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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
SANTA BARBARA COTTAGE HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 689

City or town, state or country, and ZIP + 4
SANTA BARBARA, CA 931020689

D Employer identification number
95-1644629

E Telephone number
(805) 682-7111

G Gross receipts $ 681,420,181

F Name and address of principal officer
RON WERFT
Same as C Above
SANTA BARBARA, CA 931020689

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 COTTAGEHEALTHSYSTEM ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1888 | **M** State of legal domicile CA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
It is the mission of Santa Barbara Cottage Hospital to provide superior health care through a commitment to our Community and to our core values of excellence, integrity, and compassion The volunteer Board of Directors uses these core values to make decisions that will improve health care access, affordability and quality

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	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13
5	Total number of employees (Part V, line 2a)	5	2,774
6	Total number of volunteers (estimate if necessary)	6	900
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	15,334,143
b	Net unrelated business taxable income from Form 990-T, line 34	7b	41,355

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	46,436,999	1,762,940
9	Program service revenue (Part VIII, line 2g)	406,964,135	459,502,619
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-1,700,263	-34,565,975
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,013,518	6,394,704
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	457,714,389	433,094,288
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	175,122	182,360
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	170,687,949	211,468,936
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	201,231,884	210,955,398
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	372,094,955	422,606,694
19	Revenue less expenses Subtract line 18 from line 12	85,619,434	10,487,594

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	928,930,900	977,015,470
21	Total liabilities (Part X, line 26)	535,976,843	456,217,867
22	Net assets or fund balances Subtract line 21 from line 20	392,954,057	520,797,603

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

▶ Signature of officer — Date: 2010-11-12

▶ Joan Bricher Senior Vice President and CFO
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

It is the mission of Santa Barbara Cottage Hospital (SBCH) to provide superior health care through a commitment to our Community and to our core values of excellence, integrity, and compassion The volunteer Board of Directors uses these core values to make decisions that will improve health care access, affordability and quality

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 $ 302,774,079 including grants of $ 182,360) (Revenue $ 450,864,132)

Santa Barbara Cottage Hospital is a 408-bed acute-care hospital located in the City of Santa Barbara In 2009, the Hospital had 88,847 patient days, served 116,833 outpatients and including services provided care through the emergency department The Hospital provides a wide array of inpatient and outpatient services, including but not limited to the areas of cardiology, orthopedics, neurology, trauma, labor & delivery, psychiatric, neonatal intensive care, pediatric intensive care, pediatrics, laboratory, imaging, therapy, diabetes, oncology, emergency and rehabilitation services Santa Barbara Cottage Hospital provides emergency services to anyone seeking care, regardless of their ability to pay In 2009, 42,331 patients sought emergency treatment at the Hospital All patients who do not present third-party insurance are automatically screened for eligibility in government health programs and are assisted in applying for charity if the patient does not qualify for any other assistance To ensure that every member of the community has access to healthcare Santa Barbara Cottage Hospital offers full charity care to all patients whose income level is at or below 350% of the Federal Poverty Level (FPL) Discounted care is also available for families who make up to 540% of the FPL The charity care program at Santa Barbara Cottage Hospital is critical to the community as there is no inpatient acute care County Hospital to treat indigent patients who cannot afford care In 2009, the Hospital provided charity care to 1,102 patients Due to the formalized expansion of the charity care program in 2008, patients who do not have access to a third-party insurer now have a process to apply for charity care in advance of their outpatient procedure In 2009, 739 outpatient visits qualified for free care Community outreach efforts for Cottage Health System in 2009 focused on five health areas cancer, heart disease and stroke, children's health, seniors' health, and prevention and wellness Activities in these areas included screenings and health fairs, classes, clinics, lectures, and seminars, community services, community collaborations, and coalitions/committees

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

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

4d Other program services (Describe in Schedule O)
(Expenses $ 0 including grants of $ 0) (Revenue $ 0)

4e **Total program service expenses** ▶ $ 302,774,079

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		No
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	Yes	
11	Is the organization's answer to any of the following questions "Yes"? *If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.*	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		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? **Yes** **No**			
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional **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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *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**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *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**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
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	535		
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	2,774		
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 19		
b	Enter the number of voting members that are independent . .	1b 13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		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 ▶ CA

