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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 01-01-2009 and ending 12-31-2009

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

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

C Name of organization
MEMORIAL HEALTH SYSTEMS INC

Doing Business As
FLORIDA HOSPITAL MEMORIAL MEDICAL CE

Number and street (or P O box if mail is not delivered to street address) | Room/suite
301 Memorial Medical Parkway

City or town, state or country, and ZIP + 4
Daytona Beach, FL 32117

D Employer identification number
59-0973502

E Telephone number
(386) 676-6000

G Gross receipts $ 231,868,831

F Name and address of principal officer
Mark LaRose
301 Memorial Medical Parkway
Daytona Beach, FL 32117

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW Floridahospitalmemorial org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1961

M State of legal domicile FL

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
MEDICAL CARE TO THE COMMUNITY THROUGH THE OPERATION OF TWO HOSPITALS WITH A TOTAL OF 396 BEDS

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	7
5	Total number of employees (Part V, line 2a)	5	2,024
6	Total number of volunteers (estimate if necessary)	6	303
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	716,790
b	Net unrelated business taxable income from Form 990-T, line 34	7b	39,097

		Prior Year	Current Year
Revenue 8	Contributions and grants (Part VIII, line 1h)		451,971
9	Program service revenue (Part VIII, line 2g)	202,981,524	224,739,708
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,664,037	5,112,713
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	204,645,561	230,304,392
Expenses 13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		68,000
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	83,362,866	93,012,033
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	117,430,814	131,419,691
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	200,793,680	224,499,724
19	Revenue less expenses Subtract line 18 from line 12	3,851,881	5,804,668

		Beginning of Current Year	End of Year
Net Assets or Fund Balances 20	Total assets (Part X, line 16)	445,572,866	439,629,318
21	Total liabilities (Part X, line 26)	210,026,276	199,125,367
22	Net assets or fund balances Subtract line 21 from line 20	235,546,590	240,503,951

Part II Signature Block

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

Sign Here

****** | 2010-11-03
Signature of officer | Date

Lynn C Addiscott Assistant Secretary
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-empolyed ☐	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4			EIN ▶
			Phone no ▶

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

Adventist Health System Sunbelt Healthcare Corporation, and all of its subsidiary organizations, was established by the Seventh-Day Adventist Church to bring a ministry of healing and health to the communities served Our mission is to extend the healing ministry of Christ

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) (Expenses $ 203,687,994 including grants of $ 68,000) (Revenue $ 224,022,918)

OPERATION OF 2 ACUTE CARE HOSPITALS WITH 11,996 PATIENT ADMISSIONS AND 56,676 PATIENT DAYS IN THE CURRENT YEAR BOTH HOSPITALS ARE LOCATED IN ORMOND BEACH and Daytona Beach, FLORIDA IN ADDITION, THE CORPORATION OPERATES AN INTEGRATED HEALTHCARE DELIVERY SYSTEM

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

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

4e **Total program service expenses** ▶ $ 203,687,994

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any 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*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
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.*	11	Yes	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line10? *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*	12	Yes	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional*	12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	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? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
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? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	184		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	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	2a	2,024		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note:** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . .	7g			
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body	1a	16		
b	Enter the number of voting members that are independent	1b	7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ FL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Nigel Hinds
301 Memorial Medical Parkway
Daytona Beach, FL 32117
(386) 231-3901

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, and **current** key employees 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, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

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

1b Total . . . . . ▶	4,150,838	5,012,318	965,722

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 ▶ 56

			Yes	No
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*	**3**		No
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*	**4**	Yes	
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*	**5**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SHERIDAN HEALTHCARE PO BOX 452197 SUNRISE, FL 33323	MEDICAL SERVICES	3,684,072
LANDAU IRWIN MD PA 1200 W GRANADA BLVD ORMONd Beach, FL 32174	PHYSICIAN SERVICES	840,375
SPACE COAST HOSPITAL SERVICES 1895 MURRELL ROAD ROCKLEDGE, FL 32955	LINEN SERVICE	697,173
Medical Information Tech PO Box 74569 Chicago, IL 60696	maintenance contracts service	581,903
Transcend Services Inc PO BOX 74020 Atlanta, GA 30374	Medical Transcription Service	449,414

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 ▶ 31

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	451,971			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		451,971			
Program Service Revenue			Business Code				
	2a	Net patient revenue	900,099	218,958,462	218,893,010	65,452	
	b	Management Fees	561,000	3,579,947	2,928,609	651,338	
	c	Medical office buildin	531,120	1,094,090	1,094,090		
	d	Cafeteria revenue	900,099	688,154	688,154		
	e	Gift shop revenue	900,099	20,859	20,859		
	f	All other program service revenue		398,196	398,196		
	g	**Total.** Add lines 2a–2f		224,739,708			
	3	Investment income (including dividends, interest and other similar amounts)		2,534,351			2,534,351
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross Rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	2,577,792	1,565,009			
	b	Less cost or other basis and sales expenses		1,564,439			
	c	Gain or (loss)	2,577,792	570			
	d	Net gain or (loss)			2,578,362		2,578,362
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d					
	12	**Total revenue.** See Instructions		230,304,392	224,022,918	716,790	5,112,713

Part IX Statement of Functional Expenses

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

	Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	68,000	68,000		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,319,594		2,319,594	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	69,508,049	69,508,049		
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,462,626	2,409,409	53,217	
9	Other employee benefits	13,196,163	13,196,163		
10	Payroll taxes	5,525,601	5,406,193	119,408	
11	Fees for services (non-employees)				
a	Management				
b	Legal	183,799		183,799	
c	Accounting	73,000		73,000	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17*				
f	Investment management fees				
g	Other	11,368,509	8,665,867	2,702,642	
12	Advertising and promotion	1,309,335		1,309,335	
13	Office expenses	57,337,240	56,067,143	1,270,097	
14	Information technology	5,575,308	1,203,567	4,371,741	
15	Royalties				
16	Occupancy	5,983,044	5,983,044		
17	Travel	302,254		302,254	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	157,464		157,464	
20	Interest	3,982,847	3,982,847		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	19,759,613	19,759,613		
23	Insurance	4,592,719	787,060	3,805,659	
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	Bad Debt expense	8,671,698	8,671,698		
b	Repairs & maintenance	5,390,353	5,390,353		
c	Purchased services	4,132,290	244,219	3,888,071	
d	State Tax Indigent Asse	2,167,852	2,167,852		
e	Unrelated business inco	13,062		13,062	
f	All other expenses	419,304	176,917	242,387	
25	**Total functional expenses.** Add lines 1 through 24f	224,499,724	203,687,994	20,811,730	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		4,262	1	4,960
	2	Savings and temporary cash investments		136,527,491	2	92,439,631
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		23,778,797	4	27,301,453
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		4,289,440	8	5,048,338
	9	Prepaid expenses and deferred charges		4,834,805	9	4,945,941
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 394,270,941			
	b	Less accumulated depreciation	10b 106,450,192	251,739,059	10c	287,820,749
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		6,509,574	12	5,386,001
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		23,602	14	
	15	Other assets See Part IV, line 11		17,865,836	15	16,682,245
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		445,572,866	16	439,629,318
Liabilities	17	Accounts payable and accrued expenses		21,555,539	17	13,447,088
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	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			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		188,470,737	25	185,678,279
	26	**Total liabilities.** Add lines 17 through 25		210,026,276	26	199,125,367
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		232,051,749	27	236,392,720
	28	Temporarily restricted net assets		669,106	28	1,285,496
	29	Permanently restricted net assets		2,825,735	29	2,825,735
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		235,546,590	33	240,503,951
	34	Total liabilities and net assets/fund balances		445,572,866	34	439,629,318

Part XI Financial Statements and Reporting

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
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	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

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

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

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

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

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

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

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

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2008 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2008.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III Support Schedule for Organizations Described in IRC 509(a)(2)

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 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 **Total.** 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 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
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 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶

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.** 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

Additional Data

Software ID:
Software Version:
EIN: 59-0973502
Name: MEMORIAL HEALTH SYSTEMS INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MICHAEL SCHULTZ CHAIRMAN	1 00	X						0	918,476	129,487
RICK BANKER DIRECTOR (3/1-12/31/09)	1 00	X						0	0	0
RICHARD C BROWN DIRECTOR	1 00	X						0	0	0
DAVID BURT DIRECTOR	1 00	X						0	0	0
PAUL CLARE DIRECTOR	1 00	X						0	0	0
SURESH DESAI MD DIRECTOR	1 00	X						41,800	0	0
JOSEPH GRUBER DIRECTOR	1 00	X						0	0	0
JOEL D JOHNSON DIRECTOR	1 00	X						0	400,461	71,303
SANDRA K JOHNSON DIRECTOR	1 00	X						0	618,700	79,238
Mark LaRose CEO/DIRECTOR	40 00	X		X				2,890	446,612	83,237
NANCY LOHMAN DIRECTOR (9/1-12/31/09)	1 00	X						0	0	0
DAVID OTtatı DIRECTOR	1 00	X						0	341,149	58,625
ANDREW RITTER MD DIRECTOR	1 00	X						3,279	0	0
JULIE SCHNEIDER MD DIRECTOR	1 00	X						731,943	0	19,085
LEWIS SEIFERT DIRECTOR	1 00	X						0	499,140	74,948
ELIZABETH WEAGRAFF DIRECTOR	1 00	X						0	273,671	57,218
DEbora THOMAS CFO	40 00			X				3,330	412,374	55,240
Danıel Wolcott VP- Phys Prac	40 00				X			941	232,457	72,463
DARlında Copeland COO	40 00				X			1,433	288,345	38,320
MICHEle Goeb-Burkett CNO	40 00				X			555	199,914	32,008
RONald JIMENEZ CMO	40 00				X			0	381,019	68,456
CHRISTIAN BIRKEDAL MD PHYSICIAN	40 00					X		826,326	0	27,093
ROBERT Martın MD PHYSICIAN	40 00					X		774,409	0	22,695
Padmaja Sai MD PHYSICIAN	40 00					X		678,874	0	26,599
RONALD R RASMUSSEN MD PHYSICIAN	40 00					X		571,438	0	27,612

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEPHEN LEVINE MD PHYSICIAN	40 00					X	513,620	0	22,095

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Net patient revenue	900,099	218,958,462	218,893,010	65,452	
Management Fees	561,000	3,579,947	2,928,609	651,338	
Medical office buildin	531,120	1,094,090	1,094,090		
Cafeteria revenue	900,099	688,154	688,154		
Gift shop revenue	900,099	20,859	20,859		

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

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Bad Debt expense	8,671,698	8,671,698		
Repairs & maintenance	5,390,353	5,390,353		
Purchased services	4,132,290	244,219	3,888,071	
State Tax Indigent Asse	2,167,852	2,167,852		
Unrelated business inco	13,062		13,062	

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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) or Form 990-EZ, line 35a (regarding proxy tax), then

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

Name of the organization	Employer identification number
MEMORIAL HEALTH SYSTEMS INC	59-0973502

