability                                   | (b) Amount  |
|-------------------------------------------------------------------|-------------|
| Federal income taxes                                              |             |
| ACCRUED PENSION EXPENSE;                                          |             |
| NON-CURRENT                                                       | 15,439,347. |
| ACCRUED BOND INTEREST                                             | 0.          |
| OTHER LIABILITIES                                                 | 36,657,582. |
| CONSTRUCTION AND RETAINAGE PAYABLE                                | 32,375,701. |
| _____                                                             |             |
| _____                                                             |             |
| _____                                                             |             |
| _____                                                             |             |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) | 84,472,630. |

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



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

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

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

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

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

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

**Part XIV Supplemental Information**

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

SEE PAGE 5

**Part XIV** Supplemental Information (continued)

TEXT OF FIN 48 AUDITED FINANCIAL STATEMENT FOOTNOTE

SCHEDULE D, PART X

THE ORGANIZATION IS THE PARENT ORGANIZATION OF THE CAPITAL HEALTH SYSTEM ("SYSTEM"); A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM. THE SYSTEM ISSUES CONSOLIDATED AUDITED FINANCIAL STATEMENTS WHICH INCLUDE ALL RELATED ENTITIES; INCLUDING THIS ORGANIZATION. THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS ALSO CONTAIN CONSOLIDATING SCHEDULES ON AN ENTITY BY ENTITY BASIS. THE FIN 48 FOOTNOTE BELOW IS FROM THE SYSTEM'S 2007 CONSOLIDATED AUDITED FINANCIAL STATEMENTS.

IN JULY 2006, FASB INTERPRETATION NO. 48 (FIN 48), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN INTERPRETATION OF FASB STATEMENT NO. 109, ACCOUNTING FOR INCOME TAXES, WAS ISSUED. FIN 48 CREATES A SINGLE MODEL TO ADDRESS UNCERTAINTY IN TAX POSITIONS AND CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING THE MINIMUM RECOGNITION THRESHOLD A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS. UNDER THE REQUIREMENTS OF FIN 48, TAX-EXEMPT ORGANIZATIONS COULD BE REQUIRED TO RECORD AN OBLIGATION AS THE RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS. PRIOR TO FIN 48, THE DETERMINATION OF WHEN TO RECORD A LIABILITY FOR A TAX EXPOSURE WAS BASED ON WHETHER A LIABILITY WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE IN ACCORDANCE WITH FASB STATEMENT NO. 5, ACCOUNTING FOR CONTINGENCIES. ON JANUARY 1, 2007, THE SYSTEM'S ADOPTED FIN 48. THE IMPACT OF THE ADOPTION OF FIN 48 ON THE SYSTEM'S CONSOLIDATED FINANCIAL STATEMENTS IS NOT SIGNIFICANT.

**Part XIV** Supplemental Information (continued)ATTACHMENT 1SCHEDULE D, PART VIII - INVESTMENTS - PROGRAM RELATED

| <u>DESCRIPTION</u>            | <u>BOOK VALUE</u>   | <u>COST<br/>OR FMV</u> |
|-------------------------------|---------------------|------------------------|
| MUTUAL FUNDS - FIXED INCOME   |                     |                        |
| SECURITIES                    | 114,889,966.        | FMV                    |
| MUTUAL FUNDS - EQUITY         |                     |                        |
| SECURITIES                    | 88,290,066.         | FMV                    |
| INVESTMENT IN SUBSIDIARIES    | 9,929,964.          | FMV                    |
| ACCRUED INTEREST              | 284,786.            | FMV                    |
| CERTIFICATES OF DEPOSIT       | 1,078,115.          | FMV                    |
| CASH AND CASH EQUIVALENTS;    |                     |                        |
| LIMITED USE                   | 8,993,548.          | FMV                    |
| U.S. GOVERNMENT OBLIGATIONS;  |                     |                        |
| LIMITED USE                   | 0.                  | FMV                    |
| LIMITED USE ASSETS HELD UNDER |                     |                        |
| SUPPLEMENTAL RETIREMENT PLAN  | 3,792,835.          | FMV                    |
| ALTERNATIVE INVESTMENTS       | 16,887,192.         | FMV                    |
| RESTRICTED CASH FOR           |                     |                        |
| GUARANTEES                    | 3,368,625.          | FMV                    |
| TOTALS                        | <u>247,515,097.</u> |                        |



Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000 . . . . . ☐ **▲**

Use Schedule F-1 (Form 990) if additional space is needed.

[illegible]

**2** Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter

3 Enter total number of other organizations or entities



## Part IV Supplemental Information

Complete this part to provide the information required in Part I, line 2, and any additional information.

**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2009**

**Open to Public Inspection**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.

▶ Attach to Form 990.

▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

**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                                                                                                                                                                                                                                                             | X   |    |
| b If "Yes," is it a written policy?                                                                                                                                                                                                                                                                                                           | X   |    |
| 2 If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals                                                                                                                                                                                  |     |    |
| <input checked="" type="checkbox"/> Applied uniformly to all hospitals                                                                                                                                                                                                                                                                        |     |    |
| <input type="checkbox"/> Generally tailored to individual hospitals                                                                                                                                                                                                                                                                           |     |    |
| 3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients                                                                                                                                                                                                       |     |    |
| a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care:                                                                                                  | X   |    |
| <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %                                                                                                                                                                                                   |     |    |
| b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care                                                                                                                    | X   |    |
| <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %                                                                                                                                       |     |    |
| c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care |     |    |
| 4 Does the organization's policy provide free or discounted care to the "medically indigent"?                                                                                                                                                                                                                                                 | X   |    |
| 5a Does the organization budget amounts for free or discounted care provided under its charity care policy?                                                                                                                                                                                                                                   | X   |    |
| b If "Yes," did the organization's charity care expenses exceed the budgeted amount?                                                                                                                                                                                                                                                          | X   |    |
| 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?                                                                                                                                                        |     | X  |
| 6a Does the organization prepare an annual community benefit report?                                                                                                                                                                                                                                                                          |     | X  |
| b If "Yes," does the organization make it available to the public?                                                                                                                                                                                                                                                                            |     |    |

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)                                            |                                                 |                               | 46,686,224.                         | 28,128,000.                   | 18,558,224.                       | 4.15                         |
| b Unreimbursed Medicaid (from Worksheet 3, column a)                                        |                                                 |                               | 24,911,220.                         | 18,917,525.                   | 5,993,695.                        | 1.34                         |
| c Unreimbursed costs - other means-tested government programs (from Worksheet 3, column b)  |                                                 |                               |                                     |                               |                                   |                              |
| d Total Charity Care and Means-Tested Government Programs                                   |                                                 |                               | 71,597,444.                         | 47,045,525.                   | 24,551,919.                       | 5.49                         |
| <b>Other Benefits</b>                                                                       |                                                 |                               |                                     |                               |                                   |                              |
| e Community health improvement services and community benefit operations (from Worksheet 4) | 357                                             | 143000                        | 425,712.                            | 3,212.                        | 422,500.                          | .09                          |
| f Health professions education (from Worksheet 5)                                           |                                                 |                               | 8,437,302.                          | 5,880,113.                    | 2,557,189.                        | .57                          |
| g Subsidized health services (from Worksheet 6)                                             |                                                 |                               | 173,168.                            | 0.                            | 173,168.                          | .04                          |
| h Research (from Worksheet 7)                                                               |                                                 |                               |                                     |                               |                                   |                              |
| i Cash and in-kind contributions to community groups (from Worksheet 8)                     | 142                                             |                               | 289,000.                            | 9,161.                        | 279,839.                          | .06                          |
| j Total Other Benefits                                                                      | 499                                             | 143000                        | 9,325,182.                          | 5,892,486.                    | 3,432,696.                        | .76                          |
| k Total. Add lines 7d and 7j                                                                | 499                                             | 143000                        | 80,922,626.                         | 52,938,011.                   | 27,984,615.                       | 6.25                         |

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

Schedule H (Form 990) 2009

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**Part II Community 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                                      |                                                 | 350                           | 300,376.                             |                               | 300,376.                           | .07                          |
| 3 Community support                                         |                                                 |                               |                                      |                               |                                    |                              |
| 4 Environmental improvements                                |                                                 |                               |                                      |                               |                                    |                              |
| 5 Leadership development and training for community members |                                                 |                               |                                      |                               |                                    |                              |
| 6 Coalition building                                        |                                                 |                               |                                      |                               |                                    |                              |
| 7 Community health improvement advocacy                     |                                                 |                               |                                      |                               |                                    |                              |
| 8 Workforce development                                     |                                                 |                               |                                      |                               |                                    |                              |
| 9 Other                                                     |                                                 |                               |                                      |                               |                                    |                              |
| 10 Total                                                    |                                                 | 350                           | 300,376.                             |                               | 300,376.                           | .07                          |

**Part III Bad 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? . . . . .                                                                                                                                                                  | X           |    |
| 2 Enter the amount of the organization's bad debt expense (at cost) . . . . .                                                                                                                                                                                                                               | 23,378,381. |    |
| 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 . . . . .                                                                                                                                      |             |    |
| 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) . . . . .                                                                                                                                                                                               | 85,601,250.  |
| 6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .                                                                                                                                                                                            | 113,270,632. |
| 7 Subtract line 6 from line 5. This is the surplus or (shortfall) . . . . .                                                                                                                                                                                                  | -27,669,382. |
| 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: |              |
| <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other                                                                                                                                      |              |

**Section C. Collection Practices**

|                                                                                                                                                                                                                                  |   |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--|
| 9a Does the organization have a written debt collection policy? . . . . .                                                                                                                                                        | X |  |
| b 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. . . . . | X |  |

**Part IV Management 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                  |                                               |                                                  |                                                                                    |                                               |
| 2                  |                                               |                                                  |                                                                                    |                                               |
| 3                  |                                               |                                                  |                                                                                    |                                               |
| 4                  |                                               |                                                  |                                                                                    |                                               |
| 5                  |                                               |                                                  |                                                                                    |                                               |
| 6                  |                                               |                                                  |                                                                                    |                                               |
| 7                  |                                               |                                                  |                                                                                    |                                               |
| 8                  |                                               |                                                  |                                                                                    |                                               |
| 9                  |                                               |                                                  |                                                                                    |                                               |
| 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)                        |
|-------------------------------------------------------------------------------------------------|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|-----------------------------------------|
| HELENE FULD CAMPUS<br>750 BRUNSWICK AVENUE<br>TRENTON NJ 08638                                  | X                 | X                          |                     | X                 |                          |                   | X           |          |                                         |
| MERCER MEDICAL CENTER<br>446 BELLEVUE AVENUE<br>TRENTON NJ 08618                                | X                 | X                          |                     |                   |                          |                   | X           |          |                                         |
| CAPITAL HEALTH SYSTEM IN HAMILTON<br>1445-1401 WHITEHORSE-MERCERVILLE ROAD<br>HAMILTON NJ 08619 |                   |                            |                     |                   |                          |                   |             |          | OUTPATIENT FACILITY                     |
| BORDENTOWN FAMILY MEDICAL<br>1 THIRD STREET<br>BORDENTOWN NJ 08505                              |                   |                            |                     |                   |                          |                   |             |          | FAMILY MEDICAL                          |
| DR. D'AMELIO<br>40 FULD STREET<br>TRENTON NJ 08638                                              |                   |                            |                     |                   |                          |                   |             |          | GENERAL MEDICAL                         |
| MICU<br>65 PROSPECT STREET<br>TRENTON NJ 08618                                                  |                   |                            |                     |                   |                          |                   |             |          | MICU                                    |
| EARLY INTERVENTION<br>413 HILLCREST AVENUE<br>EWING NJ 08618                                    |                   |                            |                     |                   |                          |                   |             |          | EARLY INTERVENTION                      |
| CHS - ONCOLOGY STUDY<br>416 BELLEVUE AVENUE<br>TRENTON NJ 08618                                 |                   |                            |                     |                   |                          |                   |             |          | ONCOLOGY                                |
| FAMILY HEALTH CENTER<br>433 BELLEVUE AVENUE<br>TRENTON NJ 08618                                 |                   |                            |                     |                   |                          |                   |             |          | FAMILY HEALTH AND ADULT DAY CARE CENTER |
| CHS SCHOOL OF NURSING<br>542 BELLEVUE AVENUE<br>TRENTON NJ 08618                                |                   |                            |                     |                   |                          |                   |             |          | NURSING                                 |
| FAMILY HEALTH CENTER<br>4056 QUAKERBRIDGE ROAD<br>LAWRENCEVILLE NJ 08648                        |                   |                            |                     |                   |                          |                   |             |          | FAMILY HEALTH                           |
| CORPORATE HEALTH CENTER<br>832 BRUNSWICK AVENUE<br>TRENTON NJ 08618                             |                   |                            |                     |                   |                          |                   |             |          | HEALTH CENTER                           |
| DR. KOLANDER<br>1230 PARKWAY AVENUE<br>EWING NJ 08628                                           |                   |                            |                     |                   |                          |                   |             |          | GENERAL MEDICAL                         |
| HAMILTON II COMPLEX<br>1401 WHITEHORSE/MERCERVILLE ROAD<br>HAMILTON NJ 08619                    |                   |                            |                     |                   |                          |                   |             |          | FAMILY MEDICAL                          |
| HAMILTON I COMPLEX<br>1445 WHITEHORSE/MERCERVILLE ROAD<br>HAMILTON NJ 08619                     |                   |                            |                     |                   |                          |                   |             |          | FAMILY MEDICAL                          |
| DR. STANLEY<br>1450 PARKWAY AVENUE<br>EWING NJ 08628                                            |                   |                            |                     |                   |                          |                   |             |          | GENERAL MEDICAL                         |

## Part V Facility Information

[illegible]

**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.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

COMMUNITY BENEFIT

SCHEDULE H, PART VI; QUESTION 7

CHS IS THE PARENT ENTITY OF THE CAPITAL HEALTH SYSTEM AND AFFILIATES

("SYSTEM"). ALL AFFILIATES ARE COMMITTED TO ENHANCING THE OVERALL HEALTH

STATUS OF THE COMMUNITY BY PROVIDING THE HIGHEST QUALITY HEALTHCARE AND

RELATED SERVICES. THE SYSTEM STRIVES TO EXCEED THE PATIENTS'

EXPECTATIONS EMPHASIZING COMMITMENT, COMPETENCE, COLLABORATION,

COMMUNICATION, AND COMPASSION. PLEASE ALSO REFER TO SCHEDULE O.

CHS SETS OVERALL POLICY REGARDING BILLING AND COLLECTIONS AND THE

FACILITY RESPONSES PROVIDED BELOW 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 ARE REFLECTED OF THAT

POLICY.

**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.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
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COMMUNITY BENEFIT

SCHEDULE H, PART VI; QUESTION 8

NOT APPLICABLE. THE ENTITY AND RELATED PROVIDER ORGANIZATIONS ARE LOCATED  
IN NEW JERSEY. NO COMMUNITY BENEFIT REPORT IS FILED WITH THE STATE OF  
NEW JERSEY.

PART I, LINE 3C:

THE INCOME BASED CRITERIA USED TO DETERMINE ELIGIBILITY IS PER NEW  
JERSEY ADMINISTRATIVE CODE 10:52 SUB CHAPTERS 11, 12 AND 13, AND  
BASED UPON THE 2009 POVERTY GUIDELINES (DEPARTMENT OF HEALTH AND  
SENIOR SERVICES). FPG ARE INCLUDED IN THE CRITERIA FOR DETERMINING  
ELIGIBILITY FOR CHARITY AND DISCOUNTED CARE.

PART I, LINE 6A:

NOT APPLICABLE.

PART I, LINE 7G:

NO COSTS RELATING TO SUBSIDIZED HEALTHCARE SERVICES ARE ATTRIBUTABLE

**Part VI Supplemental Information**

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- 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.
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TO ANY PHYSICIAN CLINICS.

PART I, LINE 7, COLUMN F:

THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN

(A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN

THIS COLUMN IS \$39,499,338.

PART I, LINE 7:

WORKSHEET 2 WAS USED FOR THE COST TO CHARGE RATIO.

**Part VI Supplemental Information**

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**PART III, LINE 4:**

BAD DEBT EXPENSE WAS CALCULATED USING THE PROVIDERS' BAD DEBT EXPENSE FROM ITS AUDITED FINANCIAL STATEMENTS, MULTIPLIED BY ITS COST TO CHARGE RATIO.

THE CAPITAL HEALTH SYSTEM, INC. AND ITS AFFILIATES, INCLUDING ITS HOSPITALS AND SUBSIDIARIES, PREPARE AND ISSUE AUDITED CONSOLIDATED FINANCIAL STATEMENTS. THE SYSTEM'S ALLOWANCE FOR DOUBTFUL ACCOUNTS (BAD DEBT EXPENSE) METHODOLOGY AND CHARITY CARE POLICIES ARE CONSISTENTLY APPLIED ACROSS ALL HOSPITAL AFFILIATES. THE ATTACHED TEXT WAS OBTAINED FROM THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENTS OF THE CAPITAL HEALTH SYSTEM.

CHARITY CARE

CAPITAL HEALTH PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA DEFINED BY THE NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES. BECAUSE CAPITAL HEALTH DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO

**Part VI Supplemental Information**

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QUALIFY AS CHARITY CARE, THOSE AMOUNTS ARE NOT REPORTED AS REVENUE.

CAPITAL HEALTH MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF

CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES

FORGONE FOR SERVICES AND SUPPLIES FURNISHED. CHARGES FORGONE FOR

CHARITY CARE PROVIDED DURING THE YEARS ENDED DECEMBER 31, 2009 AND

2008 WERE APPROXIMATELY \$269,667,000 AND \$247,955,000, RESPECTIVELY.

CAPITAL HEALTH RECEIVES PARTIAL REIMBURSEMENT FOR THE UNCOMPENSATED

CARE IT PROVIDES.

**PART III, LINE 8:**

MEDICARE COSTS WERE DERIVED FROM THE 2009 MEDICARE COST REPORT.

MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND

ASSOCIATED COSTS ARE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I.

THE ORGANIZATION FEELS THAT MEDICARE UNDERPAYMENTS (SHORTFALL) AND

BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS ARE INCLUDABLE ON

THE FORM 990, SCHEDULE H, PART I. AS OUTLINED MORE FULLY BELOW THE



**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.
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ORGANIZATION BELIEVES THAT THESE SERVICES AND RELATED COSTS PROMOTE

THE HEALTH OF THE COMMUNITY AS A WHOLE AND ARE RENDERED IN

CONJUNCTION WITH THE ORGANIZATION'S CHARITABLE TAX-EXEMPT PURPOSES

AND MISSION IN PROVIDING MEDICALLY NECESSARY HEALTHCARE SERVICES TO

ALL INDIVIDUAL'S IN A NON-DISCRIMINATORY MANNER WITHOUT REGARD TO

RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY

AND CONSISTENT WITH THE COMMUNITY BENEFIT STANDARD PROMULGATED BY THE

IRS. THE COMMUNITY BENEFIT STANDARD IS THE CURRENT STANDARD FOR A

HOSPITAL FOR RECOGNITION AS A TAX-EXEMPT AND CHARITABLE ORGANIZATION

UNDER INTERNAL REVENUE CODE ("IRC") §501(C)(3).

THE ORGANIZATION IS RECOGNIZED AS A TAX-EXEMPT ENTITY AND CHARITABLE

ORGANIZATION UNDER §501(C)(3) OF THE IRC. ALTHOUGH THERE IS NO

DEFINITION IN THE TAX CODE FOR THE TERM "CHARITABLE" A REGULATION

PROMULGATED BY THE DEPARTMENT OF THE TREASURY PROVIDES SOME GUIDANCE

AND STATES THAT "[T]HE TERM CHARITABLE IS USED IN SECTION 501(C)(3)

IN ITS GENERALLY ACCEPTED LEGAL SENSE," AND PROVIDES EXAMPLES OF

CHARITABLE PURPOSES, INCLUDING THE RELIEF OF THE POOR OR

UNPRIVILEGED; THE PROMOTION OF SOCIAL WELFARE; AND THE ADVANCEMENT OF

**Part VI Supplemental Information**

Complete this part to provide the following information.