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 ▶

Karen L Jones
Pueblo at Bath Street
Santa Barbara, CA 93105
(805) 569-7224

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 . . . . . ▶	2,712,282	1,965,894	1,158,451

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 ▶ 403

			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
COMFORCE PO BOX 31001-0893 PASADENA, CA 911100893	NURSING	15,689,607
MCCARTHY BUILDING COMPANIES 20401 SW BIRCH ST 300 NEWPORT BEACH, CA 92660	GENERAL CONTRACTOR	13,261,205
LEE BURKHART LIU INC 13335 MAXELLA AVENUE MARINA DEL REY, CA 90292	ARCHITECT	8,278,518
ECLIPSYS SOLUTIONS CORPORATION PO BOX 8538-133 PHILADELPHIA, PA 191710133	CONSULTING	2,522,610
PACIFIC MATERIALS LAB PO BOX 96 GOLETA, CA 93116	LABORATORY SERVICES	1,783,813
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 ▶ 111		

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 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 0				
	d	Related organizations	1d 300,657				
	e	Government grants (contributions)	1e 703,948				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 758,335				
	g	Noncash contributions included in lines 1a-1f $ 0					
	h	**Total.** Add lines 1a-1f		1,762,940			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	900,099	441,835,506	441,835,506	0	0
	b	MEDICAL OFFICE BUILDING RENTAL	900,099	908,619	908,619	0	0
	c	LABORATORY SERVICES	900,099	15,801,074	466,931	15,334,143	0
	d	INTERN/RESIDENT AGREEMENT	900,099	957,420	957,420	0	0
	e						
	f	All other program service revenue		0	0	0	0
	g	**Total.** Add lines 2a–2f		459,502,619			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		9,470,034	0	0	9,470,034
	4	Income from investment of tax-exempt bond proceeds		305,772	0	0	305,772
	5	Royalties		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross Rents	80,932 / 0				
	b	Less rental expenses	70,457 / 0				
	c	Rental income or (loss)	10,475 / 0				
	d	Net rental income or (loss)		10,475	0	0	10,475
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	203,913,655 / 0				
	b	Less cost or other basis and sales expenses	248,255,436 / 0				
	c	Gain or (loss)	-44,341,781 / 0				
	d	Net gain or (loss)		-44,341,781	0	0	-44,341,781
	8a	Gross income from fundraising events (not including $ 0 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	CAFETERIA/CAFE/DELI/GIFT SHOP/VILLA RIVIERA	900,099	1,671,358	1,671,358	0	0
	b	LAB MANAGEMENT	900,099	1,220,848	1,220,848	0	0
	c	REBATES/REFUNDS	900,099	789,039	789,039	0	0
	d	All other revenue		2,702,984	2,702,984	0	0
	e	**Total.** Add lines 11a–11d		6,384,229			
	12	**Total revenue.** See Instructions		433,094,288	450,552,705	15,334,143	-34,555,500