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

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

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		8,473
j	Total lines 1c through 1i			8,473
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Explanation of Other Lobbying Activities	AMERICAN HOSPITAL ASSOCIATION DUES AND FLORIDA HOSPITAL ASSOCIATION DUES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☑ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		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	0

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ 0

4 Number of states where property subject to conservation easement is located ▶ 1

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 ▶ 0 00

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ 0

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☑ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $

(ii) Assets included in Form 990, Part X ▶ $

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		23,289,070		23,289,070
b Buildings		279,346,365	63,695,083	215,651,282
c Leasehold improvements				
d Equipment		87,574,322	41,888,842	45,685,480
e Other		4,061,184	866,267	3,194,917
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				287,820,749

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
Total. *(Column (b) should 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 Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
Total. *(Column (b) should 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	
Payable to third parties	5,812,391
Due to affiliated	175,675
Credit balances in A/R	662,151
Other liabilities	811,093
Interco Alloc of TE Bond Proceeds	173,511,004
Leases Payable	4,705,965
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	185,678,279

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 Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	230,304,392
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	224,499,724
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	5,804,668
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	-847,307
9	Total adjustments (net) Add lines 4 - 8	9	-847,307
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	4,957,361

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	193,387,317
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	60		
e	Add lines **2a** through **2d**			2e	60
3	Subtract line **2e** from line **1**			3	193,387,257
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	36,917,135		
c	Add lines **4a** and **4b**			4c	36,917,135
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	230,304,392

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

1	Total expenses and losses per audited financial statements			1	187,582,649
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	60		
e	Add lines **2a** through **2d**			2e	60
3	Subtract line **2e** from line **1**			3	187,582,589
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	36,917,135		
c	Add lines **4a** and **4b**			4c	36,917,135
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	224,499,724

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part II, Line 9	Description of How Organization Reports Conservation Easements	The filing organization has recorded the land conservation easement on its financial statements as a Property, Plant, and Equipment Asset The conservation easement generates no revenue and the filing organization did not incur any expense in 2009 related to the maintenance and monitoring of the conservation easement
Part X	Description of Uncertain Tax Positions Under FIN 48	The financial statements of the filing organization contains the following FIN 48 footnote - The Hospital follows the Income Taxes Topic of the ASC (ASC 740), which prescribes the accounting for uncertainty in income tax positions recognized in financial statements ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return
Part XI, Line 8 - Other Adjustments		TRANSFER TO TAX-EXEMPT PARENT CORPORATION - 2080945 TRANSFER TO UNRESTRICTED FOR EXPENSES 321726 UNREALIZED GAIN ON DSRF FUNDS 295522 CHANGE IN INVESTMENT IN RELATED FOUNDATION - TEMPORARILY RESTRICTED (TR) 699385 NET ASSETS RELAEASED FROM RESTRICTIONS FOR PURCHASES OR USE IN OPERATIONS - TR -445221 GIFTS & GRANTS 362226
Part XII, Line 2d - Other Adjustments		MISCELLANEOUS ADJUSTMENT 60
Part XII, Line 4b - Other Adjustments		RECLASS OF INCOME NET OF EXPENSE IN AUDITED STATEMENTS 33337188 RECLASS MANAGEMENT FEES 3579947
Part XIII, Line 2d - Other Adjustments		MISCELLANEOUS ADJUSTMENT 60
Part XIII, Line 4b - Other Adjustments		RECLASS OF INCOME NET OF EXPENSE IN AUDITED STATEMENTS 33337188 RECLASS MANAGEMENT FEES 3579947

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			7,867,417	0	7,867,417	3 650 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			17,173,238	7,110,455	10,062,783	4 660 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0		
d **Total** Charity Care and Means-Tested Government Programs			25,040,655	7,110,455	17,930,200	8 310 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			32,918	0	32,918	0 020 %
f Health professions education (from Worksheet 5)			0	0		
g Subsidized health services (from Worksheet 6)			46,390	23,378	23,012	0 010 %
h Research (from Worksheet 7)			0	0		
i Cash and in-kind contributions to community groups (from Worksheet 8)			0	0		
j **Total** Other Benefits			79,308	23,378	55,930	0 030 %
k **Total.** Add lines 7d and 7j			25,119,963	7,133,833	17,986,130	0

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			0	0		
2	Economic development			0	0		
3	Community support			0	0		
4	Environmental improvements			0	0		
5	Leadership development and training for community members			0	0		
6	Coalition building			0	0		
7	Community health improvement advocacy			0	0		
8	Workforce development			0	0		
9	Other			0	0		
10	**Total**						

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 Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	2,748,928		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	642,639		
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)	5	70,154,103		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	75,731,430		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-5,577,327		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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)

See Additional Data Table

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

Part I, Line 6a The filing organization is a wholly owned subsidiary of Adventist Health System Sunbelt Healthcare Corporation (AHSSHC) AHSSHC serves as the parent organization to 18 tax-exempt 501(c)(3) hospital organizations that operate 37 hospitals in ten states within the U S The system of organizations under the control and ownership of AHSSHC is known as "Adventist Health System" (AHS) All hospital organizations within AHS collect, calculate, and report the community benefits they provide to the communities they serve AHS organizations exist solely to improve and enhance the local communities they serve AHS has a system-wide community benefits accounting policy that provides guidelines for its health care provider organizations to capture and report the costs of services provided to the underprivileged and to the broader community On an annual basis, the community benefits of all AHS organizations are consolidated and reported in the AHS Annual Report document

Part I, Line 7f Bad debt expense of $8,671,698 was included on Form 990, Part IX, line 25, but subtracted for purposes of calculating the percentage of total expenses in column (f) of line 7

Part I, Line 7 The amounts of costs reported in the table in line 7 of Part I of Schedule H were determined by utilizing a cost-to-charge ratio derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges, contained in the Schedule H instructions

Part III, Line 4 Costing Methodology The amounts of bad debt expense, at cost, reported on line 2 and 3 of Section A of Part III were determined utilizing a ratio of patient care cost to charges as shown on Worksheet A contained in the instructions for Schedule H, Part III, line 3 Discounts and payments on patient accounts are recorded as adjustments to revenue, not bad debt expense Methodology for Determining the Estimated Amount of Bad Debt Expense that May Represent Patients who Could Have Qualified under the Filing Organization's Charity Care Policy Self-pay patients are required to complete a Patient Financial Assistance Application Short Form (PFAA) If the PFAA is not completed after reasonable attempts to obtain it are exhausted, patient information is processed through a Scorer product The Scorer product utilizes publicly available data, such as credit reports, to assess an individual patient's financial viability Patients who earn a certain score on the Scorer product are considered to qualify as non-state charity patients An amount up to $1,000 of such a patient's bill is written off as bad debt expense, while the remaining portion of the patient's bill is considered to be non-state charity The amount written off as bad debt expense for those patients who potentially qualify as non-state charity using the Scorer product is the amount shown on line 3 of Section A of Part III Rationale for Including Certain Bad Debts in Community Benefit The filing organization is dedicated to the view that medically necessary health care for emergency and non-elective patients should be accessible to all, regardless of age, gender, geographic location, cultural background, physician mobility, or ability to pay The filing organization treats emergency and non-elective patients regardless of their ability to pay or the availability of third-party coverage By providing health care to all who require emergency or non-elective care in a non-discriminatory manner, the filing organization is providing health care to the broad community it serves As a 501(c)(3) hospital organization, the filing organization maintains a 24/7 emergency room providing care to all whom present When a patient's arrival and/or admission to the facility begins within the Emergency Department, triage and medical screening are always completed prior to registration staff proceeding with the determination of a patient's source of payment If the patient requires admission and continued non-elective care, the filing organization provides the necessary care regardless of the patient's ability to pay The filing organization's operation of a 24/7 Emergency Department that accepts all individuals in need of care promotes the health of the community through the provision of care to all whom present Current Internal Revenue Service guidance that tax-exempt hospitals maintain such emergency rooms was established to ensure that emergency care would be provided to all without discrimination The treatment of all at the filing organization's Emergency Department is a community benefit Under the filing organization's Charity Care Policy, every effort is made to obtain a patient's necessary financial information to determine eligibility for charity care However, not all patients will cooperate with such efforts and a charity care eligibility determination can not be made In this case, a patient's portion of a bill that remains unpaid for a certain stipulated time period is wholly or partially classified as bad debt Bad debts associated with patients who have received care through the filing organization's Emergency Department should be considered to be community benefit as charitable hospitals exist to provide such care in pursuit of their purpose of meeting the need for emergency medical care services available to all in the community Financial Statement Footnote Related to Accounts Receivable and Allowance for Uncollectible Accounts The filing organization received a separate audited financial statement for the current year The applicable footnote from the separate audited financial statements that addresses accounts receivable, the allowance for uncollectible accounts, and the provision for bad debts is as follows The Hospital serves certain patients whose medical care costs are not paid at established rates These patients include those sponsored under government programs such as Medicare and Medicaid, those sponsored under private contractual agreements, charity patients, and other uninsured patients who have limited ability to pay Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered The Hospital is subject to retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Adjustments to revenue related to prior periods increased patient service revenue by approximately $3,655,000 for the year ended December 31, 2009 Revenue from the Medicare and Medicaid programs represents approximately 37% of the Hospital's patient service revenue for the year ended December 31, 2009 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements To the extent the Hospital realizes additional losses resulting from higher credit risk for patients who are not identified as meeting or do not meet the charity definition described below, such additional losses are included in the provision for bad debts Other than the accounts receivable related to the Medicare and Medicaid programs, there are no significant concentrations of accounts receivable due from an individual payor at December 31, 2009 The provision for bad debts is based on management's assessment of historical and expected net collections considering business and economic conditions, trends in healthcare coverage, and other collection indicators Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon the payor composition and aging of accounts receivable as well as retrospective reviews of subsequent cash collections The results of these reviews are then used to make any modifications to the provision for bad debts to establish an estimated allowance for uncollectible accounts Accounts receivable are written off after collection efforts have been followed in accordance with the Hospital's policies

Part III, Line 8 Costing Methodology Medicare allowable costs were calculated using a cost-to-charge ratio Rationale for Including a Medicare Shortfall as Community Benefit As a 501(c)(3) organization, the filing organization provides emergency and non-elective care to all regardless of ability to pay All hospital services are provided in a non-discriminatory manner to patients who are covered beneficiaries under the Medicare program As a public insurance program, Medicare provides a pre-established reimbursement rate/amount to health care providers for the services they provide to patients In some cases, the reimbursement amount provided to a hospital may exceed its costs of providing a particular service or services to a patient In other cases, the Medicare reimbursement amount may result in the hospital experiencing a shortfall of reimbursement received over costs incurred In those cases where an overall shortfall is generated for providing services to all Medicare patients, the shortfall amount should be considered as a benefit to the community Tax-exempt hospitals are required to accept all Medicare patients regardless of the profitability, or lack thereof, with respect to the services they provide to Medicare patients The population of individuals covered under the Medicare program is sufficiently large so that the provision of services to the population is a benefit to the community and relieves the burdens of government In those situations where the provision of services to the total Medicare patient population of a tax-exempt hospital during any year results in a shortfall of reimbursement received over the cost of providing care, the tax-exempt hospital has provided a benefit to a class of persons broad enough to be considered a benefit to the community Despite a financial shortfall, a tax-exempt hospital must and will continue to accept and care for Medicare patients Typically, tax-exempt hospitals provide health care services based upon an assessment of the health care needs of their community as opposed to their taxable counterparts where profitability often drives decisions about patient care services that are offered Patient care provided by tax-exempt hospitals that results in Medicare shortfalls should be considered as providing a benefit to the community and relieving the burdens of government PART III, SECTION B, LINES 5-7 The IRS instructions for Schedule H, Part III, Section B, lines 5-7 specifically indicate to include only those allowable costs and Medicare reimbursements that are reported in the organization's Medicare cost report for the year This reporting does not take into account those costs and revenues associated with hospital employed physicians who are treating Medicare patients at hospital-owned clinic and physician practice sites Accordingly, the net result of treating Medicare patients from a financial perspective may differ as reported for financial reporting purposes and community benefit reporting purposes from the surplus or shortfall shown on line 7 of Section B of Part III of Schedule H