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EDUCATION, RELIGION, AND SCIENCE. NOTE IT DOES NOT EXPLICITLY ADDRESS

THE ACTIVITIES OF HOSPITALS. IN THE ABSENCE OF EXPLICIT STATUTORY OR

REGULATORY REQUIREMENTS APPLYING THE TERM "CHARITABLE" TO HOSPITALS,

IT HAS BEEN LEFT TO THE IRS TO DETERMINE THE CRITERIA HOSPITALS MUST

MEET TO QUALIFY AS IRC §501(C)(3) CHARITABLE ORGANIZATIONS. THE

ORIGINAL STANDARD WAS KNOWN AS THE CHARITY CARE STANDARD. THIS

STANDARD WAS REPLACED BY THE IRS WITH THE COMMUNITY BENEFIT STANDARD

WHICH IS THE CURRENT STANDARD.

CHARITY CARE STANDARD

IN 1956, THE IRS ISSUED REVENUE RULING 56-185, WHICH ADDRESSED THE

REQUIREMENTS HOSPITALS NEEDED TO MEET IN ORDER TO QUALIFY FOR IRC

§501(C)(3) STATUS. ONE OF THESE REQUIREMENTS IS KNOWN AS THE "CHARITY

CARE STANDARD." UNDER THE STANDARD, A HOSPITAL HAD TO PROVIDE, TO THE

EXTENT OF ITS FINANCIAL ABILITY, FREE OR REDUCED-COST CARE TO

PATIENTS UNABLE TO PAY FOR IT. A HOSPITAL THAT EXPECTED FULL PAYMENT

DID NOT, ACCORDING TO THE RULING, PROVIDE CHARITY CARE BASED ON THE

FACT THAT SOME PATIENTS ULTIMATELY FAILED TO PAY. THE RULING

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EMPHASIZED THAT A LOW LEVEL OF CHARITY CARE DID NOT NECESSARILY MEAN

THAT A HOSPITAL HAD FAILED TO MEET THE REQUIREMENT SINCE THAT LEVEL

COULD REFLECT ITS FINANCIAL ABILITY TO PROVIDE SUCH CARE. THE RULING

ALSO NOTED THAT PUBLICLY SUPPORTED COMMUNITY HOSPITALS WOULD NORMALLY

QUALIFY AS CHARITABLE ORGANIZATIONS BECAUSE THEY SERVE THE ENTIRE

COMMUNITY, AND A LOW LEVEL OF CHARITY CARE WOULD NOT AFFECT A

HOSPITAL'S EXEMPT STATUS IF IT WAS DUE TO THE SURROUNDING COMMUNITY'S

LACK OF CHARITABLE DEMANDS.

COMMUNITY BENEFIT STANDARD

IN 1969, THE IRS ISSUED REVENUE RULING 69-545, WHICH "REMOVE[D]" FROM

REVENUE RULING 56-185 "THE REQUIREMENTS RELATING TO CARING FOR

PATIENTS WITHOUT CHARGE OR AT RATES BELOW COST." UNDER THE STANDARD

DEVELOPED IN REVENUE RULING 69-545, WHICH IS KNOWN AS THE "COMMUNITY

BENEFIT STANDARD," HOSPITALS ARE JUDGED ON WHETHER THEY PROMOTE THE

HEALTH OF A BROAD CLASS OF INDIVIDUALS IN THE COMMUNITY.

THE RULING INVOLVED A HOSPITAL THAT ONLY ADMITTED INDIVIDUALS WHO

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COULD PAY FOR THE SERVICES (BY THEMSELVES, PRIVATE INSURANCE, OR

PUBLIC PROGRAMS SUCH AS MEDICARE), BUT OPERATED A FULL-TIME EMERGENCY

ROOM THAT WAS OPEN TO EVERYONE. THE IRS RULED THAT THE HOSPITAL

QUALIFIED AS A CHARITABLE ORGANIZATION BECAUSE IT PROMOTED THE HEALTH

OF PEOPLE IN ITS COMMUNITY. THE IRS REASONED THAT BECAUSE THE

PROMOTION OF HEALTH WAS A CHARITABLE PURPOSE ACCORDING TO THE GENERAL

LAW OF CHARITY, IT FELL WITHIN THE "GENERALLY ACCEPTED LEGAL SENSE"

OF THE TERM "CHARITABLE," AS REQUIRED BY TREAS. REG. §

1.501(C)(3)-1(D)(2). THE IRS RULING STATED THAT THE PROMOTION OF

HEALTH, LIKE THE RELIEF OF POVERTY AND THE ADVANCEMENT OF EDUCATION

AND RELIGION, IS ONE OF THE PURPOSES IN THE GENERAL LAW OF CHARITY

THAT IS DEEMED BENEFICIAL TO THE COMMUNITY AS A WHOLE EVEN THOUGH THE

CLASS OF BENEFICIARIES ELIGIBLE TO RECEIVE A DIRECT BENEFIT FROM ITS

ACTIVITIES DOES NOT INCLUDE ALL MEMBERS OF THE COMMUNITY, SUCH AS

INDIGENT MEMBERS OF THE COMMUNITY, PROVIDED THAT THE CLASS IS NOT SO

SMALL THAT ITS RELIEF IS NOT OF BENEFIT TO THE COMMUNITY.

THE IRS CONCLUDED THAT THE HOSPITAL WAS "PROMOTING THE HEALTH OF A

CLASS OF PERSONS THAT IS BROAD ENOUGH TO BENEFIT THE COMMUNITY"

**Part VI Supplemental Information**

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BECAUSE ITS EMERGENCY ROOM WAS OPEN TO ALL AND IT PROVIDED CARE TO

EVERYONE WHO COULD PAY, WHETHER DIRECTLY OR THROUGH THIRD-PARTY

REIMBURSEMENT. OTHER CHARACTERISTICS OF THE HOSPITAL THAT THE IRS

HIGHLIGHTED INCLUDED THE FOLLOWING: ITS SURPLUS FUNDS WERE USED TO

IMPROVE PATIENT CARE, EXPAND HOSPITAL FACILITIES, AND ADVANCE MEDICAL

TRAINING, EDUCATION, AND RESEARCH; IT WAS CONTROLLED BY A BOARD OF

TRUSTEES THAT CONSISTED OF INDEPENDENT CIVIC LEADERS; AND HOSPITAL

MEDICAL STAFF PRIVILEGES WERE AVAILABLE TO ALL QUALIFIED PHYSICIANS.

MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND

ASSOCIATED COSTS ARE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I.

THE AMERICAN HOSPITAL ASSOCIATION ("AHA") FEELS THAT MEDICARE

UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND THUS

INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. THIS ORGANIZATION

AGREES WITH THE AHA POSITION. AS OUTLINED IN THE AHA LETTER TO THE

IRS DATED AUGUST 21, 2007 WITH RESPECT TO THE FIRST PUBLISHED DRAFT

OF THE NEW FORM 990 AND SCHEDULE H, THE AHA FELT THAT THE IRS SHOULD

INCORPORATE THE FULL VALUE OF THE COMMUNITY BENEFIT THAT HOSPITALS

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PROVIDE BY COUNTING MEDICARE UNDERPAYMENTS (SHORTFALL) AS

QUANTIFIABLE COMMUNITY BENEFIT FOR THE FOLLOWING REASONS:

- PROVIDING CARE FOR THE ELDERLY AND SERVING MEDICARE PATIENTS IS AN  
ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD.

- MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE.

RECENTLY, MEDICARE REIMBURSES HOSPITALS ONLY 92 CENTS FOR EVERY  
DOLLAR THEY SPEND TO TAKE CARE OF MEDICARE PATIENTS. THE MEDICARE  
PAYMENT ADVISORY COMMISSION ("MEDPAC") IN ITS MARCH 2007 REPORT TO  
CONGRESS CAUTIONED THAT UNDERPAYMENT WILL GET EVEN WORSE, WITH  
MARGINS REACHING A 10-YEAR LOW AT NEGATIVE 5.4 PERCENT.

- MANY MEDICARE BENEFICIARIES, LIKE THEIR MEDICAID COUNTERPARTS, ARE  
POOR. MORE THAN 46 PERCENT OF MEDICARE SPENDING IS FOR BENEFICIARIES  
WHOSE INCOME IS BELOW 200 PERCENT OF THE FEDERAL POVERTY LEVEL. MANY  
OF THOSE MEDICARE BENEFICIARIES ARE ALSO ELIGIBLE FOR MEDICAID -- SO  
CALLED "DUAL ELIGIBLES."

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THERE IS EVERY COMPELLING PUBLIC POLICY REASON TO TREAT MEDICARE AND

MEDICAID UNDERPAYMENTS SIMILARLY FOR PURPOSES OF A HOSPITAL'S

COMMUNITY BENEFIT AND INCLUDE THESE COSTS ON FORM 990, SCHEDULE H,

PART I. MEDICARE UNDERPAYMENT MUST BE SHOULDERED BY THE HOSPITAL IN

ORDER TO CONTINUE TREATING THE COMMUNITY'S ELDERLY AND POOR. THESE

UNDERPAYMENTS REPRESENT A REAL COST OF SERVING THE COMMUNITY AND

SHOULD COUNT AS A QUANTIFIABLE COMMUNITY BENEFIT.

BOTH THE AHA AND THIS ORGANIZATION ALSO FEEL THAT PATIENT BAD DEBT IS

A COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H,

PART I. LIKE MEDICARE UNDERPAYMENT (SHORTFALLS), THERE ALSO ARE

COMPELLING REASONS THAT PATIENT BAD DEBT SHOULD BE COUNTED AS

QUANTIFIABLE COMMUNITY BENEFIT AS FOLLOWS:

- A SIGNIFICANT MAJORITY OF BAD DEBT IS ATTRIBUTABLE TO

LOW-INCOME PATIENTS, WHO, FOR MANY REASONS, DECLINE TO COMPLETE THE

FORMS REQUIRED TO ESTABLISH ELIGIBILITY FOR HOSPITALS' CHARITY CARE

OR FINANCIAL ASSISTANCE PROGRAMS. A 2006 CONGRESSIONAL BUDGET OFFICE

("CBO") REPORT, NONPROFIT HOSPITALS AND THE PROVISION OF COMMUNITY

**Part VI Supplemental Information**

Complete this part to provide the following information

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BENEFITS, CITED TWO STUDIES INDICATING THAT "THE GREAT MAJORITY OF  
BAD DEBT WAS ATTRIBUTABLE TO PATIENTS WITH INCOMES BELOW 200% OF THE  
FEDERAL POVERTY LINE."

- THE REPORT ALSO NOTED THAT A SUBSTANTIAL PORTION OF BAD DEBT IS  
PENDING CHARITY CARE. UNLIKE BAD DEBT IN OTHER INDUSTRIES, HOSPITAL  
BAD DEBT IS COMPLICATED BY THE FACT THAT HOSPITALS FOLLOW THEIR  
MISSION TO THE COMMUNITY AND TREAT EVERY PATIENT THAT COMES THROUGH  
THEIR EMERGENCY DEPARTMENT, REGARDLESS OF ABILITY TO PAY. PATIENTS  
WHO HAVE OUTSTANDING BILLS ARE NOT TURNED AWAY, UNLIKE OTHER  
INDUSTRIES. BAD DEBT IS FURTHER COMPLICATED BY THE AUDITING  
INDUSTRY'S STANDARDS ON REPORTING CHARITY CARE. MANY PATIENTS CANNOT  
OR DO NOT PROVIDE THE NECESSARY, EXTENSIVE DOCUMENTATION REQUIRED TO  
BE DEEMED CHARITY CARE BY AUDITORS. AS A RESULT, ROUGHLY 40% OF BAD  
DEBT IS PENDING CHARITY CARE.

- THE CBO CONCLUDED THAT ITS FINDINGS "SUPPORT THE VALIDITY OF  
THE USE OF UNCOMPENSATED CARE [BAD DEBT AND CHARITY CARE] AS A  
MEASURE OF COMMUNITY BENEFITS" ASSUMING THE FINDINGS ARE



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GENERALIZABLE NATIONWIDE; THE EXPERIENCE OF HOSPITALS AROUND THE

NATION REINFORCES THAT THEY ARE GENERALIZABLE.

AS OUTLINED BY THE AHA, DESPITE THE HOSPITALS' BEST EFFORTS AND DUE

DILIGENCE, PATIENT BAD DEBT IS A PART OF THE HOSPITAL'S MISSION AND

CHARITABLE PURPOSES. BAD DEBT REPRESENTS PART OF THE BURDEN HOSPITALS

SHOULDER IN SERVING ALL PATIENTS REGARDLESS OF RACE, COLOR, CREED,

SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. IN ADDITION, THE

HOSPITAL INVESTS SIGNIFICANT RESOURCES IN SYSTEMS AND STAFF TRAINING

TO ASSIST PATIENTS THAT ARE IN NEED OF FINANCIAL ASSISTANCE.

**PART III, LINE 9B:**

ACCOUNTS CONSIDERED TO BE CHARITY CARE ARE NOT INCLUDED IN THE BAD

DEBT EXPENSE, BUT RATHER, ACCOUNTED FOR AS AN ALLOWANCE.

IT IS THE POLICY OF THE CAPITAL HEALTH SYSTEM, AND ALL ITS HOSPITAL

AFFILIATES, TO TREAT ALL PATIENTS EQUALLY REGARDLESS OF INSURANCE AND

THEIR ABILITY TO PAY. FOR ACCOUNTS DETERMINED TO BE "SELF-PAY" AND/OR

ACCOUNTS WITH BALANCE AFTER PRIMARY INSURANCE PAYMENTS, THE

**Part VI Supplemental Information**

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COLLECTION POLICY REQUIRES: SENDING THREE STATEMENTS, A MINIMUM OF

ONE PRE-COLLECTION LETTER, TELEPHONE CONTACT FOR ANY ACCOUNT OVER

\$5,000.00 OR AT THE DISCRETION OF THE ACCOUNT REPRESENTATIVE AND/OR

SUPERVISOR.

THE FACILITY ALSO HAS A CHARITY CARE ACCESS POLICY TO ASSURE PATIENTS

ARE PROVIDED WITH CHARITY CARE ASSISTANCE DETERMINED BY STATE AND

FEDERAL REGULATIONS. IT IS THE POLICY TO INFORM ALL PATIENTS DEEMED

SELF-PAY OF THE APPROPRIATE ASSISTANCE PROGRAMS AVAILABLE. PATIENTS

APPLYING FOR CHARITY CARE ASSISTANCE WILL BE FINANCIALLY SCREENED BY

A RESOURCE ADVISOR TO DETERMINE ELIGIBILITY ACCORDING TO STATE AND

FEDERAL GUIDELINES AND WILL BE INFORMED OF DOCUMENTATION NEED TO

COMPLETE A CHARITY CARE APPLICATION. PATIENTS NOT ELIGIBLE FOR

CHARITY CARE WILL BE FINANCIALLY COUNSELED FOR ALL OTHER OPTIONS.

QUALIFIED PATIENTS WILL BE REFERRED TO ALL APPROPRIATE AGENCIES OR

PROGRAMS TO MEET OTHER FINANCIAL NEEDS.

AT THE TIME OF THE PATIENT VISIT AND PART OF THE REGISTRATION PROCESS

AT THE FACILITY, THE FOLLOWING OPTIONS ARE MADE AVAILABLE TO

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PATIENTS:

- FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR MEDICAL

ASSISTANCE INCLUDING MEDICAID AND SSI;

- FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR THE NEW

JERSEY HOSPITAL CARE PAYMENT ASSISTANCE PROGRAM; AND,

- FINANCIAL ARRANGEMENTS INCLUDING:

1. CASH/CREDIT CARD (AMERICAN EXPRESS, DISCOVER, VISA,

MASTERCARD),

2. LOW INTEREST LOAN PROGRAM, OR

3. FLEXIBLE PAYMENT PLANS.

IN ADDITION TO THE ABOVE OPTIONS, THE FACILITY HAS ESTABLISHED A

SELF-PAY ASSISTANCE PROGRAM FOR OUR UNINSURED PATIENTS THAT DO NOT

QUALIFY FOR MEDICAID OR THE NEW JERSEY HOSPITAL CARE PAYMENT

ASSISTANCE PROGRAM. THE SELF-PAY ASSISTANCE PROGRAM RATES ARE

REFLECTIVE OF MEDICARE REIMBURSEMENT, AS REFERRED BY THE STATE OF NEW

JERSEY.

PART V:

**Part VI Supplemental Information**

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NOT APPLICABLE.

**NEEDS ASSESSMENT:**

CAPITAL HEALTH ROUTINELY MONITORS DEMAND FOR THE SERVICES IT PROVIDES  
WHILE SIMULTANEOUSLY UTILIZING A VARIETY OF INFORMATION SOURCES TO  
DETERMINE UNMET OR UNDERSERVED NEEDS OF THE COMMUNITIES IT SERVES.

CAPITAL HEALTH MEETS AT LEAST MONTHLY WITH THE OTHER HEALTHCARE  
PROVIDERS IN ITS SERVICE AREA AS WELL AS A COMMUNITY HEALTH  
DEPARTMENT DIRECTOR TO DISCUSS UNMET NEEDS AND COLLABORATIVELY  
STRATEGIZE THE

~~PRIORITIZATION OF NEEDS AND DEVELOP PROGRAMS TO ADDRESS THEM IN A~~  
COORDINATED WAY. WE ALSO ROUTINELY REVIEW AVAILABLE DATA REGARDING  
INCIDENCE OF HEALTH ISSUES AND PROPOSE PROGRAMS TO ADDRESS THESE  
ISSUES AND ULTIMATELY IMPLEMENT THOSE WHICH WILL HAVE THE GREATEST  
IMPACT.

ADDITIONALLY, WE RETAIN A FULL TIME COMMUNITY RELATIONS COORDINATOR  
WHOSE TASK IT IS TO BE OUT IN THE COMMUNITY INTERACTING WITH

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COMMUNITY LEADERS AND RECEIVING FEEDBACK ON THEIR SATISFACTION WITH

OUR SERVICES. WE BELIEVE THIS COMPREHENSIVE APPROACH OF MONITORING

AND ANALYZING BOTH OBJECTIVE DATA AND SUBJECTIVE FEEDBACK GIVES US A

CURRENT UNDERSTANDING OF HOW WE ARE ADDRESSING COMMUNITY NEEDS AND

WHAT WE NEED TO DO TO OPTIMIZE OUR IMPACT UPON THE HEALTHCARE STATUS

OF OUR REGION.

**PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE:**

CHS EDUCATES PATIENTS ABOUT ELIGIBILITY FOR ASSISTANCE WITH THEIR

BILLS IN NUMEROUS WAYS.

INSURANCE INFORMATION IS OBTAINED AT ALL REGISTRATION POINTS AT EACH

VISIT. IF A PATIENT IS FOUND NOT TO HAVE INSURANCE, OR IS

UNDERINSURED THE FOLLOWING PROCEDURE IS FOLLOWED;

1. WHEN A PATIENT IS FOUND TO BE UNINSURED AND IN NEED OF FINANCIAL

ASSISTANCE, A NEW JERSEY CARE PAYMENT FACT SHEET IS REVIEWED WITH THE

PATIENT, AND A WRITTEN COPY IS PROVIDED TO THE PATIENT BY THE HEALTH

ACCESS STAFF. THE FACT SHEET EXPLAINS WHO IS ELIGIBLE, HOW TO APPLY

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WITH THE PHONE NUMBER OF EACH CAMPUS CHARITY CARE OFFICE, AND WHAT

DOCUMENTS ARE NEEDED TO DETERMINE ELIGIBILITY.

2. WHEN A PATIENT IS ADMITTED TO THE HOSPITAL, A CHARITY CARE WORKER

WILL VISIT THE PATIENT'S BEDSIDE TO START THE CHARITY CARE PROCESS.

IF A PATIENT IS FINANCIALLY SCREENED AND FOUND TO BE ELIGIBLE FOR

MEDICAID, A REFERRAL IS GIVEN TO THE HOSPITAL'S MEDICAID OUTSTATION

WORKER. THE OUTSTATION WORKER WILL VISIT THE PATIENT, AND BEGAN THE

MEDICAID PROCESS.

3. WHEN A PATIENT IS FOUND TO BE UNDERINSURED, (EXAMPLE IS A PATIENT

WHO HAS MEDICARE ONLY) A REFERRAL IS MADE TO THE CHARITY CARE WORKER,

AND THE SAME PROCESS IS FOLLOWED ABOVE.