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	182,360	182,360		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	1,427,358	810,231	617,127	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	75,158	75,158	0	0
7 Other salaries and wages	139,781,193	93,993,182	45,788,011	0
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	16,796,343	11,321,149	5,475,194	0
9 Other employee benefits	41,602,587	27,695,033	13,907,554	0
10 Payroll taxes	11,786,297	7,272,828	4,513,469	0
11 Fees for services (non-employees)				
a Management	812,737	0	812,737	0
b Legal	851,165	74,377	776,788	0
c Accounting	623,969	0	623,969	0
d Lobbying	40,896	0	40,896	0
e Professional fundraising *See Part IV, line 17*	0			0
f Investment management fees	1,215,471	0	1,215,471	0
g Other	46,544,660	28,767,578	17,777,082	0
12 Advertising and promotion	666,520	56,848	609,672	0
13 Office expenses	87,992,229	82,453,698	5,538,531	0
14 Information technology	9,160,230	6,164,330	2,995,900	0
15 Royalties	0	0	0	0
16 Occupancy	6,762,831	4,664,900	2,097,931	0
17 Travel	906,481	139,604	766,877	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	206,597	7,898	198,699	0
20 Interest	4,281,063	0	4,281,063	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	22,951,379	16,456,314	6,495,065	0
23 Insurance	3,477,453	2,693,860	783,593	0
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 PROVISIONS FOR BAD DEBT	15,758,749	15,758,749	0	0
b EQUIPMENT MAINTENANCE	6,276,915	4,115,340	2,161,575	0
c MISC NON OPERATING EXPENSES	888,971	0	888,971	0
d DUES AND SUBSCRIPTIONS	714,532	25,427	689,105	0
e LICENSES	371,695	15,165	356,530	0
f All other expenses	450,855	30,050	420,805	0
25 **Total functional expenses.** Add lines 1 through 24f	422,606,694	302,774,079	119,832,615	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		-2,545,129	1	-236,578
	2	Savings and temporary cash investments		259,864,178	2	126,479,817
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		59,306,459	4	75,075,467
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		500,559	5	250,000
	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		0	6	0
	7	Notes and loans receivable, net		4,752,281	7	0
	8	Inventories for sale or use		9,925,226	8	11,332,054
	9	Prepaid expenses and deferred charges		4,291,006	9	5,377,284
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 622,187,816			
	b	Less accumulated depreciation	10b 183,190,898	311,045,145	10c	438,996,918
	11	Investments—publicly traded securities		123,557,994	11	224,188,181
	12	Investments—other securities See Part IV, line 11		95,641,235	12	72,338,126
	13	Investments—program-related See Part IV, line 11		0	13	
	14	Intangible assets		0	14	5,683,234
	15	Other assets See Part IV, line 11		62,591,946	15	17,530,967
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		928,930,900	16	977,015,470
Liabilities	17	Accounts payable and accrued expenses		57,300,020	17	64,857,544
	18	Grants payable		0	18	0
	19	Deferred revenue		12,500	19	3,142
	20	Tax-exempt bond liabilities		333,608,124	20	322,465,004
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		1,689,188	23	1,661,665
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities Complete Part X of Schedule D		143,367,011	25	67,230,512
	26	**Total liabilities.** Add lines 17 through 25		535,976,843	26	456,217,867
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		385,721,946	27	508,317,135
	28	Temporarily restricted net assets		1,637,855	28	6,886,212
	29	Permanently restricted net assets		5,594,256	29	5,594,256
		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		392,954,057	33	520,797,603
	34	Total liabilities and net assets/fund balances		928,930,900	34	977,015,470

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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

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: 95-1644629
Name: SANTA BARBARA COTTAGE HOSPITAL

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			
Alex Koper MD Board Member	2	X						16,240	0	0
Angel Iscovich MD Board Member	3	X						0	0	0
Charles A Jackson Board Member	2	X						0	0	0
Fred Lukas Board Member	3	X						0	0	0
John Romo Board Member	2	X						0	0	0
Jon Clark Board Member	2	X						0	0	0
Judith Hopkinson Board Member	2	X						0	0	0
Katina Etsell RN Board Member	2	X						0	0	0
Margaret Baker Board Member	2	X						0	0	0
Marshall Turner Board Member	2	X						0	0	0
Matthew Tirrell PhD Board Member	2	X						0	0	0
Patrick McAlister Board Member	2	X						0	0	0
Robert Nakasone Board Member	3	X						0	0	0
Tom Watson MD Board Member	2	X						15,500	0	0
J Robert Andrews Esq Chairman	4	X		X				0	0	0
Ed Birch PhD Vice Chair	2	X		X				0	0	0
Gretchen Milligan Vice Chair	3	X		X				0	0	0
Frederick Gluck Treasurer	3	X		X				0	0	0
Jeffrey Kupperman MD Secretary	2	X		X				15,840	10,000	0
Ronald C Werft President & CEO	24 00			X				0	935,901	557,839
Steven A Fellows COO	33			X				0	537,111	125,292
Joan Bricher CFO	30 00			X				0	482,882	220,226
Julie Artoux Assistant Secretary	24 00			X				114,454	0	13,071
Herbert Geary Chief Nursing Officer	40				X			310,222	0	37,315
Lisa Moore VP Clinical Services	40				X			269,049	0	35,366