Part III, Line 9b At the time of patient registration, non-elective self-pay patients are informed of the minimum discount available under the filing organization's self-pay discount policy Such patients are also informed of the filing organization's charity care policy and told that they will be required to submit necessary financial data in order to potentially receive any additional discounts Percentage discounts are applied to a patient's account (from a 100% discount to a 30% discount) based upon the patient's household income as a percentage of the Federal Poverty Guidelines Under the filing organization's policies, payment plans for partial charity accounts will be individually developed with the patient Partial charity accounts result when a financial assistance eligibility determination allows for a percentage reduction but leaves the patient with a self-pay balance If the patient complies with the agreed-upon payment plan, the filing organization does not pursue any collection action with respect to the patient However, if a patient does not make any payments for three consecutive months, the account may be referred for further collection activity The filing organization does not pursue collection of amounts from patients determined to qualify for a 100% reduction in charges under its charity care policy

Part V The filing organization had no other facilities that were not required to be licensed, registered, or similarly recognized as a health care facility under state law in the current tax year

Part VI, Line 8 The annual community benefit report contained in the annual report prepared by Adventist Health System Sunbelt Healthcare Corporation (AHSSHC) on behalf of the entire AHS System of healthcare organization is not filed with any state agencies

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

Part VI, Line 2 The filing organization does not currently conduct any formal annual health care needs assessment However, a variety of practices and processes are in place to ensure that the filing organization is responsive to the health needs of its community Such practices and processes involve the following 1 A hospital operating/community board composed of individuals broadly representative of the community, community leaders, and those with specialized medical training and expertise,2 Post-discharge patient follow-up related to the on-going care and treatment of patients who suffer from chronic diseases, 3 Sponsorship and participation in community health and wellness activities that reach a broad spectrum of the filing organization's community, and 4 Collaboration with other local community groups to address the health care needs of the filing organization's community

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

Part VI, Line 3 The filing organization has a process in place whereby patients are informed about the Hospital's Charity Care Policy and other forms of financial assistance, such as self-pay discounts Signage is posted in the Emergency Room indicating that financial assistance is available for those self-pay patients meeting eligibility requirements After EMTALA medical screening and stabilization requirements are met, registration personnel will secure financial information on as many self-pay patients as possible at the time of service For those who appear to qualify for Medicaid or under the Hospital's Charity Care Policy, the financial counselors will continue to work with those patients until final account resolution is achieved All other self-pay patients are covered under this process At any time during the process that data is provided showing that a patient qualifies for assistance under the Charity Care Policy the discounts extended under that policy will be applied As part of the billing process, the Hospital includes the application for charity care assistance along with the initial patient bill The Hospital's charity care application is also available to patients on the Hospital's web-site in both an English and Spanish version Additionally, the Hospital's financial counselors are available to work with every patient during the first 120 days of the billing process to assist the patient with completing charity care applications and investigating other potential sources of third-party assistance The determination of a patient's eligibility for charity care is made on a case-by-case basis Various factors are considered in that determination Each individual patient who is identified as potentially being eligible to receive charity care is seen by a financial counselor at the Hospital The financial counselor will work with the patient to make sure that other sources of assistance (public or otherwise) have been sought to the fullest extent possible When other forms of assistance are not available or have been exhausted, the Hospital will gather certain financial information from the patient to determine the patient's ability to pay based upon level of income

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

Part VI, Line 4 The filing organization operates 2 hospitals in Volusia County, Florida, Florida Hospital Memorial Medical Center (Memorial), a 277-bed facility and Florida Hospital Oceanside (Oceanside), a 119-bed facility Additionally, the filing organization serves its communities with phyician practices, imaging services, and laboratory services throughout East Central Florida More than 400 physicians hold privileges at the filing organization's facilities and combined, the filing organization employs more than 1,700 individuals There is an affiliate hospital and two other hospitals within a radius of 20 miles or less from Memorial and Oceanside Approximately 39% of the filing organization's patients during 2009 were Medicare patients, about 7% were Medicaid patients, and the remaining percentage were patients covered under commercial insurance and self-pay patients Memorial is Volusia County's newest and most comprehensive facility Its new facility features the area's only endovascular/hybrid operating room where patients are diagnosed and treated in one location for a variety of heart and endovascular conditions, the area's only siemens somotom 64-slice ct scanner for faster, painless diagnoses of heart conditions and strokes using 50 percent less radiation, and a newly expanded emergency department featuring "no wait" services Memorial serves a population of approximately 66,200 people in the city of Daytona Beach and surrounding communities within Volusia County Daytona Beach is the regional commercial and cultural hub of Deltona-Daytona Beach-Ormond Beach area The city is an integral segment of the Interstate Highway 4 corridor with specialized industries in aerospace, automotive, and manufacturing The median household income in Daytona Beach was approximately $31,500 in 2008 High school graduates account for approximately 84% of the the individuals residing in Daytona Beach with about 22% having a bachelor's degree or higher Oceanside has a long history of community support and services which includes medical/surgical care and the operation of Peninsula Rehabilitation Center, Volusia County's only inpatient rehabilitation center It also offers an outpatient rehab unit, imaging services, laboratory services, and cardiopulmonary services Oceanside serves a population of approximately 41,000 people in the city of Ormond Beach and surrounding communities within Volusia County Approximately 28% of the population of Ormond Beach is 65 years and over Ormond Beach has an active commercial and residential market in the Daytona Beach-Ormond Beach area The median household income in Ormond Beach was approximately $48,500 in 2008 High school graduates account for approximately 91% of the the individuals residing in Ormond Beach with about 32% having a bachelor's degree or higher

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)

Part VI, Line 6 The provision of community benefit is central to the filing organization's mission of service and compassion Restoring and promoting the health and quality of life of those in the communities served by the filing organization is a function of "extending the healing ministry of Christ" and embodies the fiing organization's commitment to its values and principles The filing organization commits substantial resources to provide a broad range of services to both the underprivileged as well as the broader community In addition to the community benefit information provided in Parts I, II and III of this Schedule H, the Hospital captures and reports the benefits provided to its community through faith-based care Examples of such benefits include the cost associated with chaplaincy care programs and mission peer reviews and mission conferences During the current year, the filing organization provided $229,361 of benefit with respect to the faith-based and spiritual needs of the community in conjunction with its operation of 2 community hospitals The filing organization also provides benefits to its community's infrastructure by investing in capital improvements to ensure that facilities and technology provide the best possible care to the community During the current year, the filing organization expended $55,929,509 in new capital improvements As a faith-based mission-driven community hospital, the filing organization is continually involved in monitoring its community, identifying unmet health care needs and developing solutions and programs to address those needs In accordance with its conservative approach to fiscal responsibility, surplus funds of the Hospital are continually being invested in resources that improve the availability and quality of delivery of health care services and programs to its community

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

Part VI, Line 7 The filing organization is a part of a faith-based healthcare system of organizations whose parent is Adventist Health System Sunbelt Healthcare Corporation (AHSSHC) The system is known as Adventist Health System (AHS) AHSSHC is an organization exempt from federal income tax under IRC Sec 501(c)(3) AHSSHC and its subsidiary organizations operate 37 hospitals in 10 states throughout the U S , primarily in the Southeastern portion of the U S AHSSHC and its subsidiaries also operate 17 nursing home facilities and other ancillary health care provider facilities, such as ambulatory surgery centers and diagnostic imaging centers As the parent organization of the AHS system, AHSSHC provides executive leadership and other professional support services to its subsidiary organizations Professional support services include among others corporate compliance, legal, human resources, reimbursement, risk management, and tax as well as treasury functions The provision of these executive and support services on a centralized basis by AHSSHC provides an appropriate balance between providing each AHS subsidiary hospital organization with mission-driven consistent leadership and support while allowing the hospital organization to focus its resources on meeting the specific health care needs of the community it serves The reader of this Form 990 should keep in mind that this reporting entity may differ in certain areas from that of a stand-alone hospital organization due to its inclusion in a larger system of healthcare organizations As a part of a system of hospital and other health care organizations, the filing organization benefits from reduced costs due to system efficiencies, such as large group purchasing discounts, and the availability of internal resources such as internal legal counsel Each AHS subsidiary pays a management fee to AHSSHC for the internal services provided by AHSSHC As a result, management fee expense reported by a AHS subsidiary organization may appear greater in relation to management fee expense that may be reported by a single stand-alone hospital The single stand-alone hospital would likely report costs associated with management and other professional services on various expense line items in its statement of revenue and expense as opposed to reporting such costs in one overall management fee expense As the reporting of the Form 990 is done on an entity by entity basis, there is no single Form 990 that captures the programs and operations of AHS as a whole The reader is directed to visit the web-site of AHS at www adventisthealthsystem com to learn more about the mission and operations of AHS and to access AHS's annual report that contains financial data as well as community benefit reporting for the entire system