4. THE PATIENT IS MONITORED FOR COMPLIANCE IN COMPLETING THE

APPLICATION INCLUDING VISITING THE PATIENT'S HOME IF NECESSARY TO

OBTAIN NECESSARY DOCUMENTATION TO COMPLETE THE APPLICATION.

5. ONCE THE PATIENT HAS BEEN APPROVED, THE CHARITY CARE DETERMINATION

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INFORMATION IS DOCUMENTED IN THE PATIENT'S REGISTRATION RECORD.

PATIENT ACCESS MONITORS AND INSTRUCTS THE PATIENT WHEN THEIR CHARITY  
CARE APPLICATION IS DUE FOR RENEWAL.

ASIDE FROM INFORMING PATIENTS DURING THEIR REGISTRATION PROCESS, ALL  
OF CAPITAL HEALTH'S DUNNING STATEMENTS CONTAIN THE FOLLOWING  
LANGUAGE:

CAPITAL HEALTH SYSTEM OFFERS FINANCIAL ASSISTANCE TO ALL OF ITS  
PATIENTS WHO ARE UNINSURED OR DO NOT HAVE FULL INSURANCE COVERAGE,  
AND WHO MEET CERTAIN INCOME AND ASSET CRITERIA.

CAPITAL HEALTH SYSTEM PROVIDES THIS ASSISTANCE THROUGH THE MEDICAID  
PROGRAM WHICH IS SPONSORED BY THE STATE OF NEW JERSEY AND FEDERAL  
GOVERNMENT AND THROUGH THE STATE OF NEW JERSEY'S HEALTHCARE FOR THE  
UNINSURED PROGRAM.

IN ADDITION, IF YOU DO NOT QUALIFY FOR EITHER OF THESE PROGRAMS,  
CAPITAL HEALTH SYSTEM CAN OFFER PROMPT PAYMENT DISCOUNTS AND  
DISCOUNTS FOR PATIENTS WHO HAVE BILLS THAT ARE A SIGNIFICANT

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FINANCIAL BURDEN TO THEM.

IF YOU CAN NOT AFFORD TO PAY YOUR BILL AND WOULD LIKE TO APPLY FOR

FINANCIAL ASSISTANCE PLEASE CALL US AT 609-394-6023.

EN ESPANOL: LLAME 609-394-6169 SI USTED NO PUEDE PERMITIRSE A PAGAR

SU CUENTA Y LE GUSTARA SOLICITAR LA AYUDA FINANCIERA.

LASTLY, THE HOSPITAL HAS A RECORDED MESSAGE THAT IS PLAYED WHILE A

CUSTOMER IS ON HOLD THAT SAYS THE FOLLOWING:

CAPITAL HEALTH SYSTEM OFFERS FINANCIAL ASSISTANCE TO ALL OF ITS

PATIENTS WHO ARE UN-INSURED OR DO NOT HAVE FULL INSURANCE COVERAGE,

AND WHO MEET CERTAIN INCOME AND ASSET CRITERIA.

CAPITAL HEALTH SYSTEM PROVIDES THIS ASSISTANCE THROUGH THE MEDICAID

PROGRAM WHICH IS SPONSORED BY THE STATE OF NEW JERSEY AND FEDERAL

GOVERNMENT AND THROUGH NEW JERSEY'S HEALTHCARE FOR THE UNINSURED

PROGRAM.



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HEALTH SYSTEM CAN OFFER PROMPT PAYMENT DISCOUNTS AND DISCOUNTS FOR

PATIENTS WHO HAVE BILLS THAT ARE A SIGNIFICANT BURDEN TO THEM.

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**COMMUNITY INFORMATION:**

CAPITAL HEALTH SERVES THE COMMUNITIES IN MERCER AND BURLINGTON

COUNTIES IN NEW JERSEY AND BUCKS COUNTY IN PENNSYLVANIA. THERE ARE

NEARLY 600,000 RESIDENTS IN OUR DEFINED PRIMARY AND SECONDARY SERVICE

AREAS.

THE RACIAL MAKEUP OF MERCER COUNTY, WHICH INCLUDES TRENTON, THE STATE

CAPITAL, IS 69.4% WHITE AND 20.5% BLACK. OF THOSE, 13.3% ARE PERSONS

OF HISPANIC OR LATINO ORIGIN. NEARLY 82% OF THE COUNTY'S RESIDENTS

GRADUATED HIGH SCHOOL AND 34% HAVE A BACHELOR'S DEGREE. MEDIAN

HOUSEHOLD INCOME IN THE COUNTY WAS \$56,613, ACCORDING TO THE 2000 US

CENSUS, WITH WEST WINDSOR HAVING THE HIGHEST AT \$116,335 AND TRENTON

HAVING THE LOWEST AT \$31,074.

THE RACIAL MAKEUP OF BURLINGTON COUNTY IS 76.9% WHITE, 16.8% BLACK,

AND 5.6% HISPANIC OR LATINO. MORE THAN 87% OF BURLINGTON COUNTY

RESIDENTS WHO ARE 25 YEARS OR OLDER GRADUATED HIGH SCHOOL AND 28.4%

HAVE A BACHELOR'S DEGREE. MEDIAN HOUSEHOLD INCOME IN BURLINGTON

COUNTY WAS \$76,869, ACCORDING TO THE 2000 US CENSUS, WITH REPORTED

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AMOUNTS FROM THE FOLLOWING PRIMARY AND SECONDARY SERVICE AREAS OF

CAPITAL HEALTH: BORDENTOWN CITY (\$47,279), BORDENTOWN TOWNSHIP

(\$60,131), BURLINGTON TOWNSHIP (\$61,663), AND BURLINGTON CITY

(\$43,115).

THE RACIAL MAKEUP OF BUCKS COUNTY, PENNSYLVANIA IS 91.5% WHITE, 3.8%

BLACK, AND 3.5% HISPANIC OR LATINO. OF THOSE, 88.6% OF BUCKS COUNTY

RESIDENTS WHO ARE 25 YEARS OR OLDER GRADUATED HIGH SCHOOL AND 31.2%

HAVE A BACHELOR'S DEGREE. MEDIAN HOUSEHOLD INCOME IN BUCKS COUNTY WAS

\$75,701, ACCORDING TO THE 2000 US CENSUS, WITH REPORTED AMOUNTS FROM

THE FOLLOWING PRIMARY AND SECONDARY SERVICE AREAS OF CAPITAL HEALTH:

YARDLEY (\$56,221), MORRISVILLE (\$43,095), NEWTOWN TOWNSHIP (\$80,532),

NEWTOWN BOROUGH (\$63,571), LANGHORNE BOROUGH (\$56,389) AND LEVITTOWN

(\$52,514).

**COMMUNITY BUILDING ACTIVITIES:**

BEGINNING IN JUNE, 2008, CAPITAL HEALTH UNDERTOOK TWO MAJOR

CONSTRUCTION PROJECTS IN MERCER COUNTY-THE CONSTRUCTION OF A NEW

HOSPITAL IN HOPEWELL TOWNSHIP AND EXTENSIVE RENOVATIONS AT ITS

**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.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

HOSPITAL IN TRENTON. CAPITAL HEALTH FELT STRONGLY THAT LOCAL

COMMUNITY RESIDENTS, SMALL BUSINESSES AND WOMEN AND MINORITY OWNED

BUSINESSES SHOULD BENEFIT FROM THE CONSTRUCTION PROJECTS, SO IT HIRED

QUALIFIED WOMEN/MINORITIES IN CONSTRUCTION (QWIC) TO RECRUIT SUCH

COMPANIES AND TO TRAIN THEM IN THE SKILLS NECESSARY TO GET WORK ON

THE PROJECTS. A LONGER TERM GOAL IS THAT THE SKILLS AND CONNECTIONS

THAT ARE LEARNED ON THE CAPITAL HEALTH PROJECTS CAN BE USED TO GAIN

FUTURE WORK.

A FEATURE OF THE SUCCESS OF THIS INITIATIVE WAS THAT WE TOOK THE

EXTRAORDINARY STEP OF BREAKING THE BIDS DOWN INTO SMALL ENOUGH

PACKAGES THAT THE SMALLER COMPANIES COULD HAVE A CHANCE TO BID ON

THEM. THIS ENABLED MANY COMPANIES TO PARTICIPATE ON THE PROJECT WHO

OTHERWISE WOULD NOT HAVE BEEN ABLE TO.

IT IS IMPORTANT TO NOTE THAT CAPITAL HEALTH WAS NOT OBLIGATED IN ANY

WAY TO UNDERTAKE THIS INITIATIVE AND, IN A TIME OF POOR ECONOMIC

CONDITIONS IN THIS COUNTRY, ITS TWO CONSTRUCTION PROJECTS WERE THE

ONLY MAJOR CONSTRUCTION PROJECTS TAKING PLACE IN MERCER COUNTY.

**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.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

TO DATE, \$70 MILLION IN CONTRACTS HAVE BEEN AWARDED TO MERCER COUNTY

BUSINESSES, 75% OF THE WORKERS ON THE SITE ARE NJ RESIDENTS AND 15%

ARE MERCER COUNTY RESIDENTS.

OUR GOAL IS THAT AT THE END OF THE PROJECT IS FOR 8% WOMEN-OWNED AND

15% MINORITY-OWNED PARTICIPATION. IN 2009, MINORITY-OWNED

PARTICIPATION HAD ALREADY REACHED NEARLY 7% AND WOMEN-OWNED

PARTICIPATION WAS MORE THAN 18%.

## OMB No 1545-0047

2009

## Open to Public Inspection

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

## Part I General Information on Grants and Assistance

- | Part | General Information on Grants                                                                                                                                                                                             |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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? |
| 2    | Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.                                                                                                             |

|                                     |     |
|-------------------------------------|-----|
| <input checked="" type="checkbox"/> | Yes |
| <input type="checkbox"/>            | No  |

|                                     |     |
|-------------------------------------|-----|
| <input checked="" type="checkbox"/> | Yes |
| <input type="checkbox"/>            | No  |

| 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.

[illegible]

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

3 Enter total number of other organizations

Schedule I (Form 990) 2009

USA

9E1288 2 000

2000  
2074BM U600



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**  
For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees  
▶ Complete if the organization answered "Yes" to Form 990,  
Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2009**

**Open to Public  
Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

**Part I Questions Regarding Compensation**

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

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

**b** If any of the boxes on line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? . . . . .

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

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

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? . . . . .
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .
- c** Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations 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:

- a** The organization? . . . . .
- b** Any related organization? . . . . .
- If "Yes" to line 5a or 5b, describe in Part III.

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

- a** The organization? . . . . .
- b** Any related organization? . . . . .
- If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III . . . . .

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .

Yes No

1b X

2 X

4a X

4b X

4c X

5a X

5b X

6a X

6b X

7 X

8 X

9

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

Schedule J (Form 990) 2009



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

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

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

| (A) Name                  | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                                     | (C) Retirement and other 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 reportable compensation |                                                |                         |                                 |                                                            |
| LOUIS DAMELIO MD          | (i)                                                | 587,244.                            | 30,000.                             | 472.                                           | 11,400.                 | 630,657.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| AL MAGHAZEHE PHD FACHE    | (i)                                                | 870,739.                            | 382,534.                            | 27,135.                                        | 480,185.                | 1,775,124.                      | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| RONALD J GUY              | (i)                                                | 564,909.                            | 393,759.                            | 19,305.                                        | 310,368.                | 1,304,158.                      | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| EUGENE W GROCHALA         | (i)                                                | 283,798.                            | 88,633.                             | 19,591.                                        | 144,722.                | 541,141.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| STEPHEN A MILLER JD       | (i)                                                | 186,660.                            | 56,160.                             | 1,191.                                         | 107,049.                | 367,968.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| LARRY DISANTO             | (i)                                                | 617,299.                            | 98,440.                             | 21,162.                                        | 301,486.                | 1,054,918.                      | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| JAN GABIN ESQ             | (i)                                                | 312,095.                            | 93,369.                             | 2,941.                                         | 148,110.                | 574,467.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| ROBERT REMSTEIN DO        | (i)                                                | 358,581.                            | 106,598.                            | 2,211.                                         | 133,496.                | 609,907.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| NATHAN BOSK FACHE         | (i)                                                | 268,452.                            | 84,964.                             | 16,745.                                        | 123,707.                | 511,100.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| TIMOTHY M GRAHAM          | (i)                                                | 259,374.                            | 78,212.                             | 1,380.                                         | 123,223.                | 481,473.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| PATRICIA V CAVANAUGH RN M | (i)                                                | 238,184.                            | 75,460.                             | 22,842.                                        | 121,793.                | 460,844.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| J SCOTT CLEMMENSEN        | (i)                                                | 222,402.                            | 71,941.                             | 19,154.                                        | 136,362.                | 458,950.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| GREGORY N DADAMO          | (i)                                                | 226,984.                            | 67,323.                             | 1,864.                                         | 131,845.                | 430,940.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| DENNIS DOOLEY             | (i)                                                | 212,347.                            | 62,568.                             | 2,421.                                         | 146,606.                | 441,274.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| MARGARET SULLIVAN         | (i)                                                | 203,108.                            | 57,706.                             | 18,212.                                        | 128,839.                | 421,742.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |
| LINDA DITE                | (i)                                                | 206,685.                            | 60,478.                             | 1,890.                                         | 117,644.                | 387,757.                        | 0.                                                         |
|                           | (ii)                                               | 0.                                  | 0.                                  | 0.                                             | 0.                      | 0.                              | 0.                                                         |

Schedule J (Form 990) 2009

**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.

COMPENSATION INFORMATION

SCHEDULE J, PART I; QUESTION 1A

THE ORGANIZATION PAID FOR CERTAIN HEALTH CLUB DUES FOR GREGORY N. DADAMO

IN THE AMOUNT OF \$90 DURING 2009. THIS AMOUNT WAS FULLY INCLUDED IN

TAXABLE INCOME AND REPORTED ON HIS 2009 FORM W-2, BOX 5, AS TAXABLE

MEDICARE WAGES.

COMPENSATION INFORMATION

SCHEDULE J, PART I; QUESTION 4B

THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING

INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE

SECTION PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT

TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE. ACCORDINGLY, THE

INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT.

VESTING PROVISIONS INCLUDE BOTH YEARS OF SERVICE AND AGE. THE AMOUNTS

OUTLINED HEREIN WERE NOT INCLUDED IN THESE INDIVIDUAL'S 2009 FORM W-2, AS

**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.

TAXABLE WAGES: AL MAGHAZEHE, PH.D., FACHE, \$255,023; RONALD J. GUY,

\$142,506; EUGENE W. GROCHALA, \$59,089; STEPHEN A. MILLER, J.D., \$29,252;

LARRY DISANTO, \$131,253; JAN GABIN, ESQ., \$49,797; ROBERT REMSTEIN, D.O.,

\$56,852; NATHAN BOSK, FACHE, \$45,314; TIMOTHY M. GRAHAM, \$41,713;

PATRICIA V. CAVANAUGH, RN, MSN, \$40,246; J. SCOTT CLEMMENSEN, \$47,961;

GREGORY N. D'ADAMO, \$44,882; DENNIS DOOLEY, \$41,712; MARGARET SULLIVAN,

\$41,804 AND LINDA DITE, \$32,255.

THE ORGANIZATION HAS IMPLEMENTED AN AT RISK DEFERRED COMPENSATION PROGRAM

WITH RESPECT TO THE CONSTRUCTION AND OPENING OF ITS NEW HOPEWELL HOSPITAL

FACILITY. THE PROGRAM MAY PAY THESE INDIVIDUALS BASED UPON SPECIFIC

CRITERIA BEING SATISFIED WITH RESPECT TO THE HOPEWELL HOSPITAL FACILITY

BEING ON TIME AND UNDER BUDGET ("HOTUB"). ACCORDINGLY, THESE HOTUB

AMOUNTS AS OUTLINED BELOW ARE ACCRUALS ONLY AND ARE SUBJECT TO A

SUBSTANTIAL RISK OF COMPLETE FORFEITURE. AS A RESULT THESE INDIVIDUAL'S

MAY NEVER RECEIVE THIS MONEY. THE AMOUNTS OUTLINED HEREIN WERE NOT

INCLUDED IN THESE INDIVIDUAL'S 2009 FORM W-2, AS TAXABLE WAGES: AL

MAGHAZEHE, PH.D., FACHE, \$202,500; RONALD J. GUY, \$148,500; EUGENE W.

**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.

GROCHALA, \$67,500; STEPHEN A. MILLER, J.D., \$67,500; LARRY DISANTO,

\$148,500; JAN GABIN, ESQ., \$84,375; ROBERT REMSTEIN, D.O., \$67,500;

NATHAN BOSK, FACHE, \$67,500; TIMOTHY M. GRAHAM, \$67,500; PATRICIA V.

CAVANAUGH, RN, MSN, \$67,500; J. SCOTT CLEMMENSEN, \$67,500; GREGORY N.

D'ADAMO, \$67,500; DENNIS DOOLEY, \$84,375; MARGARET SULLIVAN, \$67,500;

LINDA DITE, \$67,500 AND EILEEN M. HORTON, \$67,500.

COMPENSATION INFORMATION

SCHEDULE J, PART I; QUESTION 7

THE FOLLOWING INDIVIDUALS RECEIVED INCENTIVE AWARDS DURING CALENDAR YEAR

2009 WHICH INCENTIVE AWARDS WERE INCLUDED IN COLUMN B (II) HEREIN AND IN

EACH INDIVIDUAL'S 2009 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES. THESE

INCENTIVE AWARDS WERE GIVEN PURSUANT TO THE ORGANIZATION'S 2009 INCENTIVE

COMPENSATION PLAN (ICP), APPROVED BY THE BOARD COMPENSATION COMMITTEE,

BASED ON ACHIEVEMENT OF PRE-ESTABLISHED SYSTEM-WIDE AND BUSINESS UNIT

PERFORMANCE CRITERIA AND METRICS, AS WELL AS MEETING OR EXCEEDING

SPECIFIC PERFORMANCE ON "CIRCUIT BREAKERS": LOUIS DAMELIO, M.D., \$30,000;

**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.

AL MAGHAZEHE, PH.D., FACHE, \$382,534; RONALD J. GUY, \$393,759; EUGENE W.

GROCHALA, \$88,633; STEPHEN A. MILLER, J.D., \$56,160; LARRY DISANTO,

\$98,440; JAN GABIN, ESQ., \$93,369; ROBERT REMSTEIN, D.O., \$106,598;

NATHAN BOSK, FACHE, \$84,964; TIMOTHY M. GRAHAM, \$78,212; PATRICIA V.

CAVANAUGH, RN, MSN, \$75,460; J. SCOTT CLEMMENSEN, \$71,941; GREGORY N.

D'ADAMO, \$67,323; DENNIS DOOLEY, \$62,568; MARGARET SULLIVAN, \$57,706;

LINDA DITE, \$60,478; EILEEN M. HORTON, \$25,272; ARLINE M. STEPHAN,

\$27,002; EROL VEZNEDAROGLU, M.D., \$60,000; KENNETH M. LIEBMAN, M.D.,

\$26,000; JOHN D LIPANI, M.D., \$50,431 AND DOMINICK EBOLI, M.D., \$25,000.





**SCHEDULE L**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

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

OMB No 1545-0047

**2009**

**Open To Public  
Inspection**

**Name of the organization**

CAPITAL HEALTH SYSTEM, INC.

**Employer identification number**

22-3548695

**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 |
|                                           |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
|                                           |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
|                                           |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
|                                           |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
|                                           |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
|                                           |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| <b>Total</b> . . . . . ▶ \$               |                                       |      |                               |                 |                 |    |                                     |    |                        |    |

**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 and 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 |
| PRINCETON PIKE OFFICE PARK, L.L.C. | TRUSTEE, JINGOLI                                                | 449,127                   | RENT                           |                                         | X  |
| MERCER MEDICAL ASSOCIATES, P.A.    | TRUSTEE, SUDHAKAR                                               | 212,345.                  | MEDICAL SERVICES               |                                         | X  |
| RONA H REMSTEIN                    | SPOUSE OF OFFICER                                               | 119,049                   | EMPLOYEE                       |                                         | X  |
| JESSICA C REMSTEIN                 | DAUGHTER OF OFFICER                                             | 10,836                    | EMPLOYEE                       |                                         | X  |
| BAHRAM MAGHAZEHE                   | BROTHER OF OFFICER                                              | 80,862                    | EMPLOYEE                       |                                         | X  |

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

Schedule L (Form 990 or 990-EZ) 2009



**SCHEDULE O  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990**

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990.