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			
Alberto Kywi Chief Information Officer	40				X			280,888	0	36,064
Afshin Fatholahi VP Support Services	40				X			243,936	0	32,843
Kenneth Waxman MD Director of Surgical Education	40					X		394,972	0	19,598
Charles Cline Clinical Perfusionist	40					X		249,887	0	19,598
Allan Cohen Director of Pharmacy	40					X		262,403	0	19,598
Paul Erickson MD Director of Psychiatric Services	40					X		244,329	0	19,565
David Nichols Manager PDL	40					X		294,562	0	22,076

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
PROVISIONS FOR BAD DEBT	15,758,749	15,758,749	0	0
EQUIPMENT MAINTENANCE	6,276,915	4,115,340	2,161,575	0
MISC NON OPERATING EXPENSES	888,971	0	888,971	0
DUES AND SUBSCRIPTIONS	714,532	25,427	689,105	0
LICENSES	371,695	15,165	356,530	0

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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
SANTA BARBARA COTTAGE HOSPITAL	95-1644629

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?	Yes		40,896
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			40,896
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
SchC_P2B_S00_L01	Schedule C, Part II-B, Line 1	LOBBYING ACTIVITIES ARE CALCULATED AS A PERCENTAGE OF DUES PAID TO VARIOUS ORGANIZATIONS

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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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

		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	10,754,765	15,792,105			
b Contributions	0	0			
c Investment earnings or losses	687,451	-4,904,683			
d Grants or scholarships	0	0			
e Other expenditures for facilities and programs	25,782	48,477			
f Administrative expenses	28,999	84,180			
g End of year balance	11,387,435	10,754,765			

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 49 %
- c Term endowment ▶ 51 %

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	2,282,992	15,913,604		18,196,596
b Buildings	10,136,373	222,547,314	100,538,895	132,144,792
c Leasehold improvements	0	79,684	9,595	70,089
d Equipment	0	126,553,719	81,440,953	45,112,766
e Other	0	244,674,130	1,201,455	243,472,675
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				438,996,918

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	0	
Closely-held equity interests	72,338,126	F
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	72,338,126	

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
UNAMORTIZED BOND COSTS	3,704,949
MORGAN STANLEY BOND SWAP COLLATERAL	5,001,940
ENDOWMENT PROPERTIES	442,706
DUE FROM AFFILIATES	2,972,591
OTHER RECEIVABLES	1,988,725
PHYSICIAN GUARANTEE	3,372,611
ACQUISITION COSTS	47,445
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	17,530,967

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
SELF INSURANCE LIABILITY	20,405,503
RETIREMENT PLAN - SERP & HEALTH INSURANCE	8,225,150
MINIMUM PENSION LIABILITY	10,009,116
INTEREST RATE SWAP LIABILITY	24,008,367
PHYSICIAN GUARANTEE	3,161,447
DUE TO THRID PARTIES	1,420,236
LEASE PAYABLE	693
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	67,230,512

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

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

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

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part 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
SchD_P05_S00_L04	Schedule D, Part V, Line 4	One endowment is used for reserch and one has can be use to support the operational or capital needs of the organization
SchD_P10_S00_L00	Schedule D, Part X	N/A

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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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

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 350 %	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 540 %	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)		1,102	7,335,364	0	7,335,364	1 88 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			57,965,758	34,617,494	23,348,264	5 98 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			3,991,922	1,738,798	2,253,124	0 58 %
d **Total** Charity Care and Means-Tested Government Programs	0	1,102	69,293,044	36,356,292	32,936,752	8 44 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			7,138,498	0	7,138,498	1 78 %
f Health professions education (from Worksheet 5)			5,866,676	5,456,207	410,469	0 1 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j **Total** Other Benefits	0	0	13,005,174	5,456,207	7,548,967	1 88 %
k **Total.** Add lines 7d and 7j	0	1,102	82,298,218	41,812,499	40,485,719	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			70,755		70,755	0 02 %
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**	0	0	70,755	0	70,755	0 02 %