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

Additional Data

Software ID:
Software Version:
EIN: 59-0973502
Name: MEMORIAL HEALTH SYSTEMS INC

Form 990 Schedule H, Part V - Facility Informaiton

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)
Florida Hospital Memorial Medical Center 301 Memorial Medical Parkway Daytona Beach, FL 32117	X	X					X		
Florida Hospital Oceanside 264 South Atlantic Ave Ormond Beach, FL 32176	X	X					X		
Florida Memorial Hospital Imaging Center 335 Clyde Morris Blvd ORMond Beach, FL 32174									Diagnostic Imaging
Port Orange Rehabilitative Services 788 Dunlawton Ave Port Orange, FL 32127									Rehabilitative Services
Ehringer Medical Center 1182 Ocean Shore Blvd Ormond Beach, FL 32176									Family Physician Services
Memorial Family Care - Daytona 1130 Beville Road Daytona Beach, FL 32114									Family Physician Services
Memorial Med Oncology-Ormond Beach 873 Sterthaus Ave 104 Ormond Beach, FL 32174									Oncology Services
Memorial MedLab 290 N Clyde Morris Blvd Ormond Beach, FL 32174									Lab Services
The Center for Neurohealth Sciences 305 MEMORIAL MEDICAL PKWY DAYTONa Beach, FL 32114									Neurohealth Services
Memorial Surgical Care 305 MEMORIAL MEDICAL PKWY DAYtona Beach, FL 32117									Surgical Services
Florida Women's Health Center 335 Clyde Morris Blvd 240 Ormond Beach, FL 32174									Women's Health Services
University Health Clinic - ERAU 600 S Clyde Morris Blvd Ormond Beach, FL 32174									Physician Services
Coastal Bariatrics 305 MEMORIAL MEDICAL PKWY DAYtona Beach, FL 32117									Physician Services
Practice of Gontcharova 394 South Atlantic Ave Ormond Beach, FL 32176									Physician Services
Hematology Oncology Associates 345 Clyde Morris Blvd Ormond Beach, FL 32174									Oncology Services
Memorial Family Care 700 Sterthaus Ave Ormond Beach, FL 32174									Family Physician Services
Practice of Crisostomo 1061 Medical Center Drive Orange City, FL 32763									Family Physician Services
FLORIDA HOSPITAL ORMOND MEMORIAL 875 STERTHAUs Ave ORMond Beach, FL 32174	X	X					X		
PRACTICE OF CASIMIRO 290 N Clyde Morris Blvd ORMONd Beach, FL 32174									PHYSICIAN Services
PRACTICE OF LASKO 61 MEMORIAL MEDICAL PKWY PALM COAST, FL 32164									PHYsician Services
PRACTICE OF MODAD 305 MEMORIAL MEDICAL PKWY DAYTONa Beach, FL 32117									PHYsician Services
PRACTICE OF COHEN 55 N OLD KINGS ROAD ORMONd Beach, FL 32174									Physician Services
PRACTICE OF LANDAU 1200 W GRANADA BLVD STE 6 ORMond Beach, FL 32174									Physician Services
FHMMC CANCER INSTITUTE 873 Sterthaus AvE ORMond Beach, FL 32174									CANCER SERVICES
PRACTICE OF WINDHANBIRKEDAL 305 MEMORIAL MEDICAL PKWY DAYtona Beach, FL 32117									Physician Services
PRACTICE OF NDUM 61 MEMORIAL MEDICAL PKWY PALM COAST, FL 32164									Physician Services
PRACTICE OF SAI 61 MEMORIAL MEDICAL PKWY PALM COAST, FL 32164									Physician Services
PRACTICE OF SHEPHARD 335 Clyde Morris Blvd 240 ORMOND Beach, FL 32174									Physician Services
FHMMC REHABILITATION SVCS OUTPATIENT CTR 907 STERTHAUS AVENUE ORMONd Beach, FL 32174									REHabilitative Services

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SUNSYSTEM DEVELOPMENT CORP DBA FLORIDA HOSPITAL FOUNDATION111 N ORLANDO AVENUE WINTER PARK, FL 32789	592219301	501(c)(3)	8,000				GENERAL SUPPORT
COMMUNITY CULTURAL FOUNDATION INC212 SOUTH BEACH STREET DAYTONA BEACH, FL 32115	260740459	501(c)(3)	50,000				GENERAL SUPPORT

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

3 Enter total number of other organizations . . . ▶ 0

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

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

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 GRANTS ARE GENERALLY MADE ONLY TO RELATED ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER 501(C)(3) OR TO OTHER 501(C)(3) ORGANIZATIONS WITHIN THE COMMUNITY ACCORDINGLY, THE FILING ORGANIZATION HAS NOT ESTABLISHED SPECIFIC PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS IN THE UNITED STATES AS THE FILING ORGANIZATION DOES NOT HAVE A GRANT MAKING PROGRAM THAT WOULD NECESSITATE SUCH PROCEDURES

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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, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I Questions Regarding Compensation

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

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

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

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

(A) Name	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** 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				
See Additional Data Table							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	As discussed in our response to Section B, Part VI, Question 15a & b, the filing organization is a part of the system of healthcare organizations known as Adventist Health System (AHS) Members of the filing organization's executive management team that hold the position of Vice-President or above are compensated by and on the payroll of Adventist Health System Sunbelt Healthcare Corporation (AHSSHC), the parent organization of AHS AHSSHC is exempt from federal income tax under IRC Section 501(c)(3) The filing organization reimburses AHSSHC for the salary and benefit cost of those executives on the payroll of AHSSHC that provide services and are on the management team of the filing organization For administrative ease, executive employees on the payroll of AHSSHC who provide services at AHS subsidiary organizations receive reimbursements of travel and other business-related expenses from the subsidiary organization Travel for companions AHSSHC has a Corporate Executive Policy that provides a benefit to allow for a traveling AHSSHC executive to have his or her spouse accompany the executive on two business trips each year Typically, reimbursement is only provided to Vice Presidents and above and is limited to one business trip per year and the annual AHS President's Council business meeting The AHSSHC Corporate Executive Spousal Travel Policy was originally approved and reviewed by the AHSSHC Board Strategy & Compensation Committee, an independent body of the AHSSHC Board of Directors All spousal travel costs reimbursed to the executive are considered taxable compensation to the executive Tax Indemnification and gross-up payments AHS has a system-wide policy addressing gross-up payments provided in connection with employer-provided benefits/other taxable items Under the policy, certain taxable business-related reimbursements (i e taxable business-related moving expenses, taxable items provided in connection with employment) provided to any employee may be grossed-up at a 25% rate upon approval of the filing organization's CEO and CFO Additionally, employees at the Director level and above are eligible for gross-up payments on gifts received for board of director services Discretionary spending account A nominal discretionary spending amount was provided in the current year to all eligible executives who attend the annual AHS President's Council business meeting ($400 per executive) Eligible executives include all AHSSHC Vice Presidents and above and all AHSSHC subsidiary organization CEOs and Regional CFOs The payment provided to each executive was considered taxable compensation to the executive Housing allowance or residence for personal use AHSSHC has a Corporate Executive Policy that addresses assistance to executives who have been relocated by the company during the year Relocation assistance provided to executives may include relocation allowances to assist with duplicate housing expenses Relocation assistance is administered per AHSSHC policy by an external relocation company Any taxable reimbursements made to executives in connection with relocation assistance are treated as wages to the executive and are subject to all payroll withholding and reporting requirements Health or social club dues or initiation fees AHSSHC has a Corporate Executive Policy that addresses business development expenditures Under this policy, certain AHS eligible executives may be reimbursed for member dues and usage charges for a country club or other social club upon authorization Club memberships must be recommended by the CEO of the AHS hospital organization and approved by the Chairman of the Board of Directors of the organization In addition, the proposed membership must be approved annually by the AHSSHC Board Strategy & Compensation Committee, an independent committee of the Board of Directors of AHSSHC Eligible executives are limited to certain senior level executives (hospital organization CEOs, the CEO of the nursing home division of AHS, senior vice presidents at three large hospital organizations, regional CEOs and CFOs and the president and senior vice presidents of AHSSHC) In the current year, for this filing organization, one executive was eligible to receive reimbursement for club fees Each AHS executive who is approved for a club membership must submit an annual report to the AHSSHC Board Strategy & Compensation Committee that describes how the membership benefited their organization during the preceding year
	Part I, Line 4a	As discussed in Line 1a above, executives on the filing organization's management team that hold the position of Vice-President or above are compensated by and on the payroll of Adventist Health System Sunbelt Healthcare Corporation (AHSSHC), the parent organization of a healthcare system known as Adventist Health System (AHS) In recognition of the contribution that each executive makes to the success of AHS, AHS provides to eligible executives participation in the AHS Executive FLEX Benefit Program (the Plan) The purpose of the Plan is to offer eligible executives an opportunity to elect from among a variety of supplemental benefits, including deferred compensation benefits taxable under Internal Revenue Code (IRC) Section 457(f), to individually tailor a benefits program appropriate to each executive's needs The Plan provides eligible participants a pre-determined benefits allowance credit that is equal to a percentage of the executive's base pay from which is deducted the cost of mandatory and elective employee benefits The pre-determined benefits allowance credit percentage is approved by the AHS Board Strategy & Compensation Committee, an independent committee of the Board of Directors of AHSSHC Any funds that remain after the cost of mandatory and elective benefits are subtracted from the pre-determined benefits annual amount are contributed, at the employee's option, to either an IRC 457(f) deferred compensation account or to an IRC 457(b) eligible deferred compensation plan The Plan documents define an employee who is eligible to participate in the Plan to generally include the Chief Executive Officers of AHS entities and Vice Presidents of all AHS entities whose base salary is at least $189,000 The Plan was amended in 2009 and required mandatory account distributions in 2009 Going forward the Plan provides for a class year vesting schedule (2 years for each class year) with respect to amounts accumulated in the executive's 457(f) deferred compensation account Distributions could also be made from the executive's 457(f) deferred compensation account upon attainment of age 65 or upon an involuntary separation The account is forfeited by the executive upon a voluntary separation In addition to the Plan, AHS has instituted a defined benefit, non-tax-qualified deferred compensation plan for certain executives who have provided lengthy service to AHS and/or to other Seventh-Day Adventist Church hospital or health care institutions Participation in the plan is offered to AHS executives on a prorata schedule beginning with 20 years of service as an employee of AHS and/or another hospital or health care institution controlled by the Seventh-Day Adventist Church and who satisfy certain other qualifying criteria This supplemental executive retirement plan (SERP) was designed to provide eligible executives with the economic equivalent of an annual income beginning at normal retirement age equal to 60% of the average of the participant's three highest years of base salary from AHS active employment inclusive of income from all other Seventh-Day Adventist Church healthcare employer-financed retirement income sources and investment income earned on those contributions through social security normal retirement age as defined in the plan 457(f) Employer 457(f) Contributions Payments SERP Payment Michael H Schultz $82,488 $184,036 $0 Mark E LaRose $51,712 $ 20,672 $0 Debora H Thomas $19,358 $ 85,013 $0 Sandra K Johnson $45,251 $127,986 $0 David A Ottati $17,173 $ 13,149 $0 Joel D Johnson $31,130 $ 92,350 $0 Lewis A Seifert $38,706 $ 56,183 $0 Darlinda G Copeland $16,558 $ 8,875 $0 Elizabeth Weagraff $12,407 $ 2,524 $0 Daniel Wolcott $ 4,135 $ 0 $0 Ronald Jimenez $26,522 $ 10,542 $0
	Part I, Line 6	The filing organization's physician compensation formula is designed to result in total compensation that would be reasonable for each physician Since implementing the productivity-based incentive compensation model, the financial losses from the operations of organization's physician practices have significantly decreased, and established physician practices have generally become profitable The filing organization utilizes national survey productivity, cost, and compensation data in formulating all aspects of the compensation plan Physician compensation arrangements include a ceiling or reasonable maximum on the amount a physician may earn The filing organization's employed physicians enter into a written agreement that requires the physicians to provide medical care to individuals who are referred by the filing organization Pursuant to the agreement, an individual may not be rejected as a patient by a physician due to race, sex, age, color, creed, national origin or inability to pay The filing organization's compensation arrangement does not use a method of compensation that is based upon a percentage of the organization's net income Rather, under the compensation arrangement, physician base salary is set based on Fair Market Value benchmarks, and any additional compensation is based on a percentage of the practice/location net revenue
Supplemental Information	Part III	Part I, Question 3 As noted in our response to question 15 of Part VI of Form 990, the individual who serves as the CEO of the filing organization is compensated by Adventist Health System Sunbelt Healthcare Corporation (AHSSHC) for that individual's role in serving as the CEO Compensation and benefits provided to this individual are determined pursuant to policies, procedures, and processes of AHSSHC that are designed to ensure compliance with the intermediate sanctions laws as set forth in IRC Section 4958 AHSSHC uses all of the following to establish compensation of the CEO - Compensation committee, - Independent compensation consultant, - Compensation survey or study, and - Approval by the board or compensation committee