OMB No 1545-0047

**2009**

**Open to Public  
Inspection**

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

ATTACHMENT 2

COMMUNITY BENEFIT STATEMENT

CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

BACKGROUND

=====

CAPITAL HEALTH SYSTEM, INC ("CAPITAL HEALTH") IS A GENERAL MEDICAL AND  
SURGICAL HOSPITAL. CAPITAL HEALTH IS RECOGNIZED BY THE IRS AS AN  
INTERNAL REVENUE CODE SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION.  
PURSUANT TO ITS CHARITABLE PURPOSES, CAPITAL HEALTH PROVIDES MEDICALLY  
NECESSARY HEALTH CARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY  
MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN OR ABILITY  
TO PAY. MOREOVER, CAPITAL HEALTH OPERATES CONSISTENTLY WITH THE FOLLOWING  
CRITERIA OUTLINED IN IRS REVENUE RULING 69-545:

1) CAPITAL HEALTH PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL  
INDIVIDUAL'S REGARDLESS OF ABILITY TO PAY. ,

2) CAPITAL HEALTH OPERATES EMERGENCY ROOMS AT BOTH OF ITS HOSPITAL  
CAMPUSES; FULD AND MERCER; WHICH ARE OPEN 24 HOURS A DAY, 7 DAYS A WEEK,  
365 DAYS PER YEAR;

3) CAPITAL HEALTH MAINTAINS AN OPEN MEDICAL STAFF, WITH PRIVILEGES  
AVAILABLE TO ALL QUALIFIED PHYSICIANS; AND

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ATTACHMENT 2 (CONT'D)

4) CONTROL OF CAPITAL HEALTH RESTS WITH ITS BOARD OF DIRECTORS; WHICH IS COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY.

5) SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE; PROGRAMS AND ACTIVITIES.

WITH OVER A CENTURY OF SERVICE TO MERCER AND BUCKS COUNTIES, BOTH HELENE FULD AND MERCER MEDICAL CENTERS SHARED TRADITIONS OF CARING. WITH THE VISION OF BUILDING ON THAT SERVICE INTO THE MILLENNIUM, THEY CAME TOGETHER IN DECEMBER 1997 TO FORM CAPITAL HEALTH. THE NEW ORGANIZATION IS COMPRISED OF 621 BEDS, EMPLOYS NEARLY 3,500 INDIVIDUALS, AND GENERATES OVER 325 MILLION DOLLARS IN ANNUAL NET PATIENT SERVICE REVENUE. CAPITAL HEALTH FULD AND MERCER CAMPUSES ARE SEPARATELY LICENSED ACUTE CARE HOSPITALS WITH 271 AND 350 BEDS, RESPECTIVELY.

CAPITAL HEALTH BUILT A NEW KIND OF HEALTHCARE CENTER THAT PUTS FAMILY PHYSICIANS AND SPECIALISTS, STATE-OF-THE-ART TECHNOLOGIES, AND SAME-DAY SURGICAL SERVICES ALL IN ONE LOCATION. CAPITAL HEALTH IN HAMILTON, LOCATED AT 1445 WHITEHORSE-MERCERVILLE ROAD, AND SPANNING 46,293 SQUARE FEET, CREATES A "MEDICAL MALL" WHERE PATIENTS CAN SEEK A HOST OF SERVICES SUCH AS OUTPATIENT SURGERY, RADIOLOGICAL TESTING AND SPECIALIZED CARE. MOREOVER, IT IS AESTHETICALLY DESIGNED TO MAKE PATIENTS FEEL BETTER EVEN

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ATTACHMENT 2 (CONT'D)

BEFORE SEEING A PHYSICIAN.

THE FAMILY HEALTH CENTER AT CAPITAL HEALTH IS LOCATED AT 433 BELLEVUE AVENUE JUST ACROSS THE STREET FROM THE CAPITAL HEALTH MERCER CAMPUS. THE NEW 14,000 SQUARE FOOT LOCATION HELPS TO REDUCE PATIENT WAIT TIME AND EXPEDITE THE REGISTRATION PROCESS. THE \$2.5 MILLION EXPANSION HAS ENABLED THE FAMILY HEALTH CENTER TO INCREASE FROM NINE TO 22 EXAM ROOMS, ALLOWING PATIENTS MORE PRIVACY AND CONFIDENTIALITY WHEN MEETING WITH THEIR DOCTORS.

CAPITAL HEALTH IS GUIDED BY ITS DEDICATION TO THE HEALTH CARE NEEDS OF THE COMMUNITIES THAT IT SERVES. THAT LEVEL OF DETERMINATION AND COMMITMENT IS THE VERY SOUL OF CAPITAL HEALTH. CAPITAL HEALTH PROVIDES HEALTH CARE SERVICES TO ALL PERSONS IN A NON-DISCRIMINATORY MANNER, REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGINS OR ABILITY TO PAY. MOREOVER, CAPITAL HEALTH PROVIDES HEALTH CARE SERVICES TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY, AS DEFINED BY THE NEW JERSEY STATE ATTORNEY GENERAL, WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES. CAPITAL HEALTH MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE AMOUNT OF CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY.

MISSION STATEMENT

=====

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ATTACHMENT 2 (CONT'D)

THE MISSION OF CAPITAL HEALTH IS TO SERVE THE COMMUNITY BY PROVIDING THE HIGHEST QUALITY AND MOST COST EFFECTIVE HEALTH CARE TO ALL. CAPITAL HEALTH IS COMMITTED TO PROVIDING COMPREHENSIVE, QUALITY HEALTH CARE SERVICES, WHICH IMPROVE AND SUSTAIN THE HEALTH STATUS OF THE RESIDENTS PRIMARILY IN CENTRAL NEW JERSEY AND LOWER BUCKS COUNTY, PENNSYLVANIA. CAPITAL HEALTH ASSURES ACCESSIBLE, COMPASSIONATE HEALTH CARE SERVICES THAT HONOR THE DIGNITY OF EVERY PERSON. CAPITAL HEALTH WILL BE A LEADER IN DEFINING THE COMMUNITY'S HEALTH CARE NEEDS, IN PROVIDING APPROPRIATE SOLUTIONS, AND DEVELOPING A COMPREHENSIVE CONTINUUM OF CARE INCLUDING EDUCATION, PREVENTION, DISEASE MANAGEMENT AND RESTORATIVE PROGRAMS.

## AWARDS AND RECOGNITION

=====

CAPITAL HEALTH HAS RECENTLY RECEIVED THE FOLLOWING AWARDS AND RECOGNITIONS:

TOP 10% IN THE NATION FOR TREATMENT OF STROKE

CAPITAL HEALTH HAS RECEIVED THE HIGHEST POSSIBLE RATINGS FOR THE TREATMENT OF STROKE BY HEALTHGRADES, THE HEALTHCARE RATINGS COMPANY. FOR THE SECOND YEAR IN A ROW, CAPITAL HEALTH IS THE RECIPIENT OF THE HEALTHGRADES STROKE CARE EXCELLENCE AWARD AND REMAINS AMONG THE TOP 10%

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ATTACHMENT 2 (CONT'D)

IN THE NATION FOR TREATMENT OF STROKE. CAPITAL HEALTH IS THE ONLY  
HOSPITAL IN THE TRI-COUNTY AREA OF MERCER, BURLINGTON AND CAMDEN COUNTIES  
TO BE RANKED AMONG THE TOP 10% IN THE NATION FOR TREATMENT OF STROKE; A  
RANKING IT HAS EARNED FOR THE PAST TWO YEARS IN A ROW.

PRESS GANEY COMPASS AWARD FOR PATIENT SATISFACTION  
-----

ACCORDING TO SURVEY SCORES SHOWING INCREASED PATIENT SATISFACTION IN THE  
FIRST TWO YEARS OF THE SURVEYS, PRESS GANEY ASSOCIATES HAS NAMED THE  
CAPITAL HEALTH MERCER CAMPUS AS A RECIPIENT OF THE 2007 PRESS GANEY  
COMPASS AWARD. CAPITAL HEALTH IS ONE OF ONLY TWELVE HEALTHCARE PROVIDERS  
IN THE COUNTRY WHO PARTICIPATE IN THE PRESS GANEY INPATIENT SURVEY TO  
RECEIVE THIS HONOR. AMONG HOSPITALS OF SIMILAR SIZE (300-449 BEDS) THAT  
PARTNER WITH PRESS GANEY, CAPITAL HEALTH IS ONE OF ONLY THREE HOSPITALS  
IN THE COUNTRY TO RECEIVE THE COMPASS AWARD IN 2007.

MAGNET RE-DESIGNATION  
-----

IN 2006, THE AMERICAN NURSES CREDENTIALING CENTER (ANCC) HAS RECOGNIZED  
CAPITAL HEALTH'S EXEMPLARY NURSING LEADERSHIP AND QUALITY PATIENT CARE BY  
AWARDING ITS MAGNET RECOGNITION FOR EXCELLENCE IN NURSING SERVICE.  
MAGNET STATUS IS THE HIGHEST LEVEL OF RECOGNITION THE ANCC CAN EXTEND TO  
A HEALTHCARE ORGANIZATION. CAPITAL HEALTH HOSTED TWO ANCC APPRAISERS FOR

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ATTACHMENT 2 (CONT'D)

A SITE VISIT AND THEIR RESULTS FOUND CAPITAL HEALTH TO BE THE DEFINITION  
OF EXCELLENCE SET FORTH BY THE SCOPE AND STANDARDS FOR NURSE  
ADMINISTRATORS AND OUTLINED BY THE CONGRESS OF NURSING PRACTICE OF THE  
AMERICAN NURSES ASSOCIATION (ANA).

JOINT COMMISSION'S GOLD SEAL OF APPROVAL

-----

THE JOINT COMMISSION IS AN INDEPENDENT, NOT-FOR-PROFIT, NATIONAL BODY  
THAT OVERSEES THE SAFETY AND QUALITY OF HEALTH CARE AND OTHER SERVICES  
PROVIDED IN ACCREDITED ORGANIZATIONS. BY AWARDING CAPITAL HEALTH THEIR  
GOLD SEAL OF APPROVAL, THE JOINT COMMISSION CONFIRMED THAT CAPITAL HEALTH  
IMPROVED THE ACCURACY OF PATIENT IDENTIFICATION, IMPROVED THE  
EFFECTIVENESS OF COMMUNICATION AMONG CAREGIVERS, AND IMPROVED THE SAFETY  
OF USING MEDICATIONS. IN ADDITION, THE JOINT COMMISSION CONFIRMED THAT  
CAPITAL HEALTH REDUCED THE RISK OF HEALTH CARE-ASSOCIATED INFECTIONS,  
ACCURATELY AND COMPLETELY RECONCILE MEDICATIONS ACROSS THE CONTINUUM OF  
CARE, REDUCED THE RISK OF PATIENT HARM RESULTING FROM FALLS, ENCOURAGED  
PATIENTS' ACTIVE INVOLVEMENT IN THEIR OWN CARE AS A PATIENT SAFETY  
STRATEGY, AND CAPITAL HEALTH IDENTIFIED SAFETY RISKS INHERENT IN THE  
PATIENT POPULATION.

STATEMENT FOR COMMUNITY HEALTH IMPROVEMENT & BENEFITS

=====

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ATTACHMENT 2 (CONT'D)

TO PROMOTE WELLNESS, PREVENT ILLNESS, AND REMOVE BARRIERS THAT HINDER  
ACCESS TO HEALTH CARE BY WORKING HAND-IN-HAND WITH THE COMMUNITIES  
SERVED.

## PRINCIPLES

-----

- CAPITAL HEALTH BELIEVES THAT COMMUNITY HEALTH IMPROVEMENT IS ESSENTIAL  
TO THE CAPITAL HEALTH MISSION.

- CAPITAL HEALTH BELIEVES COMMUNITY-BASED COALITIONS ARE UNIQUELY  
QUALIFIED TO ACHIEVE COMMUNITY HEALTH GOALS, AND CAPITAL HEALTH VALUES  
PARTNERSHIPS WITH THEM.

- CAPITAL HEALTH VALUES EVIDENCE-BASED PRACTICES AND SEEKS TO MODEL  
EXCELLENCE IN COMMUNITY HEALTH PRACTICE BASED ON EVIDENCE.

- CAPITAL HEALTH BELIEVES IN APPLYING CONTINUOUS QUALITY IMPROVEMENT TO  
COMMUNITY HEALTH: MEASURING NEED, MATCHING RESOURCES TO NEED, MEASURING  
OUTCOMES, AND MAKING ADJUSTMENTS IN PROCESSES.

## OPERATIONAL VALUES

-----

- INTEGRITY: ADHERES TO AN APPROPRIATE AND EFFECTIVE SET OF CORE BELIEFS

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ATTACHMENT 2 (CONT'D)

INCLUDING HONESTY AND SERVING THE GREATER GOOD. DOES NOT BLAME OTHERS FOR HIS OR HER OWN MISTAKES OR MISREPRESENT HIM OR HER FOR PERSONAL GAIN OR PROTECTION. PERCEIVED BY OTHERS AS A DIRECT, TRUTHFUL INDIVIDUAL AND IS WIDELY TRUSTED, WITH THE ABILITY TO PRESENT THE TRUTH IN AN APPROPRIATE AND HELPFUL MANNER.

- EXCELLENCE: PROVIDES THE MOST EFFICIENT AND EFFECTIVE WORK PROCESSES TO MEET THE NEEDS OF PATIENTS AND OTHER CUSTOMERS, WHICH LEADS TO THE HIGHEST QUALITY SERVICES. MAKES SOUND DECISIONS BASED UPON KNOWLEDGE, JUDGMENT, AND EXPERIENCE, AND IS SOUGHT OUT BY OTHERS FOR ADVICE AND SOLUTIONS TO ISSUES AND PROBLEMS.

## COMMUNITY BENEFIT STATEMENT (CONTINUED)

## CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

- COMPASSION: DEMONSTRATES CARING AND CONCERN FOR THE WELFARE OF OTHERS, ASSISTING WHEREVER NECESSARY. USES UNDERSTANDING AND INSIGHT WHEN DEALING WITH PATIENTS OR OTHER CUSTOMERS IN ALL ASPECTS OF CARE OR SERVICE DELIVERY.

- TEAMWORK: DISPLAYS A PROFESSIONAL AND COLLABORATIVE SPIRIT IN FULFILLING RESPONSIBILITIES AND ASSISTING OTHERS. HELPS TO CREATE AND MAINTAIN POSITIVE MORALE WITH HIS OR HER TEAM, SHARING IN SUCCESSES, WORKING THROUGH PROBLEMS. FOSTERS OPEN DIALOGUE, AND WORKS TOWARDS CREATING AN ATMOSPHERE WHERE OUTCOMES AND SUCCESS ARE BENEFICIAL TO THE TEAM AND/OR THE ORGANIZATION AT LARGE.



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ATTACHMENT 2 (CONT'D)

## VISION

-----

CAPITAL HEALTH WILL BE THE PREMIER COMMUNITY-BASED HEALTH CARE PROVIDER IN NEW JERSEY. CAPITAL HEALTH WILL CONSTANTLY STRIVE TO SUSTAIN THE HIGHEST PROFESSIONAL QUALITY STANDARDS, TO EXCEED EXPECTATIONS OF THOSE SERVED AND TO PROMOTE A POSITIVE WORK ENVIRONMENT. CAPITAL HEALTH'S SUCCESS WILL BE BUILT UPON CARING, COMPASSION, CREATIVITY, INTEGRITY, RESPECT, SERVICE, AND TEAMWORK.

## SERVICE CULTURE INITIATIVE

-----

CAPITAL HEALTH IS DEDICATED TO HIGH QUALITY PERFORMANCE AND TO EXCEEDING CUSTOMER EXPECTATIONS WITHIN A SUPPORTIVE AND FRIENDLY ENVIRONMENT. EACH EMPLOYEE HAS A RESPONSIBILITY AND IS ACCOUNTABLE FOR PROVIDING OPTIMUM SATISFACTION TO THE PATIENTS AND THEIR FAMILIES, PHYSICIANS AND COWORKERS.

~~SERVICE CULTURE INITIATIVE VISION STATEMENT~~

-----

- CAPITAL HEALTH COMMITS TO THE NEEDS OF THE COMMUNITY SERVED. THROUGH EXCELLENT SERVICE AND CARE, CAPITAL HEALTH ACHIEVES SUCCESSFUL PATIENT OUTCOMES.

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ATTACHMENT 2 (CONT'D)

- CAPITAL HEALTH ADHERES TO A STANDARD OR POSITIVE BEHAVIOR. THIS MUST INCLUDE POSITIVE FIRST IMPRESSIONS, APPROPRIATE COMMUNICATION, PROFESSIONAL APPEARANCE AND THE REALIZATION THAT THEY ARE DEALING WITH PEOPLE'S LIVES.

- CAPITAL HEALTH CREATES AN ENVIRONMENT CONDUCIVE TO POSITIVE RELATIONSHIP. BY HAVING EFFICIENT AND EFFECTIVE SYSTEMS, CAPITAL HEALTH IMPROVES QUALITY CARE AND SERVICE DELIVERY.

- CAPITAL HEALTH ACCEPTS THE CHALLENGE OF SERVICE CULTURE IMPROVEMENT AS A BUSINESS STRATEGY. IT IS NOT ONLY THE NICE THING TO DO, BUT THE RIGHT THING TO DO TO ASSURE THE GROWTH OF CAPITAL HEALTH.

- CAPITAL HEALTH RECOGNIZES EXCELLENT SERVICE CULTURE PERFORMANCE.

AFFILIATIONS/ COLLABORATION

-----

CENTERS OF EXCELLENCE

=====

BEHAVIORAL HEALTH

-----

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ATTACHMENT 2 (CONT'D)

CAPITAL HEALTH HAS BEEN DESIGNATED THE REGIONAL EMERGENCY MENTAL HEALTH

SERVICES CENTER IN MERCER COUNTY, NEW JERSEY. CAPITAL HEALTH IS  
AVAILABLE 24-HOURS-A-DAY, SEVEN DAYS A WEEK FOR ANYONE EXPERIENCING AN  
URGENT MENTAL HEALTH PROBLEM.

CAPITAL HEALTH ALSO MAINTAINS A MOBILE OUTREACH PROGRAM TO PROVIDE  
SERVICES TO CLIENTS AT HOME OR AT THE SITE OF THE CRISIS. CAPITAL HEALTH  
OFFERS Y.E.S., A YOUTH EMERGENCY SERVICE PROGRAM. Y.E.S. IS A  
FULL-SERVICE PSYCHIATRIC INTERVENTION AND SUICIDE PREVENTION PROGRAM.  
SERVICES INCLUDE CRISIS INTERVENTION, EMERGENCY ASSESSMENT, PSYCHIATRIC  
EVALUATION AND TREATMENT BY A BOARD-CERTIFIED CHILD PSYCHIATRIST AS  
NEEDED, HOME OR SCHOOL VISITS, REFERRAL FOR ONGOING TREATMENT AND  
ADMISSION TO A PRIVATE PSYCHIATRIC HOSPITAL.

CYBERKNIFE

-----

CAPITAL HEALTH IS OFFERING CYBERKNIFE RADIOSURGERY SYSTEM, THE WORLD'S  
MOST ACCURATE RADIOSURGERY DEVICE THAT ALLOWS PHYSICIANS TO TREAT TUMORS  
AND LESIONS ANYWHERE IN THE BODY WITH SUB-MILLIMETER ACCURACY. USED AS A  
~~NONINVASIVE ALTERNATIVE TO CONVENTIONAL SURGERY IN CANCER PATIENTS AS~~  
WELL AS OTHER MEDICAL CONDITIONS, CYBERKNIFE ENSURES THE MOST ACCURATE  
TARGETING OF TUMORS, ALLOWING FOR LESS TRAUMA TO HEALTHY TISSUE AND  
QUICKER RECOVERY TIME FOR PATIENTS.