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	5,983,307		
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	0		
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	84,652,166
6	Enter Medicare allowable costs of care relating to payments on line 5	6	108,672,460
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-24,020,294
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	Cottage Imaging Associates	Outpatient medical imaging	75 5 %	0 %	24 5 %
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)
Santa Barbara Cottage Hospital Pueblo at Bath Street Santa Barbara, CA 93105	X	X	X	X		X	X		
Cottage Rehabilitation Hospital 1215 De La Vina Santa Barbara, CA 93105									Rehabilitation Hospital

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

Cottage Health System

$15,758,749 was included in Form 990, Part IX, line 25, column (A), but removed from this figure for purposes of calculating the percentage in Schedule H, Part I, Line 7, column (f)

The cost-to-charge ratio was used determine unreimbursed services provided to patients with a third-party payer The amounts reported represent all hospital segments including inpatient, outpatient, and emergency department All health plans including Medicare, Medicaid and private insurance are also accounted for The cost-to-charge ratio, specific to the services rendered, is also used to determine the cost of charity care provided to patients

There is no footnote in our financial statements concerning bad debt The costing methodolgy used in determining the cost of bad debt is cost accounting software built upon cost to charge ratios at the departmental level

These are significant losses for the organization and they provide a tremendous benefit to the community as do the other government programs that do not cover the cost of care for the patients served The amounts reported represent all hospital segments including inpatient, outpatient, and emergency department All health plans including Medicare, Medicaid and private insurance are also accounted for The cost-to-charge ratio was used determine unreimbursed services provided to patients with a third-party payer The cost-to-charge ratio, specific to the services rendered, is also used to determine the cost of charity care provided to patients

All patients receive 6 statements over 135 days, which include a statement about how to inquire about financial assistance Patients who are known to qualify for charity care or are in the process of applying for charity care are not sent to collection until a final charity care determination is made

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

In 2009, Cottage Health System began an overhaul of its community benefit process and programs First, Cottage reviewed focus areas of local, state, and national organizations to determine our own focus areas and then next reviewed our internal community outreach programs to ensure they aligned Cottage Health System reviewed its external community grants process Funds were shifted from the Santa Barbara Cottage Hospital Foundation to Hospital operations and grant guidelines were developed around the identified focus areas Both the focus areas and grant program were part of an overall Community Benefit Plan that was approved by the Board of Directors in early 2010 As part of the community benefit review in 2009, Cottage Health System reviewed focus areas of multiple organizations The Centers for Disease Control and Prevention and The National Health Foundation were reviewed at the national level, and the California Department of Public Health was reviewed at a state level Locally, four organizations' focus areas and reports were reviewed Santa Barbara County Public Health Department Status Report 2009, Santa Barbara KIDS Network, United Way of Santa Barbara, and Santa Barbara Neighborhood Clinics Cottage Health System conducts a regular community perception survey, which included questions regarding community needs Cottage Health System also held a brainstorming session with 20 different hospital departments, and the Community Health Coordinating Committee provided input After reviewing all of the information, Cottage Health System determined the greatest needs to be children's health, seniors' health, cancer, heart disease and stroke, and prevention and wellness

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

Santa Barbara Cottage Hospital (SBCH) has a multi-faceted Financial Assistance Program to ensure that patients who do not have insurance are screened for eligibility in a government-sponsored healthcare plan and receive information about charity care programs Every patient who does not present the hospital with proof of insurance or existing government support will be given a handout (in English or Spanish) upon registration that is compliant with California Assembly Bill 774 (AB774) The handout contains information about the Hospital's charity care programs This includes where to obtain applications, income guidelines, other qualification information and contact information for Customer Service and the Admitting department The Hospital posts information about the charity care program in all areas required by AB774 Signs in English and Spanish are located in all areas where patients are registered for inpatient and outpatient services Signs are also located in the patient billing office and cashier office Patients will also be contacted by the Hospital's eligibility personnel to assist patients in determining eligibility for government-sponsored insurance programs and assist with the application process There is no expense to the patient for these services A Medi-Cal eligibility worker is also provided on site to help facilitate with Medi-Cal applications while the patient is in the hospital Patient Financial Counselors who answer customer service calls are instructed to offer charity care applications to all patients who indicate they have financial need Santa Barbara Cottage Hospital also works co-operatively with the County of Santa Barbara to provide non-emergency charity care services, this program is known as the Community Service Program All members of the Community who meet the financial criteria are eligible for the Community Service Program, but must be referred by a physician When patients who visit the Santa Barbara Public Health Department Clinic have a need for a medically-necessary but non-emergent service, the physicians and Clinic staff inform the patient of the Community Service Program and help the patient to apply Independent physicians in the Community are made aware of the program and how to access services on behalf of their patients