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 59-0973502
Name: MEMORIAL HEALTH SYSTEMS INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MICHAEL SCHULTZ	(I)	0	0	0	0	0	0	0
	(II)	502,081	151,725	264,670	95,831	33,656	1,047,963	184,036
JOEL D JOHNSON	(I)	0	0	0	0	0	0	0
	(II)	288,359	0	112,102	44,473	26,830	471,764	92,350
SANDRA K JOHNSON	(I)	0	0	0	0	0	0	0
	(II)	354,451	86,446	177,803	42,094	37,144	697,938	127,986
Mark LaRose	(I)	0	0	2,890	0	0	2,890	0
	(II)	347,657	34,630	64,325	65,055	18,182	529,849	20,672
DAVID OTtati	(I)	0	0	0	0	0	0	0
	(II)	246,265	50,325	44,559	30,516	28,109	399,774	13,149
JULIE SCHNEIDER MD	(I)	319,377	412,221	345	13,343	5,742	751,028	0
	(II)	0	0	0	0	0	0	0
LEWIS SEIFERT	(I)	0	0	0	0	0	0	0
	(II)	315,701	79,700	103,739	52,049	22,899	574,088	56,183
ELIZABETH WEAGRAFF	(I)	0	0	0	0	0	0	0
	(II)	207,474	34,646	31,551	25,750	31,468	330,889	2,524
DEbora THOMAS	(I)	0	0	3,330	0	0	3,330	0
	(II)	245,275	48,857	118,242	23,182	32,058	467,614	85,013
Daniel Wolcott	(I)	0	0	941	0	0	941	0
	(II)	183,277	24,736	24,444	15,525	56,938	304,920	0
DARlinda Copeland	(I)	0	0	1,433	0	0	1,433	0
	(II)	217,731	28,392	42,222	13,401	24,919	326,665	8,875
MICHEle Goeb-Burkett	(I)	0	0	555	0	0	555	0
	(II)	162,547	22,025	15,342	9,847	22,161	231,922	0
RONald JIMENEZ	(I)	0	0	0	0	0	0	0
	(II)	233,378	29,366	118,275	23,365	45,091	449,475	10,542
CHRISTIAN BIRKEDAL MD	(I)	315,902	510,200	224	13,343	13,750	853,419	0
	(II)	0	0	0	0	0	0	0
ROBERT Martin MD	(I)	564,486	209,116	807	13,343	9,352	797,104	0
	(II)	0	0	0	0	0	0	0
Padmaja Sai MD	(I)	385,183	291,501	2,190	13,343	13,256	705,473	0
	(II)	0	0	0	0	0	0	0
RONALD R RASMUSSEN MD	(I)	472,223	98,499	716	13,343	14,269	599,050	0
	(II)	0	0	0	0	0	0	0
STEPHEN LEVINE MD	(I)	417,496	94,814	1,310	13,343	8,752	535,715	0
	(II)	0	0	0	0	0	0	0

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (PIANO)	X	1	0	
26	Other ▶ (RECOGNITION WALL)	X	1	0	
27	Other ▶( )				
28	Other ▶ ( )				

29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29	0

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

Part II

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

Identifier	Return Reference	Explanation
Third Party Use	Part I, Line 32b	MEMORIAL HEALTH SYSTEMS FOUNDATION, INC (MHSF) IS A CHARITABLE FOUNDATION ORGANIZATION THAT SUPPORTS THE FILING ORGANIZATION MHSF CONDUCTS FUND-RAISING ACTIVITIES ON BEHALF OF AND IN SUPPORT OF THE FILING ORGANIZATION
Non Reporting of Revenue	Part I, Line 33	PURSUANT TO THE FILING ORGANIZATION'S NET ASSETS ACCOUNTING POLICY, GIFTS OF DONATED PROPERTY ARE RECORDED BY THE FILING ORGANIZATION TO THE UNRESTRICTED NET ASSETS (EQUITY) ACCOUNT ACCORDINGLY, DONATED PROPERTY (SUCH AS FURNITURE AND FIXTURES) ARE RECORDED DIRECTLY TO EQUITY ACCOUNTS AND ARE NOT RECORDED IN THE INCOME STATEMENT

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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
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		Mark LaRose and Julie Schneider, MD - Business Relationship Mark LaRose and Andrew Ritter, MD - Business Relationship Mark LaRose and Suresh Desai, MD - Business Relationship
Form 990, Part VI, Section A, line 6		Memorial Health Systems, Inc (the filing organization) has one member The sole member of the filing organization is Adventist Health System/Sunbelt, Inc Adventist Health System/Sunbelt, Inc (AHSSI) is a Florida, not-for-profit corporation that is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3) There are no other classes of membership in the filing organization
Form 990, Part VI, Section A, line 7a		The sole member of the filing organization is AHSSI The Board of Directors of the filing organization are appointed by the sole member, AHSSI, who has the right to elect, appoint or remove any member of the Board of Directors of the filing organization
Form 990, Part VI, Section A, line 7b		AHSSI, as the sole member of the filing organization, has certain reserved powers as set forth in the Bylaws of the filing organization These reserved powers include the following a) to approve and disapprove the executive and/or administrative leadership of the filing organization, and their salaries, b) to adopt, amend, restate, and repeal the Articles of Incorporation or Bylaws of the filing organization, c) to set limits and terms for the borrowing of funds, d) to approve or disapprove the purchase or sale of personal property or real property equal to or in excess of certain dollar amount thresholds, e) to approve or disapprove the annual operating and capital budgets of the filing organization, f) to direct the placement of funds and capital of the filing organization, g) to establish general guiding policies, to implement quality assessment, improvement and utilization review programs, and h) to approve the appointment of an auditing firm and election of the fiscal year for the filing organization
Form 990, Part VI, Section B, line 11		The filing organization's current year Form 990 was reviewed by the Board Chairman, Board Finance Committee Chair, CEO and by the CFO prior to its filing with the IRS The review conducted by the Board Chairman, Board Finance Committee Chair, CEO and the CFO did not include the review of any supporting workpapers that were used in preparation of the current year Form 990, but did include a review of the entire Form 990 and all supporting schedules
Form 990, Part VI, Section B, line 12c		The Conflict of Interest Policy of the filing organization applies to members of its Board of Directors and its principal officers (to be known as Interested Persons) In connection with any actual or possible conflict of interests, any member of the Board of Directors of the filing organization or any principal officer of the filing organization (i e Interested Persons) must disclose the existence of any financial interest with the filing organization and must be given the opportunity to disclose all material facts concerning the financial interest/arrangement to the Board of Directors of the filing organization or to any members of a committee with board delegated powers that is considering the proposed transaction or arrangement Subsequent to any disclosure of any financial interest/arrangement and all material facts, and after any discussion with the relevant Board member or principal officer, the remaining members of the Board of Directors or committee with board delegated powers shall discuss, analyze, and vote upon the potential financial interest/arrangement to determine if a conflict of interest exists According to the filing organization's Conflict of Interest Policy, an Interested Person may make a presentation to the Board of Directors (or committee with board delegated powers), but after such presentation, shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in a conflict of interest Each Interested Person, as defined under the filing organization's Conflict of Interest Policy, shall annually sign a statement which affirms that such person has received a copy of the Conflict of Interests policy, has read and understands the policy, has agreed to comply with the policy, and understands that the filing organization is a charitable organization that must primarily engage in activities which accomplish one or more of its exempt purposes The filing organization's Conflict of Interest Policy also requires that periodic reviews shall be conducted to ensure that the filing organization operates in a manner consistent with its charitable purposes
Form 990, Part VI, Section B, line 15		The top-tier parent of the filing organization is Adventist Health System Sunbelt Healthcare Corporation (AHSSHC) AHSSHC is the parent organization of a healthcare system, known as Adventist Health System, that operates hospitals, nursing home facilities, and other healthcare provider organizations AHSSHC is exempt from federal income tax under IRC Section 501(c)(3) pursuant to a group ruling issued to the General Conference of Seventh-day Adventists The individuals who serve as the CEO, CFO or Vice President of the filing organization are compensated by AHSSHC Compensation and benefits provided to these individuals is determined pursuant to policies, procedures, and processes of AHSSHC that are designed to ensure compliance with the intermediate sanctions laws as set forth in IRC Section 4958 AHSSHC has taken steps to ensure that processes are in place to satisfy the rebuttable presumption of reasonableness standard as set forth in Treasury Regulation 53 4958-6 with respect to its active executive-level positions The AHSSHC Board Strategy and Compensation Committee (the Committee) serves as the governing body for all executive compensation matters The Committee is composed of certain members of the Board of Directors (the Board) of AHSSHC Voting members of the Committee include only individuals who serve on the Board as independent representatives of the community, who hold no employment positions with AHSSHC and who do not have relationships with any of the individuals whose compensation is under their review that impacts their best independent judgment as fiduciaries of AHSSHC The Committee's role is to review and approve all components of the executive compensation plan of AHSSHC As an independent governing body with respect to executive compensation, it should be noted that the Committee will often confer in executive sessions on matters of compensation policy and policy changes In such executive sessions, no members of management of AHSSHC are present The Committee is advised by an independent third party compensation advisor This advisor prepares all the benchmark studies for the Committee Compensation levels are benchmarked with a national peer group of other not-for-profit healthcare systems and hospitals of similar size and complexity to AHS and each of its affiliated entities The following principles guide the establishment of individual executive compensation - The salary of the President/CEO of AHS will not exceed the 40th percentile of comparable salaries paid by similarly situated organizations, and - Other executive salaries shall be established using market medians The compensation philosophy, policies, and practices of AHSSHC are consistent with the organization's faith-based mission and conform to applicable laws, regulations, and business practices As a faith-based organization sponsored by the Seventh-day Adventist Church (the Church), AHSSHC's philosophy and principles with respect to its executive compensation practices reflect the conservative approach of the Church's mission of service and were developed in counsel with the Church's leadership
Form 990, Part VI, Section C, line 19		As discussed in our response to Question 15a & b in Section B of this Part VI, the filing organization is a part of the system of healthcare organizations known as Adventist Health System (AHS) Each year, AHS publishes an annual report document that includes a financial report for the relevant year as well as a community benefit report The financial report and community benefit report are presented on a consolidated basis and represent all of the activities, results of operations, and financial position at year-end of the entire AHS system In addition, the audited consolidated financial statements of AHS and of the AHS "Obligated Group" are filed annually with the Municipal Securities Rulemaking Board (MSRB) The "Obligated Group" is a group of AHSSHC subsidiaries that are jointly and severally liable under a Master Trust Indenture that secures debt primarily issued on a tax-exempt basis Unaudited quarterly financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) are also filed with MSRB for AHS on a consolidated basis and for the grouping of AHS subsidiaries comprising the "Obligated Group" The filing organization does not generally make its governing documents or conflict of interest policy available to the public