THE CYBERKNIFE CENTER AT CAPITAL HEALTH IS THE ONLY HOSPITAL IN MERCER

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ATTACHMENT 2 (CONT'D)

AND BUCKS COUNTIES TO OFFER THIS TECHNOLOGICAL BREAKTHROUGH.

DA VINCI SURGICAL SYSTEM

-----

THE DA VINCI SURGICAL SYSTEM COMBINES SUPERIOR 3D VISUALIZATION ALONG WITH GREATLY ENHANCED DEXTERITY, PRECISION AND CONTROL IN AN INTUITIVE, ERGONOMIC INTERFACE WITH BREAKTHROUGH SURGICAL CAPABILITIES. THE DA VINCI SURGICAL SYSTEM AT CAPITAL HEALTH'S FULD HOSPITAL IS CURRENTLY BEING USED AS A MINIMALLY INVASIVE OPTION FOR PATIENTS IN NEED OF PROSTATE CANCER TREATMENT (PROSTATECTOMY) OR GYNECOLOGY PROCEDURES. THE FIRST PROCEDURES AT CAPITAL HEALTH WERE RECENTLY PERFORMED SUCCESSFULLY AT THE FULD CAMPUS. THE DA VINCI SURGICAL SYSTEM IS IMPROVING PATIENT EXPERIENCES AND OUTCOMES BY FUNDAMENTALLY CHANGING SURGERY BY SIMPLIFYING MANY EXISTING MINIMALLY INVASIVE SURGICAL (MIS) PROCEDURES, MAKING DIFFICULT MIS OPERATIONS ROUTINE, MAKING NEW MIS PROCEDURES POSSIBLE, AND IMPROVING PATIENT OUTCOMES.

DIABETES SERVICES

-----

DIABETES CARE AT CAPITAL HEALTH IS AN OUTPATIENT COMPREHENSIVE REFERRAL BASED DIABETES EDUCATION PROGRAM THAT EMPOWERS PATIENTS TO TAKE CONTROL IN THE SUCCESSFUL MANAGEMENT OF THEIR DISEASE. CAPITAL HEALTH'S EDUCATION MODEL, WHERE THE PATIENT IS THE CENTRAL PLAYER, IS WIDELY

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ATTACHMENT 2 (CONT'D)

RECOGNIZED AS THE BEST MODEL TO USE TO HELP THE PATIENT ACHIEVE OPTIMAL  
HEALTH RELATED OUTCOMES. CAPITAL HEALTH WORKS CLOSELY WITH PRIMARY CARE  
PHYSICIANS WHO CONTINUE TO MONITOR EACH INDIVIDUAL'S MEDICAL PROBLEMS.

EMERGENCY SERVICES  
-----

THE CAPITAL AREA REGIONAL TRAUMA CENTER, THE LEVEL II TRAUMA CENTER AT  
CAPITAL HEALTH - FULD, IS ONE OF ONLY 10 DESIGNATED TRAUMA CENTERS IN NEW  
JERSEY. CAPITAL HEALTH PROVIDES COMPREHENSIVE CARE FROM THE TIME OF  
INJURY THROUGH REHABILITATION. THE CAPITAL HEALTH CENTER MEETS HIGH  
NATIONAL STANDARDS FOR PATIENT CARE AND TEACHING. THE CAPITAL AREA  
REGIONAL TRAUMA CENTER IS A NEW JERSEY STATE DESIGNATED TRAUMA CENTER.  
THE DESIGNATION PROCESS INVOLVES DETAILED REGULAR INSPECTIONS BY NATIONAL  
AND STATE ORGANIZATIONS TO ASSURE HIGH STANDARDS OF CARE. CAPITAL HEALTH  
IS THE REGIONAL REFERRAL CENTER FOR INJURED PATIENTS IN MERCER COUNTY AND  
ADJACENT PARTS OF SOMERSET, HUNTERDON, BURLINGTON, AND MIDDLESEX COUNTIES  
AS WELL AS NEARBY AREAS OF PENNSYLVANIA. DESIGNATED TRAUMA CENTERS CARE  
FOR SEVERELY INJURED PATIENTS AS WELL AS VICTIMS OF ACCIDENT TYPES KNOWN  
~~TO BE ASSOCIATED WITH A HIGH RISK FOR INJURY. TRAUMA PATIENTS INCLUDE~~  
PERSONS INVOLVED IN MOTOR VEHICLE CRASHES, FALLS, AND ASSAULTS WITH  
KNIVES, GUNS, OR BLUNT OBJECTS. TRAUMA CENTERS HAVE THE LATEST TECHNOLOGY  
AND EXPERIENCED STAFF AVAILABLE TO CARE FOR YOUR FAMILY MEMBER. BESIDES  
PROVIDING CARE TO THE INJURED, TRAUMA CENTERS ARE ALSO ACTIVE PARTNERS  
WITH THE COMMUNITY IN INJURY PREVENTION AND PUBLIC EDUCATION.

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ATTACHMENT 2 (CONT'D)MATERNITY  
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FROM ROUTINE DELIVERIES TO HIGH-RISK NEEDS, CAPITAL HEALTH'S GREAT EXPECTATIONS PROGRAM PROVIDES A FULL RANGE OF PRENATAL, OBSTETRICAL, POSTPARTUM, AND NEONATAL CARE OPTIONS TO MAKE SURE YOUR NEW FAMILY HAS THE GREATEST CHANCE FOR A HEALTHY BEGINNING. THE MATERNITY UNIT ON THE MERCER CAMPUS IS MERCER COUNTY'S ONLY REGIONAL PERINATAL CENTER AND THE ONLY LEVEL III NEONATAL INTENSIVE CARE UNIT.

CAPITAL HEALTH IS THE ONLY HEALTHCARE PROVIDER IN THE REGION TO HAVE IN-HOUSE COVERAGE BY OBSTETRICIANS, MIDWIVES, NEONATOLOGISTS, AND ANESTHESIOLOGISTS 24 HOURS A DAY, SEVEN DAYS A WEEK. AND, CAPITAL HEALTH WAS CHOSEN AS NEW JERSEY'S FIRST SITE TO HOUSE A NEW PROGRAM CALLED MARCH OF DIMES FAMILY SUPPORT. THE PROGRAM PROVIDES INFORMATION AND EMOTIONAL SUPPORT TO FAMILIES OF CRITICALLY ILL NEWBORNS BEING CARED FOR IN THE NEONATAL INTENSIVE CARE UNIT.

~~ALSO, THE COMPREHENSIVE CHILDBIRTH AND PARENT EDUCATION SERVICES HELPS~~  
PREPARE INDIVIDUALS TO BE THE BEST PARENT POSSIBLE BY TEACHING ABOUT THE PROCESS OF BIRTH AND HOW TO CARE FOR YOUR INFANT.

THE INSTITUTE FOR NEUROSCIENCES  
-----

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ATTACHMENT 2 (CONT'D)

AT THE INSTITUTE, PATIENTS FIND EXPERT PHYSICIANS WHO PRACTICE MEDICINE  
IN A BROAD ARRAY OF SPECIALTIES, LEADING-EDGE TECHNOLOGY, AND MUCH MORE,  
ALL WITHIN A CAREFULLY COORDINATED CARE PLAN CREATED FOR THE PATIENTS.  
WITHIN THE INSTITUTE FOR NEUROSCIENCES, THE CENTERS OF EXCELLENCE  
INCLUDE:

- THE SPINE WELLNESS CENTER
- THE CENTER FOR SPINAL DIAGNOSTICS AND INTERVENTIONAL PAIN MANAGEMENT
- THE CYBERKNIFE CENTER
- THE CEREBROVASCULAR CENTER
- THE NEUROSURGERY CENTER
- THE NEURO-ONCOLOGY CENTER
- THE EPILEPSY CENTER

COMMUNITY BENEFIT STATEMENT (CONTINUED)

CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

ONCOLOGY

CAPITAL HEALTH HAS CONSISTENTLY OFFERED PATIENTS A CLOSELY INTEGRATED  
TEAM OF MEDICAL, SURGICAL, RADIATION, AND ALLIED CANCER SPECIALISTS WHO  
USE THEIR KNOWLEDGE AND EXPERIENCE TO PROVIDE CUTTING-EDGE CANCER  
TREATMENT CLOSE TO HOME. THE RADIATION ONCOLOGY DEPARTMENT IS A SATELLITE  
CENTER OF THE UNIVERSITY OF PENNSYLVANIA'S PENN RADIATION ONCOLOGY  
SERVICES AND IS ACCREDITED BY THE AMERICAN COLLEGE OF RADIOLOGY.

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ATTACHMENT 2 (CONT'D)

WHEN ONE CHOOSES CAPITAL HEALTH FOR CANCER CARE, ONE SELECTS BOARD CERTIFIED PHYSICIANS WHO REMAIN WITH THE PATIENT FROM DIAGNOSIS THROUGH TREATMENT. WORKING TOGETHER, CAPITAL HEALTH OFFERS A COMPASSIONATE APPROACH TO ASSIST PATIENTS WITH EVERY ASPECT OF CANCER CARE, INCLUDING SCREENING, DIAGNOSIS, TREATMENT, RECOVERY, AND SURVIVORSHIP.

THE REGIONAL CANCER CENTER (RCC) AT CAPITAL HEALTH IS COMMITTED TO PROVIDING COMPREHENSIVE QUALITY ONCOLOGY HEALTH CARE SERVICES, TO HELP IMPROVE AND SUSTAIN THE HEALTH STATUS OF RESIDENTS LIVING PRIMARILY IN CENTRAL NEW JERSEY AND LOWER BUCKS COUNTY. CAPITAL HEALTH STRIVES TO IMPROVE AND EXTEND THE QUALITY OF LIFE FOR THE PATIENT WITH CANCER. THE RCC WILL BE A LEADER IN DEFINING THE COMMUNITY'S CANCER CARE NEEDS BY PROVIDING APPROPRIATE PLANS THROUGH A COMPREHENSIVE CONTINUUM OF CARE, WHICH INCLUDES EDUCATION, PREVENTION, SCREENING, DIAGNOSIS, TREATMENT, SYMPTOM MANAGEMENT, SUPPORTIVE CARE AND SURVIVORSHIP PROGRAMS. CAPITAL HEALTH'S SUCCESS WILL BE BUILT UPON CARE, COMPASSION, CREATIVITY, INTEGRITY, RESPECT, SERVICE, STATE-OF-THE-ART TECHNOLOGY AND MULTIDISCIPLINARY TEAMWORK.

PEDIATRICS

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CAPITAL HEALTH'S MERCER CAMPUS IS HOME TO THE ONLY LEVEL III NEONATAL INTENSIVE CARE UNIT (NICU) AND IN-PATIENT PEDIATRIC UNIT IN MERCER



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ATTACHMENT 2 (CONT'D)

COUNTY. CAPITAL HEALTH'S PEDIATRIC EMERGENCY SERVICES ENSURES NO CHILD  
WILL WAIT FOR EMERGENCY CARE. CAPITAL HEALTH'S AFFILIATION WITH ST.  
CHRISTOPHER'S HOSPITAL FOR CHILDREN BRINGS CHILDREN IN THE AREA "CLOSE  
TO-HOME" ACCESS TO SOME OF THE FINEST PEDIATRIC SUBSPECIALISTS IN THE  
NATION. AND THE PEDIATRIC HOSPITALIST PROGRAM GIVES PEDIATRIC PATIENTS  
AND THEIR PHYSICIANS AROUND-THE-CLOCK ACCESS TO IN-HOUSE PEDIATRICIANS.

## RADIOLOGY SERVICES

-----

CAPITAL HEALTH HAS AN ARSENAL OF THE MOST STATE-OF-THE-ART TECHNOLOGY  
TOOLS THAN ANY OTHER HEALTHCARE SYSTEM IN THE REGION. AS THE REGION'S  
TECHNOLOGY LEADER, CAPITAL HEALTH IS THE FIRST TO OFFER FULL-TIME, ONSITE  
PET SCAN TECHNOLOGY.

THE FULL-SERVICE IMAGING SUITE BOASTS A NEW GENERATION SPIRAL CT ULTRA  
SCANNER EQUIPPED TO PERFORM COMPUTERIZED TOMOGRAPHY (CAT SCANS) AND A  
MAGNETIC RESONANCE IMAGING (MRI) MACHINE THAT FEATURES THE SHORTEST  
HIGH-FIELD MAGNET IN THE INDUSTRY.

## SLEEP CENTER

-----

CAPITAL HEALTH HAS BEEN PROVIDING COMPREHENSIVE EVALUATION AND TREATMENT  
FOR SLEEP RELATED PROBLEMS FOR MORE THAN 20 YEARS AND CAPITAL HEALTH WAS

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ATTACHMENT 2 (CONT'D)

THE FIRST IN MERCER COUNTY. AT THE PRESENT TIME, CAPITAL HEALTH IS THE  
LARGEST FULLY ACCREDITED SLEEP CENTER IN MERCER AND BUCKS COUNTIES.  
BETWEEN BOTH CAMPUSES, CAPITAL HEALTH OFFERS FOURTEEN PRIVATE ROOMS  
DEDICATED TO SLEEP TESTING FOR PATIENTS WHO HAVE A WIDE VARIETY OF  
PROBLEMS RELATED TO SLEEP AND WAKEFULNESS.

AS SLEEP CENTERS FULLY ACCREDITED BY THE AMERICAN ACADEMY OF SLEEP  
MEDICINE, CAPITAL HEALTH ENSURES THAT ALL PATIENTS TREATED AT CAPITAL  
HEALTH BENEFIT FROM A COMPLETE SLEEP EVALUATION AND INDIVIDUALIZED  
TREATMENT PLAN.

## DEFINITION OF COMMUNITY AND POPULATION SERVED

-----

CAPITAL HEALTH DEFINES ITS COMMUNITY AS THE CITY OF TRENTON, MERCER  
COUNTY AND BUCKS COUNTY. TRENTON, N.J. IS LOCATED IN MERCER COUNTY ACROSS  
THE DELAWARE RIVER FROM BUCKS COUNTY, PA. TRENTON WAS ONCE A CENTER FOR  
INDUSTRY IN THE LATE 1800S AND EARLY 1900S, BUT HAS SEEN DRAMATIC  
ECONOMIC DEVELOPMENT CHALLENGES FOR MOST OF THE 20TH CENTURY. ACCORDING  
TO THE 2000 U.S. CENSUS, ITS 1999 MEDIAN HOUSEHOLD INCOME WAS \$31,074, BY  
FAR THE LOWEST IN MERCER COUNTY, WHERE THE OVERALL MEDIAN HOUSEHOLD  
INCOME WAS \$56,612. TRENTON WAS THE ONLY MUNICIPALITY IN THE COUNTY TO  
EXPERIENCE A DECREASE IN ITS POPULATION BETWEEN 1990 AND 2000 AS ITS  
NUMBER OF RESIDENTS FELL 3.7 PERCENT TO 85,403. TRENTON ALSO HAS THE  
HIGHEST NUMBER AND PERCENTAGE OF MINORITIES IN MERCER COUNTY WITH A

Name of the organization

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ATTACHMENT 2 (CONT'D)

PREDOMINANTLY AFRICAN-AMERICAN POPULATION OF 44,465 RESIDENTS OR 52.1 PERCENT. HISPANICS OR LATINOS OF ANY RACE CONSTITUTED 18,391 RESIDENTS OR 21.5 PERCENT, WHILE CAUCASIANS WERE NUMBERED AT 27,802 OR 32.6 PERCENT.

COMMUNITY BENEFITS FOR FY 2008

=====

OUTLINED BELOW ARE A NUMBER OF CAPITAL HEALTH COMMUNITY BENEFIT PROGRAMS. THE INFORMATION IS NOT INTENDED TO BE ALL-INCLUSIVE BUT RATHER PROVIDES ADDITIONAL INFORMATION THAT FURTHER DEMONSTRATES HOW CAPITAL HEALTH BENEFITS THE SURROUNDING COMMUNITY IN FURTHERANCE OF ITS CHARITABLE TAX-EXEMPT PURPOSES.

CAPITAL HEALTH CHILDBIRTH AND PARENT EDUCATION PROGRAM

-----

BENEFIT ACTIVITY: PREPARED CHILDBIRTH CLASSES IN SPANISH LANGUAGE

THE CHILDBIRTH AND PARENT EDUCATION PROGRAM PROVIDES, FREE OF CHARGE, A ~~FULL-DAY PREPARED CHILDBIRTH CLASS TO SPANISH-SPEAKING EXPECTANT PARENTS~~ FROM THEIR COMMUNITY. THE CLASS IS HELD EVERY OTHER MONTH AND IS TAUGHT BY A CAPITAL HEALTH CERTIFIED CHILDBIRTH AND PARENT EDUCATOR WHO IS FLUENT IN SPANISH. CULTURALLY APPROPRIATE METHODS AND AUDIO-VISUAL MATERIALS ARE UTILIZED IN THE TEACHING OF THIS CLASS. PARTICIPANTS RECEIVE FREE BREAKFAST AND LUNCH. PARTICIPANTS RECEIVE SPANISH LANGUAGE

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ATTACHMENT 2 (CONT'D)

REFERENCE MATERIALS AND AN EXTENSIVE HANDBOOK. REFERRALS TO THIS CLASS  
COME FROM THE CAPITAL HEALTH HEALTH START PRENATAL CLINIC, A COMMUNITY  
PARTNERSHIP WITH CUNA, AND BY WORD-OF-MOUTH.

LACTATION SERVICES  
-----

IN 2000, THE BREASTFEEDING RATE AT CAPITAL HEALTH START CLINIC FOR ANY  
BREASTFEEDING WAS 40 PERCENT. EXCLUSIVE BREASTFEEDING WAS ONLY 14  
PERCENT. THROUGH EDUCATIONAL PROGRAMS AND ONE-TO-ONE SUPPORT WITH  
INCREASES IN SERVICES, THE CAPITAL HEALTH HEALTH START CLINIC AS OF 2005  
DEMONSTRATED A 69 PERCENT BREASTFEEDING INITIATION RATE AND A 34 PERCENT  
EXCLUSIVE BREASTFEEDING RATE.

SUPPORT PROGRAMS FOR THIS VULNERABLE POPULATION HAVE BEEN INSTRUMENTAL IN  
THESE DRAMATIC INCREASES. THESE RATES EXCEED THOSE OF OTHER CITIES SUCH  
AS NEWARK, PHILADELPHIA AND BALTIMORE.

MERCER AREA EARLY INTERVENTION SERVICES  
-----

CAPITAL HEALTH MERCER AREA EARLY INTERVENTION SERVICES PROVIDE AT-RISK  
MINORITY ADULTS/ADOLESCENTS IN THE CITY OF TRENTON AND ITS SURROUNDING  
COMMUNITIES WITH HIV/AIDS OUTREACH. THEIR OUTREACH INCLUDES HIV  
EDUCATION, HIV TESTING AND COUNSELING, AND IMMEDIATE ACCESS TO TREATMENT

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ATTACHMENT 2 (CONT'D)

AND SUPPORT SERVICES FOR INDIVIDUALS IDENTIFIED WITH HIV INFECTION.

CAPITAL HEALTH COLLABORATES WITH OTHER LOCAL ORGANIZATIONS, SCHOOLS, AND CHURCHES THROUGH A MINIMUM OF SIX COMMUNITY AWARENESS/EDUCATION EVENTS THROUGHOUT THE YEAR.

#### TRAUMA EDUCATION

-----

THE CAPITAL AREA REGIONAL TRAUMA CENTER AT CAPITAL HEALTH OFFERS FREE IN.J.URY PREVENTION PROGRAMS TO MEMBERS OF THE COMMUNITY THAT INCLUDE PEDESTRIAN SAFETY, BICYCLE SAFETY, SEAT BELT SAFETY, PROPER USE OF CHILD SAFETY SEATS, AND HOME SAFETY.

#### CAPITAL HEALTH SCHOOL OF NURSING

-----

THE CAPITAL HEALTH SCHOOL OF NURSING WAS ESTABLISHED IN 2000 AND COMBINES A RICH HISTORY OF BOTH MERCER MEDICAL CENTER (1895) AND HELENE FULD (1890) SCHOOLS OF NURSING. IT CARRIES OVER A CENTURY OF EXCELLENCE IN EDUCATING HEALTH CARE PROFESSIONALS.