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

Geography and Population Santa Barbara County is located on the southern coast of California, with Ventura County bordering on the east, San Luis Obispo County on the north, and Kern County on the northeastern corner Roughly square in shape, the county contains 2,744 square miles of varied terrain, including 105,060 acres of farmland, 1,201,810 acres of grazing land, 51,400 acres in urban use, and 367,900 other acres The east-west Santa Ynez transverse mountain range divides the county into two geographical regions The county's 399,400 population is divided into five sub regions South Coast (201,100), Lompoc (58,300), Santa Maria/Guadalupe (116,800), Santa Ynez Valley (21,800), Cuyama (1,400) Race, Hispanic Origin, Nativity and Language For people reporting one race, 72 7% are White, 2 3% are Black or African American, 1 2% are American Indian or Alaska Native, 4 1% are Asian, less than 0 2% are Native Hawaiian or Other Pacific Islander, and 15 2% are some other race Four percent of those responding reported two or more races Thirty-four percent of the Santa Barbara County population is Hispanic or Latino Twenty-one percent of the county's population is foreign-born, and 32 8% of persons over the age of five reported speaking a language other than English at home Household Income & Poverty Thresholds Eighty-one percent of Santa Barbara County households received earnings (defined asthe sum of salary or self employed income) and 18% received retirement income other than Social Security Twenty-six percent of households received Social Security Santa Barbara County's median income is $46,677 The cities of the South Coast and Santa Ynez Valley have higher median incomes when compared with cities in the northern part of the county However, the benefit of this higher median income is reduced by higher housing costs Within the Tri-Counties Region, Santa Barbara County's median income is below Ventura County's ($56,666), but higher than San Luis Obispo County's ($42,428) Also, Santa Barbara County's median income is just below the State of California's median ($47,493) The two exceptions to this profile are (1) Isla Vista (pop 21,069), a UCSB student community with a median income of $16,151, (2) the contiguous unincorporated areas of Mission Canyon, Montecito, Toro Canyon (pop 14,307) are known expensive housing markets, with a median household income of $110,700 Both the State of California and Santa Barbara County have 14% of the population in poverty Of the persons over 65 years of age in Santa Barbara County, 6 2% are in poverty, and 8% of families are in poverty The poverty rate varies among incorporated areas Guadalupe 25%, Santa Maria 19 7%, Lompoc 15 4%, Buellton 8 8%, Solvang 6 7%, Santa Barbara 13 4%, Carpinteria 10 4% Within the Tri-Counties, Santa Barbara County's poverty rate is higher than Ventura County's (9 2%) and San Luis Obispo County's (12 8%) Santa Barbara Cottage Hospital (SBCH) primarily serves residents in Southern Santa Barbara County, however, because of the broad range of specialized acute care services (Neonatal and Pediatric Intensive Care Units, Pediatric services, Level II trauma center, for example), SBCH often serves the greater portion of Santa Barbara County and some of the tri-county region (Santa Barbara, Ventura, and San Luis Obispo counties) There are four hospitals that serve the Southern half of Santa Barbara County, however, SBCH offers the highest level of care available in the County

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

Santa Barbara Cottage Hospital provides grants to three organizations that provide housing for vulnerable patients after discharge from the hospital Grants to Sarah House and Visiting Nurse/Hospice Care make it possible for low-income patients to access palliative care services at local facilities when hospital care is no longer necessary A grant to Willbridge of Santa Barbara supports transitional beds for homeless patients who are not appropriate for discharge to the streets or shelters Due to the high cost of living, it is often difficult to recruit physicians to the Santa Barbara area In order to guarantee that the Community has access to needed specialists and primary care physicians, the Hospital offers recruitment agreements to physicians identified in physician needs assessments

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)