Identifier	Return Reference	Explanation
Part VII, Section A		For those Board of TRUSTEE members and key employees who devote less than full-time to the filing organization (based upon the average number of hours per week shown in column (B) on page 7 of the return) the compensation amounts shown in columns (E) and (F) on page 7 were provided in conjunction with that person's responsibilities and roles in serving in an executive leadership position within Adventist Health System

Part X, Line 2 The amounts shown on line 2 of Part X of this return includes the filing organization's interest in a central investment pool maintained by Adventist Health System Sunbelt Healthcare Corporation, the filing organization's top-tier parent The investments in the central investment pool are recorded at market value

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
Florida Hospital Imaging LLC 301 Memorial Medical Parkway Daytona Beach, FL 32117 20-4281655	Diagnostic Imaging	FL	2,122,030	0	N/A

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity

See Additional Data Table

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No
See Additional Data Table											

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
See Additional Data Table							

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

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV				
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?				
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**		Yes	
b Gift, grant, or capital contribution to other organization(s)	**1b**		Yes	
c Gift, grant, or capital contribution from other organization(s)	**1c**		Yes	
d Loans or loan guarantees to or for other organization(s)	**1d**			No
e Loans or loan guarantees by other organization(s)	**1e**			No
f Sale of assets to other organization(s)	**1f**			No
g Purchase of assets from other organization(s)	**1g**			No
h Exchange of assets	**1h**			No
i Lease of facilities, equipment, or other assets to other organization(s)	**1i**			No
j Lease of facilities, equipment, or other assets from other organization(s)	**1j**			No
k Performance of services or membership or fundraising solicitations for other organization(s)	**1k**		Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	**1l**		Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	**1m**			No
n Sharing of paid employees	**1n**		Yes	
o Reimbursement paid to other organization for expenses	**1o**		Yes	
p Reimbursement paid by other organization for expenses	**1p**		Yes	
q Other transfer of cash or property to other organization(s)	**1q**		Yes	
r Other transfer of cash or property from other organization(s)	**1r**		Yes	

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations? Yes	(d) No	(e) Share of end-of-year assets	(f) Disproprtionate allocations? Yes	(f) No	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner? Yes	(h) No

Additional Data Return to Form

Software ID:
Software Version:
EIN: 59-0973502
Name: MEMORIAL HEALTH SYSTEMS INC

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (If 501(c)(3))	(f) Direct Controlling Entity
Adventist Bolingbrook Hospital 500 Remington Blvd Bolingbrook, IL60440 65-1219504	Operation of Hospital & Related Services	IL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Adventist Care Centers - Courtland Inc 730 Courtland Street Orlando, FL32804 20-5774723	Operation of Home for the Aged/Healthcare Delivery	FL	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Adventist GlenOaks Hospital 701 Winthrop Avenue Glendale Heights, IL60139 36-3208390	Operation of Hospital & Related Services	IL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Adventist Health Mid-America Inc 9100 W 74th Street Shawnee Mission, KS66204 52-1347407	Healthcare Related Services	KS	501(c)(3)	509(a)(3) Type I	Adventist Health SystemSunbelt Inc
Adventist Health Partners Inc 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 36-4138353	Operate out-patient physician clinics	IL	501(c)(3)	170(b)(1)(A)(iii)	AHS Midwest Management Inc
Adventist Health System Affiliated Benefit Trust 111 N Orlando Avenue Winter Park, FL32789 26-6422966	Promotion of Healthcare	FL	501(c)(3)	509(a)(3) Type I	Adventist Health System Sunbelt Healthcare Corporation
Adventist Health System Sunbelt Healthcare Corporation 111 N Orlando Avenue Winter Park, FL32789 59-2170012	Management Services	FL	501(c)(3)	509(a)(3) Type I	N/A
Adventist Health SystemGeorgia Inc 1035 Red Bud Road Calhoun, GA30701 58-1425000	Operation of Hospital & Related Services	GA	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
Adventist Health SystemSunbelt Inc 111 N Orlando Avenue Winter Park, FL32789 59-1479658	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
Adventist Health SystemTexas Inc 602 Courtland Street Orlando, FL32804 74-2578952	Inactive	TX	501(c)(3)	509(a)(2)	Adventist Health System Sunbelt Healthcare Corporation
Adventist Hinsdale Hospital 120 North Oak Street Hinsdale, IL60521 36-2276984	Operation of Hospital & Related Services	IL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
AHS Midwest Management Inc 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 36-3354567	Operation of Occupational Hlth Clinic & Physician Practice Mgmt	IL	501(c)(3)	509(a)(3) Type I	Adventist Health SystemSunbelt Inc
AHSCentral Texas Inc 1301 Wonder World Drive San Marcos, TX78666 74-2621825	Provide Office Space - Medical Professionals	TX	501(c)(3)	509(a)(3) Type III-F	Adventist Health System Sunbelt Healthcare Corporation
Apopka Health Care Properties Inc 305 E Oak Street Apopka, FL32703 51-0605694	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Battle Creek Adventist Hospital 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 38-1359189	Operation of Hospital & Related Services	MI	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Beaver Dam Health Care Manor Inc 602 Courtland Street Orlando, FL32804 58-2255884	Inactive	KY	501(c)(3)	509(a)(2)	South Central Nursing Homes Inc
Behavioral Health Resources Inc 111 N Orlando Avenue Winter Park, FL32789 36-4249805	Inactive	TN	501(c)(3)	509(a)(3) Type II	Adventist Health SystemSunbelt Inc
Bolingbrook Hospital Foundation 1000 Remington Blvd N Entrance 2nd Bolingbrook, IL60440 90-0494445	Fund-raising for Tax-exempt hospital	IL	501(c)(3)	170(b)(1)(A)(vi)	Midwest Health Foundation
Bradford Heights Health & Rehab Center Inc 950 Highpoint Drive Hopkinsville, KY42240 20-5782342	Operation of Home for the Aged/Healthcare Delivery	KY	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Burleson Nursing & Rehab Center Inc 301 Huguley Blvd Burleson, TX76028 20-5782243	Operation of Home for the Aged/Healthcare Delivery	TX	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Caldwell Health Care Properties Inc 1333 West Main Princeton, KY42445 51-0605680	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Central Texas Medical Center Foundation 1301 Wonder World Drive San Marcos, TX78666 74-2259907	Fund-raising for Tax-exempt hospital	TX	501(c)(3)	170(b)(1)(A)(vi)	Adventist Health SystemSunbelt Inc
Chickasaw Health Care Properties Inc 250 S Chickasaw Trail Orlando, FL32825 51-0605681	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Chippewa Valley Hospital & Oakview Care Center Inc 1220 Third Avenue West Durand, WI54736 39-1365168	Operation of Hospital & Related Services	WI	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Cobb Medical Associates LLC 3949 South Cobb Drive SE Smyrna, GA300806342 58-2617089	Operation of Phyisican Practices & Medical Services	GA	501(c)(3)	170(b)(1)(A)(iii)	Emory-Adventist Inc
Courtland Health Care Properties Inc 730 Courtland Street Orlando, FL32804 51-0605682	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Creekwood Place Nursing & Rehab Center Inc 683 E Third Street Russellville, KY42276 20-5782260	Operation of Home for the Aged/Healthcare Delivery	KY	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Dairy Road Health Care Properties Inc 7350 Dairy Road Zephyrhills, FL33540 51-0605684	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
East Orlando Health & Rehab Center Inc 250 S Chickasaw Trail Orlando, FL32825 20-5774748	Operation of Home for the Aged/Healthcare Delivery	FL	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Emory-Adventist Inc 3949 South Cobb Drive Smyrna, GA30080 58-2171011	Operation of Hospital & Related Svcs	GA	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity
Fletcher Hospital Inc 100 Hospital Drive Hendersonville, NC28792 56-0543246	Operation of Hospital & Related Svcs	NC	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
FLNC Inc 3355 E Semoran Blvd Apopka, FL32703 20-5774761	Operation of Home for the Aged/Healthcare Delivery	FL	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Florida Hospital College of Health Sciences Inc (630 Year End) 671 Lake Winyah Drive Orlando, FL32803 59-3069793	Education/Operation of School	FL	501(c)(3)	170(b)(1)(A)(ii)	Adventist Health SystemSunbelt Inc
Florida Hospital DeLand Auxiliary Inc 701 West Plymouth Avenue Deland, FL32720 59-3425543	Volunteer support services	FL	501(c)(3)	509(a)(3) Type III-F	Memorial Hospital West Volusia Inc
Florida Hospital Waterman Inc 1000 Waterman Way Tavares, FL32778 59-3140669	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
Florida Hospital Wesley Chapel Inc 2528 Bruce B Downs Blvd CR 581 S Wesley Chapel, FL33543 20-3965753	Inactive	FL	501(c)(3)	509(a)(3) Type III-F	Adventist Health System Sunbelt Healthcare Corporation
Florida Hospital Zephyrhills Inc 7050 Gall Blvd Zephyrhills, FL33541 59-2108057	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Florida Physicians Medical Group Inc 900 Winderley Place Maitland, FL32751 59-3214635	Operation of Phyisican Practices & Medical Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Foundation for Shawnee Mission Medical Center Inc 9100 W 74th Street Shawnee Mission, KS66204 48-0868859	Fund-raising for Tax-exempt hospital	KS	501(c)(3)	509(a)(3) Type I	Shawnee Mission Medical Center Inc
GlenOaks Hospital Foundation 303 East Army Trail Road Suite 400 Bloomingdale, IL60108 36-3926044	Fund-raising for Tax-exempt hospital	IL	501(c)(3)	170(b)(1)(A)(vi)	Midwest Health Foundation
Hays Memorial Hospital Association of Seventh-Day Adventists 1301 Wonder World Drive San Marcos, TX78667 74-1362785	Lease of Hospital Personnel	TX	501(c)(3)	509(a)(3) Type II	Adventist Health System Sunbelt Healthcare Corporation
HealthPlex Management Inc 111 N Orlando Avenue Winter Park, FL32789 62-1289269	Support of affiliated tax exempt hospital	TN	501(c)(3)	509(a)(3) Type I	Adventist Health SystemSunbelt Inc
Hinsdale Hospital Foundation 7 Salt Creek Lane Suite 203 Hinsdale, IL60521 52-1466387	Fund-raising for Tax-exempt hospital	IL	501(c)(3)	170(b)(1)(A)(vi)	Midwest Health Foundation
In-Motion Rehab Inc 602 Courtland Street Ste 200 Orlando, FL32804 20-8023411	Therapy services to tax exempt nursing homes	KS	501(c)(3)	509(a)(3) Type II	Sunbelt Health Care Centers Inc
Jellico Community Hospital Inc 188 Hospital Lane Jellico, TN37762 62-0924706	Operation of Hospital & Related Services	TN	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
La Grange Memorial Hospital Foundation 5101 S Willow Springs Rd La Grange, IL60525 30-0247776	Fund-raising for Tax-exempt hospital	IL	501(c)(3)	170(b)(1)(A)(vi)	Midwest Health Foundation
Memorial Health Systems Foundation Inc 770 West Granada Blvd Ormond Beach, FL32174 31-1771522	Fund-raising for Tax-exempt hospital	FL	501(c)(3)	170(b)(1)(A)(vi)	Memorial Health Systems Inc
Memorial Health Systems Inc 301 Memorial Medical Parkway Daytona Beach, FL32117 59-0973502	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Memorial Hospital - Flagler Inc 60 Memorial Medical Parkway Palm Coast, FL32164 59-2951990	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Memorial Health Systems Inc
Memorial Hospital - West Volusia Inc 701 West Plymouth Avenue Deland, FL32720 59-3256803	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Memorial Health Systems Inc
Memorial Hospital Inc 210 Marie Langdon Drive Manchester, KY40962 61-0594620	Operation of Hospital & Related Services	KY	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
Merriam Health Care Properties Inc 9700 West 62nd Street Merriam, KS66203 36-4595806	Lease to Related Organization	KS	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Metroplex Adventist Hospital Inc 2201 S Clear Creek Road Killeen, TX76549 74-2225672	Operation of Hospital & Related Services	TX	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
Metroplex Clinic Physicians Inc 2201 S Clear Creek Road Killeen, TX76549 11-3762050	Physician healthcare services to the community	TX	501(c)(3)	170(b)(1)(A)(iii)	Metroplex Adventist Hospital Inc
Midwest Health Foundation 120 North Oak Street Hinsdale, IL60521 35-2230515	Support of subsidiary Foundations	IL	501(c)(3)	509(a)(3) Type II	N/A
Mills Health & Rehab Center Inc 500 Beck Lane Mayfield, KY42066 20-5782320	Operation of Home for the Aged/Healthcare Delivery	KY	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Mission Strategies Inc 602 Courtland Street Ste 200 Orlando, FL32804 20-5982365	Provision of support to the nursing home division	KS	501(c)(3)	509(a)(3) Type II	Sunbelt Health Care Centers Inc
Missouri Adventist Health Inc 9100 W 74th Street Shawnee Mission, KS66204 43-1224729	Support Health Care Services	MO	501(c)(3)	509(a)(3) Type III-O	Adventist Health Mid-America Inc
North Regional EMS Inc 188 Hospital Lane Jellico, TN37762 26-2653616	EMS Services	TN	501(c)(3)	509(a)(2)	Jellico Community Hospital Inc
Ormond Beach Memorial Hospital Auxiliary Inc 301 Memorial Medical Parkway Daytona Beach, FL32117 59-1721962	Volunteer support services	FL	501(c)(3)	509(a)(3) Type III-F	Memorial Health Systems Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity
Overland Park Nursing & Rehab Center Inc 6501 West 75th Street Overland Park, KS66204 20-5774821	Operation of Home for the Aged/Healthcare Delivery	KS	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Paragon Health Care Properties Inc 950 Highpoint Drive Hopkinsville, KY42240 51-0605686	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Portercare Adventist Health System (630 Year End) 2525 S Downing Street Denver, CO80210 84-0438224	Operation of Hospital & Related Services	CO	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health System Sunbelt Healthcare Corporation
Portland Nursing & Rehab Center Inc 215 Highland Circle Drive Portland, TN37148 20-5774842	Operation of Home for the Aged/Healthcare Delivery	TN	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Princeton Health & Rehab Center Inc 1333 West Main Princeton, KY42445 20-5782272	Operation of Home for the Aged/Healthcare Delivery	KY	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Princeton Professional Services Inc 601 E Rollins Street Orlando, FL32803 59-1191045	Provision of Healthcare Services	FL	501(c)(3)	509(a)(2)	Adventist Health System Sunbelt Healthcare Corporation
Quality Circle for Healthcare Inc 111 N Orlando Avenue Winter Park, FL32789 26-3789368	Healthcare Quality Services	FL	501(c)(3)	509(a)(3) Type III-F	Adventist Health System Sunbelt Healthcare Corporation
Resource Personnel Inc 602 Courtland Street Ste 200 Orlando, FL32804 20-8040875	Provide administrative support to tax exempt nursing homes	FL	501(c)(3)	509(a)(3) Type II	Sunbelt Health Care Centers Inc
Rocky Mountain Adventist Healthcare Foundation (630 Year End) 2525 South Downing Street Denver, CO80210 84-0745018	Fund-raising for Tax-exempt hospital	CO	501(c)(3)	170(b)(1)(A)(vi)	PorterCare Adventist Health System
Rollins Bedford Corporation 602 Courtland Street Ste 200 Orlando, FL32804 37-0908840	Inactive	FL	501(c)(3)	509(a)(3) Type II	Sunbelt Health Care Centers Inc
Russellville Health Care Properties Inc 683 East Third Street Russellville, KY42276 51-0605691	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
San Marcos Health Care Properties Inc 1900 Medical Parkway San Marcos, TX78666 51-0605693	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
San Marcos Nursing & Rehab Center Inc 1900 Medical Parkway San Marcos, TX78666 20-5782224	Operation of Home for the Aged/Healthcare Delivery	TX	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Shawnee Mission Health Care Inc 6501 West 75th Street Overland Park, KS66204 48-0952508	Lease to Related Organization	KS	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Shawnee Mission Medical Center Inc 9100 W 74th Street Shawnee Mission, KS66204 48-0637331	Operation of Hospital & Related Services	KS	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health Mid-America Inc
South Central Nursing Homes Properties Inc 111 North Orlando Ave Winter Park, FL32789 59-3686109	Management Support	GA	501(c)(3)	509(a)(3) Type III-O	South Central Inc
South Central Nursing Homes Inc 602 Courtland Street Orlando, FL32804 61-1242373	Management Support	KY	501(c)(3)	509(a)(3) Type III-O	South Central Inc
South Central Properties III Inc 111 North Orlando Ave Winter Park, FL32789 59-3692860	Real Estate	GA	501(c)(2)		South Central Nursing Homes Properties Inc
South Central Properties IV Inc 111 North Orlando Ave Winter Park, FL32789 59-3692862	Real Estate	GA	501(c)(2)		South Central Nursing Homes Properties Inc
South Central Properties VI Inc 111 North Orlando Ave Winter Park, FL32789 59-3692857	Real Estate	GA	501(c)(2)		South Central Nursing Homes Properties Inc
South Central Properties Inc 111 North Orlando Ave Winter Park, FL32789 59-3651692	Real Estate	GA	501(c)(2)		South Central Nursing Homes Properties Inc
South Central Inc 602 Courtland Street Orlando, FL32804 59-3689740	Management Support	GA	501(c)(3)	509(a)(3) Type III-F	N/A
South Pasco Health Care Properties Inc 38250 A Avenue Zephyrhills, FL33542 51-0605679	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Southwest Volusia Health Services Inc 1055 Saxon Blvd Orange City, FL327638468 59-3281591	Medical Office Building for Hospital	FL	501(c)(3)	509(a)(3) Type I	Southwest Volusia Healthcare Corporation
Southwest Volusia Healthcare Corporation 1055 Saxon Blvd Orange City, FL327638468 59-3149293	Operation of Hospital & Related Services	FL	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Specialty Physicians of Central Texas Inc 1301 Wonder World Drive San Marcos, TX78666 20-8814408	Physician healthcare services to the community	TX	501(c)(3)	170(b)(1)(A)(iii)	Adventist Health SystemSunbelt Inc
Spring View Health & Rehab Center Inc 718 Goodwin Lane Leitchfield, KY42754 20-5782288	Operation of Home for the Aged/Healthcare Delivery	KY	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Sunbelt Health & Rehab Center - Apopka Inc 305 East Oak Street Apopka, FL32703 20-5774856	Operation of Home for the Aged/Healthcare Delivery	FL	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Sunbelt Health Care Centers Inc 602 Courtland Street Ste 200 Orlando, FL32804 58-1473135	Management Services	TN	501(c)(3)	509(a)(3) Type II	Adventist Health System Sunbelt Healthcare Corporation
SunSystem Development Corporation 111 N Orlando Avenue Winter Park, FL32789 59-2219301	Fund Raising for Affiliated Tax-Exempt Hospitals	FL	501(c)(3)	170(b)(1)(A)(vi)	Adventist Health System Sunbelt Healthcare Corporation