THE CAPITAL HEALTH SCHOOL OF NURSING IS A TWO-YEAR COOPERATIVE PROGRAM WITH MERCER COUNTY COMMUNITY COLLEGE (MCCC). EVERY CANDIDATE WHO IS ACCEPTED TO THE CAPITAL HEALTH SCHOOL OF NURSING IS A RECIPIENT OF THE HELENE FULD TRENTON TRUST SCHOLARSHIP THAT PROVIDES TUITION FOR ALL

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ATTACHMENT 2 (CONT'D)

NURSING COURSES TAUGHT AT THE CAPITAL HEALTH SCHOOL OF NURSING. IN

ADDITION, STUDENTS MAY APPLY FOR VARIOUS SCHOLARSHIPS PROVIDED THROUGH  
THE CAPITAL HEALTH FOUNDATION.

THE MAIN CAMPUS IS LOCATED IN AN URBAN AREA RICH IN HISTORY AND WITHIN  
EASY REACH OF PRINCETON, PHILADELPHIA, AND BUCKS COUNTY. MCCC IS LOCATED  
IN A BEAUTIFUL SUBURBAN LOCATION IN WEST WINDSOR TOWNSHIP APPROXIMATELY  
SIX MILES FROM THE SCHOOL. ALL NURSING COURSES ARE OFFERED AT THE NURSING  
SCHOOL, WHILE BASIC HUMANITIES AND SCIENCE COURSES ARE TAUGHT AT THE  
COLLEGE.

UPON COMPLETION OF THIS PROGRAM, GRADUATES ARE AWARDED A DIPLOMA FROM  
CAPITAL HEALTH AND AN ASSOCIATE IN SCIENCE DEGREE FROM MCCC. GRADUATES  
ARE ELIGIBLE TO MATRICULATE WITH INSTITUTIONS OF HIGHER LEARNING FOR A  
BACHELOR OF SCIENCE IN NURSING DEGREE. GRADUATES HAVE PROVEN THEIR  
COMPETENCY WITH CONSISTENTLY HIGH PASSING RATES ON THE NATIONAL COUNCIL  
LICENSING EXAMINATION FOR REGISTERED NURSES. THE NEW JERSEY BOARD OF  
NURSING AND THE NATIONAL LEAGUE FOR NURSING ACCREDITING COMMISSION  
ACCREDIT THE CAPITAL HEALTH SCHOOL OF NURSING.

COMMUNITY BENEFIT STATEMENT (CONTINUED)

CORE FORM, PART III; STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

CONNECTING WITH THE LATINO COMMUNITY

-----

ENLACE ("LINK" IN SPANISH) IS A NAME FOR AN INNOVATIVE CAPITAL HEALTH

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ATTACHMENT 2 (CONT'D)

PROGRAM DESIGNED TO CREATE CONTACTS AND CONNECTIONS WITHIN THE LATINO COMMUNITY. THROUGH ENLACE, CAPITAL HEALTH PROVIDES MEDICAL INTERPRETING AND HAS TRANSLATED ALL VITAL MEDICAL DOCUMENTS AND ARE NOW DOING THE SAME WITH PATIENT EDUCATION MATERIALS. ENLACE ALSO HELPS EDUCATE THE LATINO COMMUNITY ABOUT AMERICAN CUSTOMS AND HEALTHCARE PRACTICES AND PROVIDES CAPITAL HEALTH STAFF WITH INFORMATION ABOUT LATINO CULTURES. ANOTHER PROGRAM, CUNA (WHICH IS SPANISH FOR "CRIB"), CONNECTS LATINO WOMEN WITH PRE- AND POST-NATAL CARE, AND HELPS NEW MOTHERS OVERCOME LANGUAGE BARRIERS TO BETTER UNDERSTAND HEALTH ISSUES. CUNA ALSO OFFERS HELP WITH NUTRITION, COPING SKILLS AND EVEN BABYSITTING FOR OLDER CHILDREN.

## COMMUNITY HEALTH EDUCATION

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CAPITAL HEALTH'S COMMUNITY HEALTH EDUCATION DEPARTMENT (CHE) IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITY, AS WELL AS TO THE PREVENTION AND EARLY DETECTION OF DISEASE AMONG PEOPLE LIVING IN OUR COMMUNITY. THESE GOALS ARE ACCOMPLISHED BY PROVIDING HEALTH EDUCATION AND OTHER RELATED SERVICES TO THE GENERAL PUBLIC, AS WELL AS TO BUSINESS ORGANIZATIONS. ~~THESE SERVICES CONSIST OF THE SPEAKER'S BUREAU, HEALTH FAIRS/HEALTH SCREENINGS, HEALTH EDUCATION LECTURE SERIES AND SUPPORT GROUPS, WALKING CLUBS, HEALTH INFORMATION CENTER, WELLNESS SPA, AND A PARTNERSHIP WITH THE MERCER COUNTY TOBACCO QUIT CENTER. PROGRAMS ARE HELD IN VARIOUS LOCATIONS THROUGHOUT MERCER AND BUCKS COUNTIES, WITH TOPICS INCLUDING DIABETES EDUCATION, PERIPHERAL VASCULAR DISEASE AWARENESS,~~

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ATTACHMENT 2 (CONT'D)

HEALTHY EATING, CANCER GENETICS, WOMEN'S HEALTH AND INTEGRATIVE  
MODALITIES MODALITIES SUCH AS YOGA.

THE CHE DEPARTMENT PROVIDES A SERIES OF DIVERSE HEALTH EDUCATION  
PROGRAMS, RELATED TO HEALTH MAINTENANCE, DISEASE PREVENTION, EARLY  
DETECTION, GENERAL WELLNESS AND PERSONAL DEVELOPMENT. A SCHEDULE OF THE  
PROGRAMS, SCREENINGS AND SUPPORT GROUPS MAY BE VIEWED ONLINE AT:  
WWW.CAPITALHEALTH.ORG/MEDICAL\_SERVICES/CHED.HTML OR IN THE COMMUNITY  
HEALTH EDUCATION PUBLICATION, "REGARDING YOUR HEALTH." THIS PUBLICATION  
IS MAILED TO 80,000 HOMES IN THE SURROUNDING MERCER AND BUCKS COUNTY  
AREAS.

CALL CENTER & WEBSITE  
-----

IMMEDIATE ACCESS TO CAPITAL HEALTH IS PROVIDED THROUGH A FREE CALL  
CENTER, WHICH OFFERS PHYSICIAN REFERRALS TO OVER 500 PHYSICIANS IN MORE  
THAN 40 SPECIALTIES, REGISTRATION FOR COMMUNITY HEALTH PROGRAMS,  
DIRECTIONS, AND INFORMATION ABOUT CAPITAL HEALTH PROGRAMS AND SERVICES.

CAPITAL HEALTH'S WEBSITE (WWW.CAPITALHEALTH.ORG) BRINGS A WEALTH OF  
HEALTHCARE INFORMATION TO YOU WITH JUST THE CLICK OF A MOUSE. THE  
HOMEPAGE IS DESIGNED FOR EASY NAVIGATION, AND CAPITAL HEALTH OFFERS EASY  
ACCESS TO MEDLINE PLUS HEALTH RESOURCES, INTERACTIVE FEATURES SUCH AS  
"ASK THE EXPERTS," QUIZZES, POLLS, AND SURVEYS, ONLINE PHYSICIAN



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ATTACHMENT 2 (CONT'D)

DIRECTORY WITH PHYSICIAN PHOTOS AND BIOS, AND LINKS TO NUMEROUS PATIENT  
RESOURCES.

#### COMMUNITY SPONSORSHIPS

-----

CAPITAL HEALTH IS PROUD TO SPONSOR MANY LOCAL ORGANIZATIONS IN MERCER AND  
BUCKS COUNTY THROUGH IN-KIND AND MONETARY DONATIONS. CAPITAL HEALTH  
SUPPORTS A VARIETY OF CIVIC AND CULTURAL ORGANIZATIONS THAT WORK TO  
IMPROVE THE WELL BEING OF THE COMMUNITY.

#### LOCAL CHAPTERS OF NATIONAL ORGANIZATIONS

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THE NATIONAL ORGANIZATION OF WOMEN, NAACP TRENTON BRANCH, BOY SCOUTS OF  
AMERICA, GIRL SCOUTS OF DELAWARE, NATIONAL CONGRESS OF BLACK WOMEN,  
AMERICAN HEART ASSOCIATION, MARCH OF DIMES, AMERICAN CANCER SOCIETY,  
AMERICAN RED CROSS, UNITED NEGRO COLLEGE FUND.

#### NON-PROFIT, CIVIC AND CULTURAL ORGANIZATIONS

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TRENTON COUNCIL OF CIVIC ASSOCIATION, EGGERS CROSSING COMMUNITY  
DEVELOPMENT CORPORATION, CAPITAL CORRIDOR COMMUNITY DEVELOPMENT  
CORPORATION, WOMAN SPACE, INC., MENTOR POWER OF LAWRENCE TOWNSHIP, LIFE

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ATTACHMENT 2 (CONT'D)

TIES, ENABLE, INC., SERVE, MERCER COUNTY IMPROVEMENT AUTHORITY, TRENTON  
HISTORICAL SOCIETY, THE CRISIS MINISTRY, NAMI MERCER N.J., CATHOLIC  
CHARITIES, CYO, MERCER ALLIANCE TO END HOMELESSNESS, ISLES, INC., TRENTON  
EDUCATION DANCE INSTITUTE, TRENTON ALUMNAE FORTITUDE CORPORATION, LOVE  
THY NEIGHBOR COMMUNITY DEVELOPMENT CORPORATION, YWCA OF PRINCETON, ARC  
MERCER, GREATER TRENTON YMCA, CHILDREN HOME SOCIETY, MOBILE MEALS OF  
TRENTON/EWING, LAWRENCEVILLE MAIN STREET ASSOCIATION, BUCKS COUNTY  
PERFORMING ARTS CENTER, SUCCESS LINKS, LLC, TRENTON FILM FESTIVAL, BOHEME  
OPERA, PASSAGE THEATRE COMPANY, TRENTON DOWNTOWN ASSOCIATION, ASOCIACION  
OF DOMINICANA, KIDSBRIDGE KID'S MUSEUM

## EDUCATION

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TRENTON CENTRAL HIGH SCHOOL, STEINER HIGH SCHOOL, THE COLLEGE OF NEW  
JERSEY, RIDER COLLEGE

## FOUNDATIONS

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TRENTON PUBLIC EDUCATION FOUNDATION, MERCER COUNTY COMMUNITY COLLEGE  
FOUNDATION, WOMEN'S HEART FOUNDATION, ANCHOR HOUSE FOUNDATION, SUNSHINE  
FOUNDATION, THE MILL HILL FOUNDATION, THOMAS EDISON STATE COLLEGE  
FOUNDATION

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ATTACHMENT 2 (CONT'D)CHAMBERS OF COMMERCE'S  
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MERCER REGIONAL CHAMBER OF COMMERCE, METROPOLITAN TRENTON

AFRICAN-AMERICAN CHAMBER OF COMMERCE, LATINO CHAMBER OF COMMERCE,

PRINCETON CHAMBER OF COMMERCE

ATHLETIC  
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NATIONAL JUNIOR TENNIS LEAGUE, EWING TOWNSHIP LITTLE LEAGUE, HAMILTON

POLICE ATHLETIC LEAGUE, WEST END LITTLE LEAGUE, NORTH TRENTON LITTLE

LEAGUE, GREATER TRENTON JUNIOR GOLF LEAGUE, ROBERTO CLEMENTE SOFTBALL

LEAGUE, 2006 BABE RUTH WORLD SERIES

MUNICIPALITY  
-----

CITY OF TRENTON, EWING TOWNSHIP, LAWRENCE TOWNSHIP, HAMILTON TOWNSHIP,

MORRISVILLE, PA, YARDLEY, PA

CONCLUSION  
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CAPITAL HEALTH IS A NON-PROFIT ORGANIZATION THAT HAS AN "OPEN DOOR"

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ATTACHMENT 2 (CONT'D)

POLICY. THIS POLICY MEANS THAT CAPITAL HEALTH PROVIDES NECESSARY BASIC HOSPITAL CARE TO EVERYONE, REGARDLESS OF THEIR ABILITY TO PAY FOR THEIR CARE.

CAPITAL HEALTH IS COMMITTED TO COMMUNITY OUTREACH AND EDUCATION, OFFERING NUMEROUS HEALTH CARE RELATED PROGRAMS AND ACTIVITIES, INCLUDING COMMUNITY HEALTH FAIRS, HEALTH SCREENINGS, HEALTH EDUCATION AND MEDICAL LECTURES AND SEMINARS ANNUALLY. CAPITAL HEALTH IS PROUD OF THEIR MANY PARTNERSHIPS WITH LOCAL ORGANIZATIONS SUCH AS CHILDREN'S FUTURES, CHILDREN'S HOME SOCIETY OF N.J., AND HENRY J. AUSTIN HEALTH CENTER.

TO FURTHER SHOW HOW CAPITAL HEALTH IS COMMITTED TO BENEFITING ITS COMMUNITY, CAPITAL HEALTH, IN ITS LARGEST SINGLE TRANSACTION OF ITS 75 YEAR HISTORY, BROKE GROUND IN AUGUST, 2008, TO CONSTRUCT A \$756 MILLION BRAND NEW 223-BED HOSPITAL IN HOPEWELL TOWNSHIP, NEW JERSEY TO REPLACE ITS EXISTING FACILITY, MERCER HOSPITAL, IN TRENTON, NEW JERSEY.

IN ADDITION, CAPITAL HEALTH FULD HOSPITAL IN TRENTON IS CREATING TWO NEW MEDICAL-SURGICAL UNITS AND PROVIDING SPACE TO ACCOMMODATE SERVICES ~~TRANSFERRED FROM MERCER. CAPITAL HEALTH OBTAINED A MORTGAGE LOAN THROUGH~~ THE FEDERAL HOUSING ADMINISTRATION WHICH ENABLED IT TO LOWER ITS COST OF CREDIT. THIS WILL ALLOW CAPITAL HEALTH TO USE MORE OF ITS RESOURCES TO SERVE THE MEDICAL NEEDS OF ITS COMMUNITY.

THE CONSTRUCTION PROJECTS WILL CREATE APPROXIMATELY 4,700 FULL-TIME JOBS

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ATTACHMENT 2 (CONT'D)

AND PROVIDE AN ECONOMIC STIMULUS OF NEARLY \$1.7 BILLION DURING THE  
CONSTRUCTION PERIOD. ONCE CONSTRUCTION IS COMPLETED, THE PROJECT WILL  
SUPPORT AN ADDITIONAL 2,200 JOBS IN THE COMMUNITY AND PROVIDE AN ANNUAL  
ECONOMIC BENEFIT OF APPROXIMATELY \$425 MILLION.

SIGNIFICANT PROGRAM SERVICE UNDERTAKING

CORE FORM, PART III; QUESTION 2

IN FURTHERANCE OF ITS CHARITABLE TAX-EXEMPT PURPOSES AND REINVESTMENT OF  
DOLLARS BACK INTO THE COMMUNITY, CAPITAL HEALTH SYSTEM, INC. ("CHS"), IN  
ITS LARGEST SINGLE TRANSACTION OF ITS 75 YEAR HISTORY, BROKE GROUND IN  
AUGUST, 2008, TO CONSTRUCT A \$756 MILLION BRAND NEW 223-BED HOSPITAL IN  
HOPEWELL TOWNSHIP, NEW JERSEY TO REPLACE ITS EXISTING FACILITY, MERCER  
HOSPITAL, IN TRENTON, NEW JERSEY.

IN ADDITION, CHS FULD HOSPITAL IN TRENTON IS CREATING TWO NEW  
MEDICAL-SURGICAL UNITS AND PROVIDING SPACE TO ACCOMMODATE SERVICES  
TRANSFERRED FROM MERCER. CHS OBTAINED A MORTGAGE LOAN THROUGH THE FEDERAL  
HOUSING ADMINISTRATION WHICH ENABLED IT TO LOWER ITS COST OF CREDIT. THIS  
~~WILL ALLOW CHS TO USE MORE OF ITS RESOURCES TO SERVE THE MEDICAL NEEDS OF~~  
ITS COMMUNITY.

THE CONSTRUCTION PROJECTS WILL CREATE APPROXIMATELY 4,700 FULL-TIME JOBS  
AND PROVIDE AN ECONOMIC STIMULUS OF NEARLY \$1.7 BILLION DURING THE  
CONSTRUCTION PERIOD. ONCE CONSTRUCTION IS COMPLETED, THE PROJECT WILL  
SUPPORT AN ADDITIONAL 2,200 JOBS IN THE COMMUNITY AND PROVIDE AN ANNUAL  
ECONOMIC BENEFIT OF APPROXIMATELY \$425 MILLION.

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ATTACHMENT 2 (CONT'D)

COMMUNITY BENEFIT STATEMENT ADDENDUM

SCHEDULE H, PART VI; QUESTION 7 SUPPLEMENT

OUTLINED BELOW IS A SUMMARY OF THE ENTITIES WHICH COMPRISE THE CAPITAL HEALTH SYSTEM AND AFFILIATES.

NOT FOR PROFIT CAPITAL HEALTH SYSTEM AND AFFILIATES ENTITIES

CAPITAL HEALTH SYSTEM, INC.

CAPITAL HEALTH SYSTEM, INC. ("CHS") IS THE TAX-EXEMPT PARENT OF THE CAPITAL HEALTH SYSTEM AND AFFILIATES ("SYSTEM"). THIS INTEGRATED HEALTHCARE DELIVERY SYSTEM CONSISTS OF A GROUP OF AFFILIATED HEALTHCARE ORGANIZATIONS. THE SOLE MEMBER OR STOCKHOLDER OF EACH ENTITY IS EITHER CHS OR ANOTHER SYSTEM AFFILIATE CONTROLLED BY CHS. THE SYSTEM IS AN INTEGRATED NETWORK OF HEALTHCARE PROVIDERS IN THE STATE OF NEW JERSEY.

CAPITAL HEALTH SYSTEM IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE ~~§501(C)(3)~~ AND AS A HOSPITAL.

AS THE PARENT ORGANIZATION OF A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM IN MERCER COUNTY NEW JERSEY. CAPITAL HEALTH SYSTEM STRIVES TO CONTINUALLY DEVELOP AND OPERATE A MULTI-HOSPITAL HEALTH CARE SYSTEM WHICH PROVIDES SUBSTANTIAL COMMUNITY BENEFIT THROUGH THE PROVISION OF A COMPREHENSIVE SPECTRUM OF HEALTH CARE SERVICES TO THE RESIDENTS OF NEW JERSEY AND SURROUNDING COMMUNITIES. CAPITAL HEALTH SYSTEM ENSURES THAT

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

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ATTACHMENT 2 (CONT'D)

ITS SYSTEM PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGINS OR ABILITY TO PAY. NO INDIVIDUALS ARE DENIED NECESSARY MEDICAL CARE, TREATMENT OR SERVICES. CAPITAL HEALTH SYSTEM ACTIVE HOSPITAL IS CAPITAL HEALTH SYSTEM, INC. THE HOSPITAL OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545:

1. PROVIDE MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF- PAY, MEDICARE AND MEDICAID PATIENTS;
2. OPERATE AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS; WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR;
3. MAINTAIN AN OPEN MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS; AND
4. CONTROL RESTS WITH ITS BOARD OF TRUSTEES AND THE BOARD OF TRUSTEES OF CAPITAL HEALTH SYSTEM, INC. BOTH BOARDS ARE COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY.
5. SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE; PROGRAMS AND ACTIVITIES.

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CAPITAL HEALTH SYSTEM, INC.

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ATTACHMENT 2 (CONT'D)

CAPITAL HEALTH SYSTEM FOUNDATION

CAPITAL HEALTH SYSTEM FOUNDATION IS AN ORGANIZATION RECOGNIZED BY THE  
INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE  
§501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE  
CODE §509(A)(1).