The Board of Directors is made up of prominent community members who volunteer their time to ensure that the Santa Barbara Community has access to high-quality, affordable healthcare The Board of Directors is actively involved in the Hospital's strategic decisions and takes its commitment to the Community very seriously The Board approves of an annual financial budget and ten-year financial plan to guarantee the Hospital will continue to offer hospital services to the Community for years to come The Board also approves of annual top goals that are consistent with the mission, vision and values of the Hospital The financial forethought of the Board of Directors resulted in surplus funds that are being used to rebuild the facility Santa Barbara Cottage Hospital is building a new hospital in order to comply with the unfunded mandate of the State of California's Senate Bill 1953 (SB1953), which requires all hospitals to retrofit or rebuild in order to withstand a major earthquake The Hospital used this opportunity to live the core value of excellence by ensuring that the new facility will meet the current and future healthcare needs of the Community This is the largest project in the Hospital's history As the new facility is built the Hospital continues to evaluate bed allocations in order to ensure that Subacute services continue to be available, determining dedicated pediatric bed needs, and allocating beds by patient care unit based upon projected health needs Santa Barbara Cottage Hospital works cooperatively with the open medical staff to improve healthcare in the community The Hospital is exploring how to better align with physicians in order to provide the highest quality of care

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

Cottage Health System is the parent organization of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Santa Ynez Valley Cottage Hospital These organizations have a common Board of Directors Cottage Health System Hospitals are the sole hospital providers in the Community and strategic plans are created with all the Hospitals and their Communities in mind Santa Barbara Cottage Hospital Foundation provides grants to various organizations to promote healthy living and support nurse-training programs in the Community Santa Barbara Cottage Hospital is the largest hospital in the system and provides the widest array of services As such, Santa Barbara Cottage Hospital experiences the largest amount of charity care and Medicaid shortfall from cost The hospital also provides the majority of community benefit programs, which are reported in the Cottage Health System Community Benefit Report

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

CA

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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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

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
SANTA YNEZ VALLEY COTTAGE HOSPITAL FOUNDATION2050 Viborg Road Solvang, CA 93463	953308522	501(c)(3)	12,000	0			MARKETING EXPENSE PAID FOR SYVCHF
SANTA YNEZ VALLEY COTTAGE HOSPITAL2050 Viborg Road Solvang, CA 93463	952224265	501(c)(3)		5,240	ITEM COST	UNSOLD GIFT SHOP INVENTORY	GIFT SHOP ITEMS DONATED TO SYVCH THRIFT SHOP FOR SALE
University of California RegentsSAASB ROOM 1212 Santa Barbara, CA 93106	956006145	501(c)(3)	73,165				Grant for architectural expenses for the new building where neurotranslational research will be conducted
CASA ESPERANZAP O BOX 24116 Santa Barbara, CA 93121	770502754	501(c)(3)	32,000				Grant helps to support medical outreach program to homeless Clinic space is provided at a local shelter and in areas where homeless congregate by a physician and/or an RN
SARAH HOUSEPO Box 20031 Santa Barbara, CA 93120	770224415	501(c)(3)	33,900				The grant is used to offset the end-of-life care provided for low-income patients that transfer from the Hospital to the palliative care facility
WILLBRIDGE OF SANTA BARBARA1215 EAST MONTECITO STREET Santa Barbara, CA 93103	571194195	501(c)(3)	17,555				The grant supports transitional beds for homeless patients who are not appropriate for discharge to the streets or shelters and who need supervised convalescence
VISITING NURSE & HOSPICE CARE222 EAST CANON PERDIDO STREET Santa Barbara, CA 93101	951641969	501(c)(3)	8,500				Grants provides funds to support end-of-life care for low-income individuals at a community palliative are center

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 7

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
SchI_P01_S00_L02	Schedule I, Part I, Line 2	Each grant application contains measurable outcomes that must be reported on every six months The Community Benefits Coordinator reviews the reports and ensures compliance with grant expectations prior to releasing additional funds

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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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