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity
Tarrant County Health Care Properties Inc 301 Huguley Blvd Burleson, TX76028 51-0605677	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Taylor Creek Health Care Properties Inc 718 Goodwin Lane Leitchfield, KY42754 51-0605678	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
The Volunteer Auxiliary of Florida Hospital - Flagler Inc 60 Memorial Medical Parkway Palm Coast, FL32164 59-2486582	Volunteer support services	FL	501(c)(3)	509(a)(3) Type III-F	Memorial Hospital Flagler Inc
Trinity Nursing & Rehab Center Inc 9700 West 62nd Street Merriam, KS66203 20-5774890	Operation of Home for the Aged/Healthcare Delivery	KS	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
West Kentucky Health Care Properties Inc 500 Beck Lane Mayfield, KY42066 51-0605676	Lease to Related Organization	GA	501(c)(3)	509(a)(3) Type III-F	Sunbelt Health Care Centers Inc
Zephyr Haven Health & Rehab Center Inc 38250 A Avenue Zephyrhills, FL33542 20-5774930	Operation of Home for the Aged/Healthcare Delivery	FL	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc
Zephyrhills Health & Rehab Center Inc 7350 Dairy Road Zephyrhills, FL33540 20-5774967	Operation of Home for the Aged/Healthcare Delivery	FL	501(c)(3)	509(a)(2)	Sunbelt Health Care Centers Inc

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner? Yes	(j) No
Appalachian Therapy Services LLC 100 Hospital Drive Hendersonville, NC28792 20-2463851	Therapy Staffing	NC	N/A								
Clear Creek MOB Ltd 2201 S Clear Creek Rd Killeen, TX76549 74-2609195	Real Estate	TX	N/A								
Florida Hospital DMERT LLC 2450 Maitland Center Pkwy Ste 200 Maitland, FL32751 20-2392253	Medical Equipment	FL	N/A								
Florida Hospital Home Infusion 2450 Maitland Center Pkwy Ste 200 Maitland, FL32751 59-3142824	Home Infusion Services	FL	N/A								
KCCCSMMC Cancer Center LLC 9100 W 74th Street Shawnee Mission, KS66204 27-0909763	Equipment Rental	KS	N/A								
Plainfield Area Primary Care Physicians LLC 911 N Elm Street Ste 215 Hinsdale, IL60521 32-0182318	Medical Services	IL	N/A								
San Marcos MRI LP 1330 Wonder World Drive Ste 202 San Marcos, TX78666 77-0597972	Imaging & Testing	TX	N/A								
Shawnee Mission Open MRI LLC 9100 W 74th Street Box 2923 Shawnee Mission, KS66201 27-0011796	Imaging & Testing	KS	N/A								
Shawnee Mission Pain Center LLC 9100 W 74th Street Shawnee Mission, KS66204 20-8642766	Pain Mgmt Services	KS	N/A								
Shawnee Mission Prairie Star Surgery Center LLC 23401 Prairie Star Parkway Lenexa, KS66227 36-4634843	Surgical Center	KS	N/A								
Shawnee Mission Regional Cardiac & Vascular Center LLC PO Box 2923 Shawnee Mission, KS66201 48-1243913	Healthcare Mgmt	KS	N/A								
Shawnee Mission Surgery Center LLC PO Box 2923 Shawnee Mission, KS66201 48-1243914	Surgical Services	KS	N/A								
Skyland MRI LLC 100 Hospital Drive Hendersonville, NC28792 04-3646559	Imaging & Testing	NC	N/A								
Surgical Center Associates LTD 1000 South Orlando Ave Winter Park, FL32789 62-1600422	Medical Services	FL	N/A								