THROUGH FUNDRAISING ACTIVITIES THE ORGANIZATION SUPPORTS THE CHARITABLE  
PURPOSES, PROGRAMS AND SERVICES OF CAPITAL HEALTH SYSTEM, INC.; A RELATED  
INTERNAL REVENUE CODE §501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES  
MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A  
NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL  
ORIGIN, RELIGION OR ABILITY TO PAY.

FOR PROFIT CAPITAL HEALTH SYSTEM AND AFFILIATES ENTITIES

BELLEVUE AVENUE MANAGEMENT, INC.

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS MERCER HOLDING CORPORATION.

~~THE ORGANIZATION IS LOCATED IN TRENTON, MERCER COUNTY, NEW JERSEY. THE~~  
ORGANIZATION PROVIDES MANAGERIAL ADMINISTRATION AND SUPPORT.

CAPITAL AMBULATORY SURGICAL DIVISIONS, INC.

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS MERCER HOLDING CORPORATION.



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ATTACHMENT 2 (CONT'D)

THE ORGANIZATION IS LOCATED IN TRENTON, MERCER COUNTY, NEW JERSEY. THE  
ORGANIZATION IS CURRENTLY INACTIVE.

CAPITAL REGION INSURANCE COMPANY

A CONTROLLED FOREIGN CORPORATION BY CAPITAL HEALTH SYSTEM, INC.. THE  
ORGANIZATION WAS FORMED AND OPERATES SOLELY IN THE CAYMAN ISLANDS.

MERCER HOLDING CORPORATION

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS CAPITAL HEALTH SYSTEM, INC.  
THIS ENTITY IS THE SOLE OWNER OF ALL THE OUSTANDING COMMON STOCK OF  
BELLEVUE AVENUE MANAGEMENT, INC. AND CAPITAL AMBULATORY SURGICAL  
DIVISION, INC. AND IS INVOLVED IN VARIOUS ANCILLARY HEALTHCARE RELATED  
ACTIVITIES.

OTHER PROGRAM SERVICES

CORE FORM, PART III; QUESTION 4D

~~EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY~~

HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER  
REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.  
PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED  
IN SCHEDULE O.

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION B; QUESTION 11A

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ATTACHMENT 2 (CONT'D)

THE ORGANIZATION IS THE PARENT ENTITY OF CAPITAL HEALTH SYSTEM AND AFFILIATES ("SYSTEM"); A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM. THE ORGANIZATION'S FEDERAL FORM 990 WAS MADE AVAILABLE TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF TRUSTEES) PRIOR TO THE FILING OF THE FEDERAL FORM 990 WITH THE IRS. IN ADDITION THE CAPITAL HEALTH SYSTEM, INC. COMPENSATION COMMITTEE ALSO PERFORMED A DETAILED REVIEW OF THE FEDERAL FORM 990 PRIOR TO MAKING IT AVAILABLE TO ITS BOARD OF TRUSTEES. THE CAPITAL HEALTH SYSTEM, INC. BOARD OF TRUSTEES HAS DELEGATED TO THE COMPENSATION COMMITTEE THE RESPONSIBILITY TO OVERSEE AND COORDINATE THE FEDERAL FORM 990 PREPARATION AND FILING PROCESS FOR THE TAX-EXEMPT AFFILIATES OF THE SYSTEM.

AS PART OF THE ORGANIZATION'S FEDERAL FORM 990 TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTHCARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990. THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S IN HOUSE COUNSEL, VICE-PRESIDENT OF FINANCE, DIRECTOR OF INTERNAL AUDIT AND VARIOUS OTHER INDIVIDUALS OF THE SYSTEM TO OBTAIN THE INFORMATION NEEDED IN ORDER TO ~~PREPARE A COMPLETE AND ACCURATE TAX RETURN.~~

THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S INTERNAL WORKING GROUP, INCLUDING, BUT NOT LIMITED TO, THOSE INDIVIDUALS OUTLINED ABOVE FOR THEIR REVIEW. THE ORGANIZATION'S INTERNAL WORKING GROUP AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

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ATTACHMENT 2 (CONT'D)

FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM.

REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S INTERNAL WORKING GROUP AND VARIOUS OTHER INDIVIDUALS FOR FINAL REVIEW AND APPROVAL PRIOR TO PRESENTATION OF THE FEDERAL FORM 990 TO THE MEMBERS OF THE CAPITAL HEALTH SYSTEM, INC. COMPENSATION COMMITTEE. FOLLOWING THE COMPENSATION COMMITTEE'S REVIEW THE FINAL FEDERAL FORM 990 WAS MADE AVAILABLE TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY PRIOR TO THE FILING OF THE TAX RETURN WITH THE IRS.

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION B; QUESTION 12

THE ORGANIZATION IS THE PARENT ENTITY IN THE CAPITAL HEALTH SYSTEM AND AFFILIATES ("SYSTEM"). THE ORGANIZATION AND THE SYSTEM REGULARLY MONITOR AND ENFORCE COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY. ANNUALLY ALL MEMBERS OF THE BOARD OF TRUSTEES, OFFICERS AND SENIOR MANAGEMENT PERSONNEL ARE REQUIRED TO REVIEW THE EXISTING CONFLICT OF INTEREST POLICY AND COMPLETE A QUESTIONNAIRE. THE COMPLETED QUESTIONNAIRES ARE RETURNED ~~TO THE ORGANIZATION AND BOTH THE SYSTEM'S GENERAL COUNSEL AND CHIEF~~ COMPLIANCE OFFICER FOR REVIEW. THEREAFTER THE CHIEF COMPLIANCE OFFICER PREPARES A SUMMARY OF THE COMPLETED QUESTIONNAIRES WHICH CONTAINS INFORMATION DISCLOSED ON AN INDIVIDUAL BY INDIVIDUAL BASIS. THEREAFTER, THE SYSTEMS CHIEF COMPLIANCE OFFICER PRESENTS THIS SUMMARY TO THE SYSTEM'S GOVERNANCE COMMITTEE FOR ITS REVIEW AND DISCUSSION.

DISCLOSURE INFORMATION

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

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ATTACHMENT 2 (CONT'D)

CORE FORM, PART VI, SECTION B; QUESTION 15

THE ORGANIZATION'S BOARD OF TRUSTEES HAS A BOARD COMPENSATION COMMITTEE ("COMMITTEE"). THE COMMITTEE HAS ADOPTED A WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY WHICH IT FOLLOWS WHEN IT REVIEWS AND APPROVES OF THE COMPENSATION AND BENEFITS OF ALL OF THE ORGANIZATION'S SENIOR MANAGEMENT AND OTHERS, INCLUDING THE CEO, CFO AND COO, OTHER OFFICERS OF CHS, PHYSICIANS, AND ANY OTHER DISINTERESTED PERSONS. IT ALSO REVIEWS AND APPROVES EMPLOYMENT AGREEMENTS FOR THE COVERED EMPLOYEES AND DISINTERESTED PERSONS. THE COMMITTEE REVIEWS THE "TOTAL COMPENSATION" OF THE INDIVIDUALS WHICH IS INTENDED TO INCLUDE BOTH CURRENT AND DEFERRED COMPENSATION AND ALL EMPLOYEE BENEFITS, BOTH QUALIFIED AND NON-QUALIFIED. THE COMMITTEE'S REVIEW IS DONE ON AT LEAST AN ANNUAL BASIS AND ENSURES THAT THE "TOTAL COMPENSATION" OF SENIOR MANAGEMENT OF THE ORGANIZATION IS REASONABLE.

THE ACTIONS TAKEN BY THE COMMITTEE ENABLE THE ORGANIZATION TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 4958 WITH RESPECT TO THE TOTAL COMPENSATION OF THE SENIOR MANAGEMENT TEAM. REBUTTAL PRESUMPTION REQUIREMENTS HAVE GUIDED THE ACTIVITIES OF THE COMMITTEE IN ALL OF ITS REVIEWS, DELIBERATIONS AND APPROVAL OF EXECUTIVE COMPENSATION ACTIONS FOR ALL OF THE COVERED EMPLOYEES AND DISINTERESTED PERSONS. THE THREE FACTORS WHICH MUST BE SATISFIED IN ORDER TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS ARE THE FOLLOWING:

Name of the organization

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ATTACHMENT 2 (CONT'D)

1. THE COMPENSATION ARRANGEMENT IS APPROVED IN ADVANCE BY AN "AUTHORIZED BODY" OF THE APPLICABLE TAX-EXEMPT ORGANIZATION WHICH IS COMPOSED ENTIRELY OF INDIVIDUALS WHO DO NOT HAVE A "CONFLICT OF INTEREST" WITH RESPECT TO THE COMPENSATION ARRANGEMENT;

2. THE AUTHORIZED BODY OBTAINED AND RELIED UPON "APPROPRIATE DATA AS TO COMPARABILITY" PRIOR TO MAKING ITS DETERMINATION; AND

3. THE AUTHORIZED BODY "ADEQUATELY DOCUMENTED THE BASIS FOR ITS DETERMINATION" CONCURRENTLY WITH MAKING THAT DETERMINATION.

THE COMMITTEE IS COMPRISED OF MEMBERS OF THE BOARD OF TRUSTEES EACH OF WHO ARE INDEPENDENT AND ARE FREE FROM ANY CONFLICTS OF INTEREST. THE COMMITTEE RELIED UPON DATA FROM COMPARABLE HEALTHCARE AND HOSPITAL PEERS IN NEW JERSEY AS WELL AS NEIGHBORING STATES BASED ON APPROPRIATE REVENUE, SERVICES, AND OVERALL FINANCIAL PERFORMANCE. IN ADDITION, SPECIFIC SALARY SURVEYS COVERING SIMILAR, REPRESENTATIVE HOSPITAL COMPENSATION DATA WAS USED. ALL DATA WAS WEIGHTED IN ARRIVING AT MARKET CONSENSUS FOR COVERED EMPLOYEE POSITIONS, IN ORDER TO ACCURATELY REFLECT THE RELEVANT LABOR MARKET.

CONTEMPORANEOUS MINUTES ARE COMPILED AND APPROVED OF ALL COMMITTEE DELIBERATIONS. THESE ARE SUPPORTED BY THE WRITTEN DOCUMENTATION COVERING ALL COMPENSATION STUDIES AND PLAN DOCUMENTS, AS WELL AS DETAILED PERFORMANCE JUSTIFICATION USED AS THE BASIS FOR AWARDING OF ALL INCENTIVE

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

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ATTACHMENT 2 (CONT'D)

PROGRAMS.

REBUTTAL PRESUMPTION ACTIVITIES OF THE COMMITTEE COVER ALL MEMBERS OF SENIOR MANAGEMENT, AS WELL AS THE COMPENSATION AND CONTRACTS COVERING PHYSICIANS AND OTHER DISINTERESTED PERSONS, ALL OF WHICH ARE SUBJECT TO THE REVIEW AND APPROVAL OF THE COMMITTEE.

RECOGNIZING THE NEED TO CONSIDER RETIREMENT PLANNING FOR ITS SENIOR MANAGEMENT AS A MEANS TO AID IN THEIR RETENTION, THE COMMITTEE UNDERTOOK AN EXTENSIVE RESEARCH AND ANALYSIS OF ALTERNATIVE PROGRAMS, AND CREATED AND APPROVED A FORM OF LONG-TERM NON-QUALIFIED DEFERRED COMPENSATION (REFERRED TO AS THE "PERFORMANCE-BASED CAPITAL ACCUMULATION PLAN", OR "PBCAP"). THIS PLAN ALSO PROVIDES CHS WITH AN ADDITIONAL TOOL TO ASSIST IN THE RECRUITING OF SENIOR MANAGEMENT WITHIN THE HIGHLY COMPETITIVE HEALTHCARE LABOR MARKET. THE PLAN PROVIDES SENIOR MANAGEMENT WITH THE OPPORTUNITY TO QUALIFY FOR ANNUAL DEFERRED CONTRIBUTIONS TO BE PAID AT RETIREMENT, BASED ON ACHIEVING SPECIFIED FINANCIAL PERFORMANCE TARGETS AND MEETING ESTABLISHED CIRCUIT BEAKERS. THIS PLAN COMPLIES WITH AND ADHERES TO ALL RELATED REGULATIONS, WITH AN EMPHASIS ON IRC SECTIONS 409A AND 457(F).

WITH THE DECISION IN MAY 2004 TO CONSTRUCT A NEW HOSPITAL CAMPUS IN HOPEWELL, NJ, THE COMMITTEE WAS CHALLENGED TO PROVIDE THE MOTIVATION TO MEET THE CONSTRUCTION TIMETABLE AND GUARANTEED MAXIMUM PRICE (GMP). THIS WAS NECESSARY TO ENSURE THAT THE PROJECT, INCLUDING THE RETROFIT OF THE

Name of the organization

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ATTACHMENT 2 (CONT'D)

FULD CAMPUS, WAS COMPLETED ON A TIMELY AND ECONOMICAL BASIS. THEY  
RECOGNIZED THAT TRANSACTIONAL BONUSES, INCLUDED IN MOST STATE  
CONSTRUCTION CONTRACTS, PROVIDE THE INCENTIVE TOOLS NECESSARY TO KEEP  
PROJECTS ON TIME AND WITHIN BUDGET. THE RESULTING INCENTIVE PLAN,  
REFERRED TO AS THE "HOSPITAL ON TIME AND UNDER BUDGET PLAN" OR "HOTUB",  
CONTAINS THE METHODOLOGY TO REWARD MEMBERS OF SENIOR MANAGEMENT AND OTHER  
IDENTIFIED KEY MANAGEMENT FOR ACHIEVING THOSE GOALS, WHILE REDUCING  
AND/OR ELIMINATING AWARDS IF THE PROJECT IS NOT ON SCHEDULE AND/OR OVER  
BUDGET. SINCE THIS TYPE OF PLAN IS RELATIVELY UNIQUE IN THE  
NOT-FOR-PROFIT ENVIRONMENT, THE COMPENSATION COMMITTEE SPENT CONSIDERABLE  
TIME IN ITS DEVELOPMENT AND ENGAGED BOTH AN EXTERNAL COMPENSATION  
CONSULTANT TO DEVELOP THE PLAN, AS WELL AS A NOT-FOR-PROFIT LEGAL  
COMPENSATION AUTHORITY TO REVIEW THE PLAN.

THE COMPENSATION AND BENEFITS OF CERTAIN OTHER INDIVIDUALS CONTAINED IN  
THIS FORM 990 ARE REVIEWED ANNUALLY BY THE PRESIDENT/CHIEF EXECUTIVE  
OFFICER WITH ASSISTANCE FROM ORGANIZATION'S HUMAN RESOURCES DEPARTMENT IN  
CONJUNCTION WITH THE INDIVIDUAL'S JOB PERFORMANCE DURING THE YEAR AND IS  
BASED UPON OTHER OBJECTIVE FACTORS DESIGNED TO ENSURE THAT REASONABLE AND  
~~FAIR MARKET VALUE COMPENSATION IS PAID BY THE ORGANIZATION. OTHER~~  
OBJECTIVE FACTORS INCLUDE MARKET SURVEY DATA FOR COMPARABLE POSITIONS,  
INDIVIDUAL GOALS AND OBJECTIVES, PERSONNEL REVIEWS, EVALUATIONS,  
SELF-EVALUATIONS AND PERFORMANCE FEEDBACK MEETINGS.

## DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION C; QUESTION 19

Name of the organization

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ATTACHMENT 2 (CONT'D)

THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS  
CAN BE OBTAINED AND REVIEWED THROUGH THE STATE OF NEW JERSEY SECRETARY OF  
STATE.

## COMPENSATION INFORMATION DISCLOSURE

CORE FORM, PART VII AND SCHEDULE J

PART VII AND SCHEDULE J REFLECT CERTAIN BOARD MEMBERS AND OFFICERS  
RECEIVING COMPENSATION AND BENEFITS FROM THIS ORGANIZATION OR A RELATED  
ORGANIZATION. PLEASE NOTE THIS REMUNERATION WAS FOR SERVICES RENDERED AS  
FULL-TIME EMPLOYEES OF THE ORGANIZATION OR A RELATED ORGANIZATION AND NOT  
FOR SERVICES RENDERED AS A VOTING MEMBER OR OFFICER OF THIS  
ORGANIZATION'S BOARD OF TRUSTEES.

## INDEPENDENT CONTRACTORS

CORE FORM, PART VII; SECTION B

THE AMOUNTS REPORTED FOR SERVICES PROVIDED BY SKANSKA USA BUILDING, INC.  
AND BARR & BARR BUILDERS, INC. INCLUDE BOTH SERVICES AND CONSTRUCTION  
~~GOODS AND SUPPLIES.~~

## AUDITED FINANCIAL STATEMENTS

CORE FORM, PART XI; QUESTION 2

THE TAXPAYER IS THE PARENT ENTITY IN A TAX-EXEMPT, INTEGRATED HEALTHCARE  
DELIVERY SYSTEM. A BIG FOUR INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED  
FINANCIAL STATEMENTS OF THE TAXPAYER AND ALL AFFILIATES FOR THE YEARS



Name of the organization

CAPITAL HEALTH SYSTEM, INC.

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ATTACHMENT 2 (CONT'D)

ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008; RESPECTIVELY AND ISSUED A  
 CONSOLIDATED FINANCIAL STATEMENT WITH CONSOLIDATING SCHEDULES BY ENTITY.  
 AN UNQUALIFIED OPINION WAS ISSUED EACH YEAR BY THE INDEPENDENT CPA FIRM.  
 THE TAXPAYER'S AUDIT COMMITTEE ASSUMES RESPONSIBILITY FOR OVERSIGHT OF  
 THE AUDIT OF ITS FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT  
 AUDITOR.

## CHS DEPARTMENTAL EIN LISTING

THE ORGANIZATION'S FEDERAL FORM 990 INCLUDES CERTAIN REVENUE RECEIVED AND  
 EXPENSES INCURRED BY VARIOUS CAPITAL HEALTH SYSTEM, INC. RELATED  
 PROGRAMS, DEPARTMENTS, ACTIVITIES AND CAPITAL HEALTH SYSTEM, INC.  
 EMPLOYEES. REVENUE EARNED FROM THESE PROGRAMS AND ACTIVITIES WAS RECEIVED  
 BY CAPITAL HEALTH SYSTEM, INC. UTILIZING DIFFERENT FEDERAL IDENTIFICATION  
 NUMBERS THAN 22-3548695. BELOW IS A LIST OUTLINING THE VARIOUS CAPITAL  
 HEALTH SYSTEM, INC. PROGRAMS, DIVISIONS, DEPARTMENTS AND PHYSICIAN  
 EMPLOYEES AND THEIR RESPECTIVE FEDERAL IDENTIFICATION NUMBERS:

|                                    |            |
|------------------------------------|------------|
| CAPITAL ENDOCRINOLOGY              | 20-1730017 |
| CAPITAL HEALTH CLINICAL CARDIOLOGY | 26-3519972 |
| CAPITAL SURGICAL ASSOCIATES        | 22-3680051 |
| CHS INSTITUTE FOR NEUROSCIENCES    | 26-0346624 |
| EWING INTERNAL MED ASSOC           | 27-0192330 |
| FAMILY HEALTH CENTER               | 22-3796256 |
| HAMILTON PHYSICIANS GROUP          | 22-3502175 |
| HPG AT BORDENTOWN FAMILY MEDICAL   | 22-3502175 |

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

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ATTACHMENT 2 (CONT'D)

|                                               |            |
|-----------------------------------------------|------------|
| HEART CARE SPECIALISTS AT CH                  | 27-0309548 |
| MERCER MATERNAL FETAL SPECIALTY GROUP         | 20-2886402 |
| MULTISPECIALTY PROVIDER GROUP                 | 22-3628075 |
| STROKE & CEREBROVASCULAR CENTER OF NEW JERSEY | 26-3519824 |
| TRENTON NEUROSURGEONS ASSOCIATES              | 22-2035924 |
| WEST TRENTON MEDICAL ASSOCIATES               | 20-4643360 |

## COMPENSATION AND BENEFITS DISCLOSURE

## SCHEDULE J-2, PART I

THE ORGANIZATION DOES NOT COMPENSATE ITS BOARD MEMBERS FOR THEIR SERVICES PERFORMED AS A TRUSTEE. ALL TRUSTEES ARE VOLUNTEERS. COMPENSATION AND BENEFITS, WHERE APPLICABLE FOR CERTAIN MEMBERS, IS RELATED TO THE BOARD MEMBER'S SERVICES PERFORMED AS A FULL-TIME EMPLOYEE OR INDEPENDENT CONTRACTOR OF THE ORGANIZATION.

## TRANSACTIONS WITH RELATED ORGANIZATIONS

## SCHEDULE R, PART V; QUESTION 2

~~AFFILIATES ARE GENERALLY CHARGED COST FOR SERVICES RENDERED.~~

## REASON FOR AMENDMENT

## PART VII, PART IX AND SCHEDULE J

THE COMPENSATION COLUMNS FOR AL MAGHAZEHE, PH.D., FACHE, LARRY DISANTO AND MARGARET SULLIVAN WERE AMENDED DUE TO CAPITAL HEALTH SYSTEM ISSUING AMENDED FORMS W-2C. AMOUNTS PREVIOUSLY REPORTED AS DEFERRED COMPENSATION

Name of the organization

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ATTACHMENT 2 (CONT'D)

WERE SUBJECT TO CURRENT TAXATION FOR PURPOSES OF 2009 FORM 990 REPORTING.

PART IX LINES 5, 7 AND 9 WERE ALSO ADJUSTED TO REFLECT THE CHANGES IN  
COMPENSATION AND BENEFITS.

PART VI, SECTION A; QUESTION 11A

THE AMENDED FORM 990 WAS NOT MADE AVAILABLE TO THE ENTIRE BOARD OF  
TRUSTEES PRIOR TO FILING.

ATTACHMENT 3FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

THE ORGANIZATION IS COMMITTED TO PROVIDING COMPREHENSIVE, QUALITY  
HEALTHCARE SERVICES WHICH IMPROVE AND SUSTAIN THE HEALTH STATUS OF  
THE RESIDENTS PRIMARILY IN CENTRAL NEW JERSEY AND LOWER BUCKS COUNTY.  
THE ORGANIZATION ASSURES ACCESSIBLE, COMPASSIONATE HEALTHCARE  
SERVICES THAT HONOR THE DIGNITY OF EVERY PERSON. THE ORGANIZATION  
WILL BE A LEADER IN DEFINING THE COMMUNITY'S HEALTHCARE NEEDS, IN  
PROVIDING APPROPRIATE SOLUTIONS, AND DEVELOPING A COMPREHENSIVE  
CONTINUUM OF CARE INCLUDING EDUCATION, PREVENTION, DISEASE MANAGEMENT  
AND RESTORATIVE PROGRAMS. THE ORGANIZATION PROVIDES MEDICALLY  
NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A  
NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, NATIONAL ORIGIN,  
RELIGION OR ABILITY TO PAY. PLEASE REFER TO SCHEDULE O FOR THE  
ORGANIZATION'S COMMUNITY BENEFIT STATEMENT.

ATTACHMENT 4

|                                                         |                                              |
|---------------------------------------------------------|----------------------------------------------|
| Name of the organization<br>CAPITAL HEALTH SYSTEM, INC. | Employer identification number<br>22-3548695 |
|---------------------------------------------------------|----------------------------------------------|

ATTACHMENT 4 (CONT'D)

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

| <u>NAME AND ADDRESS</u>                                                              | <u>DESCRIPTION OF SERVICES</u> | <u>COMPENSATION</u> |
|--------------------------------------------------------------------------------------|--------------------------------|---------------------|
| SKANSKA USA BUILDING INC<br>516 EAST TOWNSHIP LINE ROAD<br>BLUE BELL, PA 19422       | CONSTRUCTION                   | 116,658,549.        |
| BARR AND BARR BUILDERS INC<br>460 WEST 34TH STREET, 16TH FLOOR<br>NEW YORK, NY 10001 | CONSTRUCTION                   | 11,006,370.         |
| TRENTON ANESTHESIOLOGY<br>P.O. BOX 15321<br>NEWARK, NJ 07192                         | PHYSICIAN                      | 6,056,309.          |
| ARAMARK MANAGEMENT SERVICE<br>P.O. BOX 33170<br>NEWARK, NJ 07188                     | HOUSEKEEPING                   | 4,544,826.          |
| PRINCETON PARTNERS INC<br>205 ROCKINGHAM ROW<br>PRINCETON, NJ 08540                  | MARKETING                      | 3,407,927.          |
| TOTAL COMPENSATION                                                                   |                                | <u>141,673,981.</u> |

ATTACHMENT 5FORM 990, PART VIII - INVESTMENT INCOME

| <u>DESCRIPTION</u>           | (A)<br><u>TOTAL<br/>REVENUE</u> | (B)<br><u>RELATED OR<br/>EXEMPT REVENUE</u> | (C)<br><u>UNRELATED<br/>BUSINESS REV.</u> | (D)<br><u>EXCLUDED<br/>REVENUE</u> |
|------------------------------|---------------------------------|---------------------------------------------|-------------------------------------------|------------------------------------|
| INTEREST AND DIVIDEND INCOME | 6,436,296.                      |                                             |                                           | 6,436,296.                         |
| TOTALS                       | <u>6,436,296</u>                |                                             |                                           | <u>6,436,296.</u>                  |

ATTACHMENT 6FORM 990, PART X - NOTES AND LOANS RECEIVABLE

BORROWER: DUE FROM AFFILIATES; NON-CURRENT

|                             |                   |
|-----------------------------|-------------------|
| BEGINNING BALANCE DUE ..... | 0.                |
| ENDING BALANCE DUE .....    | <u>3,368,625.</u> |

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

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ATTACHMENT 6 (CONT'D)

TOTAL BEGINNING NOTES AND LOANS RECEIVABLE

0.

TOTAL ENDING NOTES AND LOANS RECEIVABLES

3,368,625.ATTACHMENT 7FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES

| <u>DESCRIPTION</u> | <u>BEGINNING<br/>BOOK VALUE</u> | <u>ENDING<br/>BOOK VALUE</u> |
|--------------------|---------------------------------|------------------------------|
| PREPAID INSURANCE  | 3,311,946.                      | 4,414,351.                   |
| TOTALS             | <u>3,311,946.</u>               | <u>4,414,351.</u>            |

ATTACHMENT 8FORM 990, PART X - SECURED MORTGAGES AND NOTES PAYABLE

LENDER: LINE OF CREDIT

|                             |             |
|-----------------------------|-------------|
| BEGINNING BALANCE DUE ..... | 45,000,000. |
| ENDING BALANCE DUE .....    | <u>0.</u>   |

LENDER: CAPITAL LEASE OBLIGATIONS

|                             |                   |
|-----------------------------|-------------------|
| BEGINNING BALANCE DUE ..... | 2,302,480.        |
| ENDING BALANCE DUE .....    | <u>1,731,082.</u> |

Name of the organization

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ATTACHMENT 8 (CONT'D)

LENDER: FHA/GNMA MORTGAGE LOAN

ORIGINAL AMOUNT: 755,874,500.

INTEREST RATE: 7.830000

DATE OF NOTE: 01/01/2009

MATURITY DATE: 01/01/2037

BEGINNING BALANCE DUE ..... 0.  
ENDING BALANCE DUE ..... 327,066,484.

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE 47,302,480.

TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE 328,797,566.

**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.

Name of the organization

CAPITAL HEALTH SYSTEM, INC.

**Employer identification number**  
22-3548695

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

[illegible]

| 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.) |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                                                                                                                                                 |

[illegible]

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

Schedule R (Form 990) 2009





**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 of this schedule.

**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?

|                                                                                                                 | Yes | No |
|-----------------------------------------------------------------------------------------------------------------|-----|----|
| <b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity . . . . . |     | X  |
| <b>b</b> Gift, grant, or capital contribution to other organization(s) . . . . .                                | X   |    |
| <b>c</b> Gift, grant, or capital contribution from other organization(s) . . . . .                              |     | X  |
| <b>d</b> Loans or loan guarantees to or for other organization(s) . . . . .                                     | X   |    |
| <b>e</b> Loans or loan guarantees by other organization(s) . . . . .                                            |     | X  |
| <b>f</b> Sale of assets to other organization(s) . . . . .                                                      |     | X  |
| <b>g</b> Purchase of assets from other organization(s) . . . . .                                                |     | X  |
| <b>h</b> Exchange of assets . . . . .                                                                           |     | X  |
| <b>i</b> Lease of facilities, equipment, or other assets to other organization(s) . . . . .                     |     | X  |
| <b>j</b> Lease of facilities, equipment, or other assets from other organization(s) . . . . .                   |     | X  |
| <b>k</b> Performance of services or membership or fundraising solicitations for other organization(s) . . . . . |     | X  |
| <b>l</b> Performance of services or membership or fundraising solicitations by other organization(s) . . . . .  |     | X  |
| <b>m</b> Sharing of facilities, equipment, mailing lists, or other assets . . . . .                             |     | X  |
| <b>n</b> Sharing of paid employees . . . . .                                                                    | X   |    |
| <b>o</b> Reimbursement paid to other organization for expenses . . . . .                                        |     | X  |
| <b>p</b> Reimbursement paid by other organization for expenses . . . . .                                        |     | X  |
| <b>q</b> Other transfer of cash or property to other organization(s) . . . . .                                  |     | X  |
| <b>r</b> Other transfer of cash or property from other organization(s) . . . . .                                |     | X  |

**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)<br>Name of other organization | (b)<br>Transaction type (a-r) | (c)<br>Amount involved |
|------------|-----------------------------------|-------------------------------|------------------------|
| <b>(1)</b> | CAPITAL HEALTH SYSTEM FOUNDATION  | B                             | 100,000.               |
| <b>(2)</b> | CAPITAL HEALTH SYSTEM FOUNDATION  | N                             | 405,857.               |
| <b>(3)</b> | MERCER HOLDING CORPORATION        | R                             | 1,000,000.             |
| <b>(4)</b> | MERCER HOLDING CORPORATION        | D                             | 3,368,625.             |
| <b>(5)</b> |                                   |                               |                        |
| <b>(6)</b> |                                   |                               |                        |

Schedule R (Form 990) 2009

**Part VI** Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

|                                                                                                                                                                                                                                                                                                                       |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 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]

**SCHEDULE FOR DEPRECIATION CLAIMED**2074BM U600

SUPPLEMENT TO RENT AND ROYALTY SCHEDULE

OTHER INCOME

|               |                   |
|---------------|-------------------|
| RENTAL INCOME | 2,010,689.        |
|               | <u>2,010,689.</u> |

OTHER DEDUCTIONS

|                                  |                   |
|----------------------------------|-------------------|
| RENTAL PROPERTY RELATED EXPENSES | 1,949,168.        |
|                                  | <u>1,949,168.</u> |

RENT AND ROYALTY SUMMARY

| <u>PROPERTY</u> | <u>TOTAL<br/>INCOME</u> | <u>DEPLETION/<br/>DEPRECIATION</u> | <u>OTHER<br/>EXPENSES</u> | <u>ALLOWABLE<br/>NET<br/>INCOME</u> |
|-----------------|-------------------------|------------------------------------|---------------------------|-------------------------------------|
| RENTAL INCOME   | 2,010,689.              |                                    | 1,949,168.                | 61,521.                             |
| TOTALS          | <u>2,010,689.</u>       |                                    | <u>1,949,168.</u>         | <u>61,521.</u>                      |

**SCHEDULE D**  
**(Form 1041)**

Department of the Treasury  
Internal Revenue Service

# Capital Gains and Losses

► Attach to Form 1041, Form 5227, or Form 990-T. See the instructions for Schedule D (Form 1041) (also for Form 5227 or Form 990-T, if applicable).

OMB No 1545-0092

**2009**

Name of estate or trust

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

**Note:** Form 5227 filers need to complete *only* Parts I and II.

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

| (a) Description of property<br>(Example 100 shares 7% preferred of "Z" Co) | (b) Date acquired<br>(mo, day, yr) | (c) Date sold<br>(mo, day, yr) | (d) Sales price | (e) Cost or other basis<br>(see page 4 of the instructions) | (f) Gain or (loss) for<br>the entire year<br>Subtract (e) from (d) |
|----------------------------------------------------------------------------|------------------------------------|--------------------------------|-----------------|-------------------------------------------------------------|--------------------------------------------------------------------|
| 1a                                                                         |                                    |                                |                 |                                                             |                                                                    |
|                                                                            |                                    |                                |                 |                                                             |                                                                    |
|                                                                            |                                    |                                |                 |                                                             |                                                                    |
|                                                                            |                                    |                                |                 |                                                             |                                                                    |
|                                                                            |                                    |                                |                 |                                                             |                                                                    |
|                                                                            |                                    |                                |                 |                                                             |                                                                    |

|                                                                                                                                                 |           |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|
| b Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b . . . . .                                                             | <b>1b</b> |     |
| 2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824 . . . . .                                                             | <b>2</b>  |     |
| 3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts . . . . .                                        | <b>3</b>  |     |
| 4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2008 Capital Loss Carryover Worksheet . . . . .               | <b>4</b>  | ( ) |
| 5 <b>Net short-term gain or (loss).</b> Combine lines 1a through 4 in column (f). Enter here and on line 13, column (3) on the back . . . . . ► | <b>5</b>  |     |

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

| (a) Description of property<br>(Example 100 shares 7% preferred of "Z" Co) | (b) Date acquired<br>(mo, day, yr.) | (c) Date sold<br>(mo, day, yr) | (d) Sales price | (e) Cost or other basis<br>(see page 4 of the instructions) | (f) Gain or (loss) for<br>the entire year<br>Subtract (e) from (d) |
|----------------------------------------------------------------------------|-------------------------------------|--------------------------------|-----------------|-------------------------------------------------------------|--------------------------------------------------------------------|
| 6a                                                                         |                                     |                                |                 |                                                             |                                                                    |
|                                                                            |                                     |                                |                 |                                                             |                                                                    |
|                                                                            |                                     |                                |                 |                                                             |                                                                    |
|                                                                            |                                     |                                |                 |                                                             |                                                                    |
|                                                                            |                                     |                                |                 |                                                             |                                                                    |
|                                                                            |                                     |                                |                 |                                                             |                                                                    |

|                                                                                                                                                   |           |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| b Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b . . . . .                                                                | <b>6b</b> | 690,434. |
| 7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824 . . . . .                                                          | <b>7</b>  |          |
| 8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts . . . . .                                           | <b>8</b>  |          |
| 9 Capital gain distributions . . . . .                                                                                                            | <b>9</b>  |          |
| 10 Gain from Form 4797, Part I . . . . .                                                                                                          | <b>10</b> |          |
| 11 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2008 Capital Loss Carryover Worksheet . . . . .                | <b>11</b> | ( )      |
| 12 <b>Net long-term gain or (loss).</b> Combine lines 6a through 11 in column (f). Enter here and on line 14a, column (3) on the back . . . . . ► | <b>12</b> | 690,434. |

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2009

**Part III Summary of Parts I and II****Caution:** Read the instructions before completing this part.

|           |                                                                     | (1) Beneficiaries'<br>(see page 5) | (2) Estate's<br>or trust's | (3) Total |
|-----------|---------------------------------------------------------------------|------------------------------------|----------------------------|-----------|
| <b>13</b> | <b>Net short-term gain or (loss)</b> . . . . .                      | <b>13</b>                          |                            |           |
| <b>14</b> | <b>Net long-term gain or (loss):</b>                                |                                    |                            |           |
| a         | Total for year . . . . .                                            | <b>14a</b>                         |                            | 690,434.  |
| b         | Unrecaptured section 1250 gain (see line 18 of the wrkst) . . . . . | <b>14b</b>                         |                            |           |
| c         | 28% rate gain . . . . .                                             | <b>14c</b>                         |                            |           |
| <b>15</b> | <b>Total net gain or (loss).</b> Combine lines 13 and 14a . . . . . | <b>15</b>                          |                            | 690,434.  |

**Note:** If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a). If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the **Capital Loss Carryover Worksheet**, as necessary.

**Part IV Capital Loss Limitation**

|           |                                                                                                                                                                                 |           |     |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|
| <b>16</b> | Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the smaller of:<br>a The loss on line 15, column (3) or b \$3,000 . . . . . | <b>16</b> | ( ) |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|

**Note:** If the loss on line 15, column (3), is more than \$3,000, or if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the **Capital Loss Carryover Worksheet** on page 7 of the instructions to figure your capital loss carryover.

**Part V Tax Computation Using Maximum Capital Gains Rates**

**Form 1041 filers.** Complete this part only if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22, is more than zero.

**Caution:** Skip this part and complete the worksheet on page 8 of the instructions if:

- Either line 14b, col. (2) or line 14c, col. (2) is more than zero, or
- Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero.

**Form 990-T trusts.** Complete this part only if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, line 34, is more than zero. Skip this part and complete the worksheet on page 8 of the instructions if either line 14b, col. (2) or line 14c, col. (2) is more than zero.

|           |                                                                                                                                                                                                                                                         |           |  |  |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|--|
| <b>17</b> | Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34) . . . . .                                                                                                                                                                         | <b>17</b> |  |  |
| <b>18</b> | Enter the smaller of line 14a or 15 in column (2) but not less than zero . . . . .                                                                                                                                                                      | <b>18</b> |  |  |
| <b>19</b> | Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T) . . . . .                                                                                    | <b>19</b> |  |  |
| <b>20</b> | Add lines 18 and 19 . . . . .                                                                                                                                                                                                                           | <b>20</b> |  |  |
| <b>21</b> | If the estate or trust is filing Form 4952, enter the amount from line 4g, otherwise, enter -0- . . . . .                                                                                                                                               | <b>21</b> |  |  |
| <b>22</b> | Subtract line 21 from line 20. If zero or less, enter -0- . . . . .                                                                                                                                                                                     | <b>22</b> |  |  |
| <b>23</b> | Subtract line 22 from line 17. If zero or less, enter -0- . . . . .                                                                                                                                                                                     | <b>23</b> |  |  |
| <b>24</b> | Enter the smaller of the amount on line 17 or \$2,300 . . . . .                                                                                                                                                                                         | <b>24</b> |  |  |
| <b>25</b> | Is the amount on line 23 equal to or more than the amount on line 24?<br><input type="checkbox"/> <b>Yes.</b> Skip lines 25 and 26; go to line 27 and check the "No" box.<br><input type="checkbox"/> <b>No.</b> Enter the amount from line 23. . . . . | <b>25</b> |  |  |
| <b>26</b> | Subtract line 25 from line 24. . . . .                                                                                                                                                                                                                  | <b>26</b> |  |  |
| <b>27</b> | Are the amounts on lines 22 and 26 the same?<br><input type="checkbox"/> <b>Yes.</b> Skip lines 27 thru 30, go to line 31 <input type="checkbox"/> <b>No.</b> Enter the smaller of line 17 or line 22 . . . . .                                         | <b>27</b> |  |  |
| <b>28</b> | Enter the amount from line 26 (If line 26 is blank, enter -0-) . . . . .                                                                                                                                                                                | <b>28</b> |  |  |
| <b>29</b> | Subtract line 28 from line 27 . . . . .                                                                                                                                                                                                                 | <b>29</b> |  |  |
| <b>30</b> | Multiply line 29 by 15% (.15) . . . . .                                                                                                                                                                                                                 | <b>30</b> |  |  |
| <b>31</b> | Figure the tax on the amount on line 23. Use the 2009 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041) . . . . .                                                                            | <b>31</b> |  |  |
| <b>32</b> | Add lines 30 and 31 . . . . .                                                                                                                                                                                                                           | <b>32</b> |  |  |
| <b>33</b> | Figure the tax on the amount on line 17. Use the 2009 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041) . . . . .                                                                            | <b>33</b> |  |  |
| <b>34</b> | <b>Tax on all taxable income.</b> Enter the smaller of line 32 or line 33 here and on Form 1041, Schedule G, line 1a (or Form 990-T, line 36) . . . . .                                                                                                 | <b>34</b> |  |  |

Schedule D (Form 1041) 2009

Name of estate or trust as shown on Form 1041 Do not enter name and employer identification number if shown on the other side

CAPITAL HEALTH SYSTEM, INC.

Employer identification number

22-3548695

## Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

[illegible]

**6b Total.** Combine the amounts in column (f). Enter here and on Schedule D, line 6b . . . . .

690,434.

Schedule D-1 (Form 1041) 2009