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Percentage ownership
Adventist Health System Capital Trust I 111 N Orlando Avenue Winter Park, FL32789 58-6352241	Bond Investment	FL	N/A	T			
Adventist Health Sys Sunbelt Healthcare Corp Employee Benefit Trust 111 N Orlando Avenue Winter Park, FL32789 58-1318939	Administration of Self-Insured Benefit Plans	FL	N/A	T			
AHS Services Inc 11801 South Freeway Fort Worth, TX76028 75-2049583	Medical Equipment	TX	N/A	C			
Apopka Medical Plaza Condominium Association Inc 601 East Rollins Street Orlando, FL32803 59-3000857	Condo Association	FL	N/A	C			
Altamonte Medical Plaza Condominium Association Inc 601 East Rollins Street Orlando, FL32803 59-2855792	Condo Association	FL	N/A	C			
Arapahoe Medical Building I Inc (630 Year End) 2525 S Downing Street Denver, CO80210 84-1574506	Real Estate Leasing	CO	N/A	C			
Arapahoe Medical Building II Inc (630 Year End) 2525 S Downing Street Denver, CO80210 84-1574507	Real Estate Leasing	CO	N/A	C			
CC MOB Inc 2201 S Clear Creek Road Killeen, TX76549 74-2616875	Real Estate Rental	TX	N/A	C			
Central Texas Medical Associates 1301 Wonder World Drive San Marcos, TX78666 74-2729873	Physician Clinics	TX	N/A	C			
Central Texas Provider's Network 1301 Wonder World Drive San Marcos, TX78666 74-2827652	Physician Hospital Org	TX	N/A	C			
Florida Hospital Flagler Medical Office Association Inc 60 Memorial Medical Parkway Palm Coast, FL32164 26-2158309	Condo Association	FL	N/A	C			
Florida Hospital Healthcare System Inc 602 Courtland Street Orlando, FL32804 59-3215680	PHO/TPA	FL	N/A	C			
Florida Medical Plaza Condo Association Inc 601 East Rollins Street Orlando, FL32803 59-2855791	Condo Association	FL	N/A	C			
Florida Memorial Health Network Inc 770 W Granada Blvd Ste 317 Ormond Beach, FL32174 59-3403558	Physician Hospital Org	FL	Memorial Health Systems Inc	C	6,049	2,229,258	56 000 %
Harvard Park East Inc (630 Year End) 2525 S Downing Street Denver, CO80210 84-1574365	Real Estate Leasing	CO	N/A	C			
Huguley Alliance Foundation 11801 South Freeway Fort Worth, TX76115 75-2642209	Inactive	TX	N/A	C			
Huguley Medical Associates Inc 11801 South Freeway Burleson, TX76028 75-2547668	Physician Clinics	TX	N/A	C			
Metroplex Adventist Hospital CRNA 2201 S Clear Creek Road Killeen, TX76549 26-0760794	Support hospital through the provision of allied health professionals	TX	N/A	C			
Midwest Management Services Inc 9100 West 74th Street Shawnee Mission, KS66204 48-0901551	Real Estate Rental	KS	N/A	C			
North American Health Services Inc & Subs 111 N Orlando Avenue Winter Park, FL32789 62-1041820	Lessor/Holding Co	TN	N/A	C			
Ormond Professional Condo Association (430 Year End) 770 W Granada Blvd Ste 101 Ormond Beach, FL32174 59-2694434	Condo Association	FL	N/A	C			
Park Ridge Property Owner's Association Inc 1 Park Place Naples Road Fletcher, NC28732 03-0380531	Condo Association	NC	N/A	C			
Porter Affiliated Hlth Services Inc dba Diversified Affiliated Hlth Svcs 2525 S Downing Street Denver, CO80210 84-0956175	Healthcare Services	CO	N/A	C			
Porter Medical Plaza Inc (630 Year End) 2525 S Downing Street Denver, CO80210 84-1574369	Real Estate Leasing	CO	N/A	C			
San Marcos Regional MRI Inc 1301 Wonder World Drive San Marcos, TX78666 77-0597968	Holding Company	TX	N/A	C			
The Garden Retirement Community Inc 602 Courtland Street Ste 200 Orlando, FL32804 59-3414055	Real Estate Rental	FL	N/A	C			

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)
(1)	MEMORIAL HOSPITal Flagler Inc	A	303,068
(2)	MEMORIAL HOSPITal Flagler Inc	K	3,313,299
(3)	MEMORIAL HOSPITal Flagler Inc	P	1,715,798
(4)	MEMORIAL HOSPITal Flagler Inc	N	635,685
(5)	MEMORIAL HOSPITal Flagler Inc	Q	54,742
(6)	MEMORIAL HOSPITal Flagler Inc	O	5,958,272
(7)	MEMORIAL HOSPITal Flagler Inc	R	80,040
(8)	FLORIDA PHysicians Medical Group Inc	L	1,018,360
(9)	FLORIDA Memorial Health Network Inc	A	25,237
(10)	MEMORIAL HOSPITAL West Volusia Inc	N	115,893
(11)	Memorial Hospital West Volusia Inc	K	1,037,568
(12)	Memorial Hospital West Volusia Inc	P	247,072
(13)	Southwest Volusia Healthcare Corporation	K	756,025
(14)	Adventist Health SystemSunbelt Inc dba Florida Hospital	N	72,931
(15)	Adventist Health SystemSunbelt Inc dba Florida Hospital	L	111,838
(16)	Adventist Health SystemSunbelt Inc dba Florida Hospital	O	300,114
(17)	Memorial Health Systems Foundation Inc	N	202,907
(18)	Memorial Health Systems Foundation Inc	C	331,987
(19)	Adventist Health System Sunbelt Healthcare Corporation	B	1,530,005
(20)	Adventist Health System Sunbelt Healthcare Corporation	L	1,948,219
(21)	Adventist Health System Sunbelt Healthcare Corporation	O	12,638,064

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Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2009

Attachment Sequence No **67**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
MEMORIAL HEALTH SYSTEMS INC	Form 990 Page 10	59-0973502

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1 Maximum amount See the instructions for a higher limit for certain businesses	1	250,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	**(a)** Description of property	**(b)** Cost (business use only)	**(c)** Elected cost
6			

7 Listed property Enter the amount from line 29	7		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9 Tentative deduction Enter the **smaller** of line 5 or line 8	9		
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13 Carryover of disallowed deduction to 2010 Add lines 9 and 10, less line 12 ▶	13		

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property **)** (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III **MACRS Depreciation (Do not** include listed property.**)** (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2009	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV **Summary** (see instructions)

21 Listed property Enter amount from line 28	21	
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	0
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions)					
43 Amortization of costs that began before your 2009 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

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Form **8594**
(Rev February 2006)
Department of the Treasury
Internal Revenue Service

Asset Acquisition Statement Under Section 1060

▶ **Attach to your income tax return.** ▶ **See separate instructions.**

OMB No 1545-1021

Attachment Sequence No **61**

Name as shown on return
MEMORIAL HEALTH SYSTEMS INC

Identifying number as shown on return
59-0973502

Check the box that identifies you
☑ Purchaser ☐ Seller

Part I General Information

1 Name of other party to the transaction
Healthy Place PA

Other party's identifying number
593-72-3996

Address (number, street, and room or suite no)
55 North Old Kings Road

City or town, state, and ZIP code
Ormond beach, FL 32174

2 Date of sale
08-10-2009

3 Total sales price (consideration)
24,676

Part II Original Statement of Assets Transferred

4 Assets	Aggregate fair market value (actual amount for Class I)	Allocation of sales price
Class I	$	$
Class II	$	$
Class III	$	$
Class IV	$	$
Class V	$ 24,676	$ 24,676
Class VI and VII	$	$
Total	$ 24,676	$ 24,676

5 Did the purchaser and seller provide for an allocation of the sales price in the sales contract or in another written document signed by both parties? . . . . . ☑ Yes ☐ No

If "Yes," are the aggregate fair market values (FMV) listed for each of asset Classes I, II, III, IV, V, VI, and VII the amounts agreed upon in your sales contract or in a separate written document? . . . . . ☑ Yes ☐ No

6 In the purchase of the group of assets (or stock), did the purchaser also purchase a license or a covenant not to compete, or enter into a lease agreement, employment contract, management contract, or similar arrangement with the seller (or managers, directors, owners, or employees of the seller)? . . . . . ☑ Yes ☐ No

If "Yes," attach a schedule that specifies **(a)** the type of agreement and **(b)** the maximum amount of consideration (not including interest) paid or to be paid under the agreement See instructions

Part III **Supplemental Statement—**Complete only if amending an original statement or previously filed supplemental statement because of an increase or decrease in consideration. See instructions.

7 Tax year and tax return form number with which the original Form 8594 and any supplemental statements were filed

8 Assets	Allocation of sales price as previously reported	Increase or (decrease)	Redetermined allocation of sales price
Class I	$	$	$
Class II	$	$	$
Class III	$	$	$
Class IV	$	$	$
Class V	$	$	$
Class VI and VII	$	$	$
Total	$		$

9 Reason(s) for increase or decrease Attach additional sheets if more space is needed

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TY 2009 Consideration Computation Statement

Name: MEMORIAL HEALTH SYSTEMS INC

EIN: 59-0973502

Statement: In addition to the purchase of the assets outlined in Part II, Memorial Health Systems, Inc. (MHS) also entered into an employment agreement with Hezi Cohen, MD, the President of Healthy Place, P.A., effective September 7, 2009. Under this agreement, Dr. Cohen is entitled to receive a base salary of $250,000 per year for the duration of the contract which is 4 years; a retention bonus of $20,000 paid annually for the three years following the Effective Date; a productivity bonus in the form of compensation adjustments based upon the individual performance of Dr. Cohen beginning after the first anniversary of the effective date; and other compensation for, and Malpractice insurance coverage for work related to Medical Directorships, stipends, research activities, or other professional activities.The maximum amount of compensation (i.e. annual base salary plus retention bonus, productivity bonus, and additional other compensation) in which Dr. Cohen is entitled to receive annually may not exceed the 90th percentile of the Medical Group Management Association for services rendered pursuant to his employment agreement. For 2009, the 90th percentile of MGMA for services rendered by Dr. Cohen was $291,298.