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**		
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**		
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**		No
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				
Ronald C Werft	(i)	0	0	0	0	0	0	0
	(ii)	667,276	237,540	31,084	550,492	7,348	1,493,740	0
Steven A Fellows	(i)	0	0	0	0	0	0	0
	(ii)	387,277	116,759	33,075	117,944	7,348	662,403	0
Joan Bricher	(i)	0	0	0	0	0	0	0
	(ii)	380,678	93,916	8,289	212,878	7,348	703,109	0
Julie Artoux	(i)	98,004	8,095	8,356	5,723	7,348	127,526	0
	(ii)	0	0	0	0	0	0	0
Herbert Geary	(i)	258,410	41,580	10,232	29,966	7,348	347,536	0
	(ii)	0	0	0	0	0	0	0
Lisa Moore	(i)	228,086	39,763	1,200	28,017	7,348	304,414	0
	(ii)	0	0	0	0	0	0	0
Alberto Kywi	(i)	238,633	36,915	5,340	28,715	7,348	316,951	0
	(ii)	0	0	0	0	0	0	0
Afshin Fatholahi	(i)	194,502	34,555	14,879	25,495	7,348	276,779	0
	(ii)	0	0	0	0	0	0	0
Kenneth Waxman MD	(i)	733,935	0	24,499	12,250	7,348	778,032	0
	(ii)	0	0	0	0	0	0	0
Charles Cline	(i)	249,671	0	216	12,250	7,348	269,485	0
	(ii)	0	0	0	0	0	0	0
Allan Cohen	(i)	241,701	17,327	3,375	12,250	7,348	282,001	0
	(ii)	0	0	0	0	0	0	0
Paul Erickson MD	(i)	237,738	0	6,592	12,216	7,348	263,894	0
	(ii)	0	0	0	0	0	0	0
David Nichols	(i)	110,261	183,039	1,262	14,728	7,348	316,638	0
	(ii)	0	0	0	0	0	0	0

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
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	On an annual basis the Executive Compensation Committee (ECC) of the Board of Directors meets to determine appropriate compensation for executives, including the CEO, COO, CFO, and vice presidents All members of the ECC are independent members of the Board of Directors The ECC engages an independent consultant to prepare comparative compensation reports for each position The executive's individual performance will also be considered when determining compensation The ECC recommends compensation for the executives to the full Board for approval This process last took place in 2009 for all executives and was documented in the minutes of the ECC
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	The amounts reported in the current year's deferred compensation includes recognition of past service expense The amounts are subject to a substantial risk of forfeiture Any amounts paid under this plan in the future will be reported again as reportable compensation in the year paid No payments were made in 2009

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased Yes	(g) Defeased No	(h) On Behalf of Issuer Yes	(h) On Behalf of Issuer No
A	California Statewide Communities Development Authority	68-0164610	130795YM3	09-17-2008	280,100,000	Construct new hospital facilities and refund Series 2003A		X		X
B	California Health Facilities Financing Authority	52-1643828	13033FQT0	11-20-2003	120,100,000	Refund 1985 issuance and hospital replacement project		X		X

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	280,100,000	120,100,000			
2	Gross proceeds in reserve funds	0	0			
3	Proceeds in refunding or defeasance escrows	55,100,000	20,100,000			
4	Other unspent proceeds	45,693,232	0			
5	Issuance costs from proceeds	2,034,556	4,500,000			
6	Working capital expenditures from proceeds	0	0			
7	Capital expenditures from proceeds	179,950,544	95,500,000			
8	Year of substantial completion	2015	2015			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No	E Yes	E No
9	Were the bonds issued as part of a current refunding issue?	X		X							
10	Were the bonds issued as part of an advance refunding issue?		X		X						
11	Has the final allocation of proceeds been made?		X	X							
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X							

Part III Private Business Use

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No	E Yes	E No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X						
2	Are there any lease arrangements with respect to the financed property which may result in private business use?		X		X						

Part III Private Business Use *(Continued)*

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?		X	X							
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X		X						
3c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %		0 %						
6	Total of lines 4 and 5		0 %		0 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X							

Part IV Arbitrage

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X						
2	Is the bond issue a variable rate issue?	X			X						
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?	X			X						
b	Name of provider	Morgan Stanley									
c	Term of hedge		23 0								
4a	Were gross proceeds invested in a GIC?		X		X						
b	Name of provider										
c	Term of GIC										
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5	Were any gross proceeds invested beyond an available temporary period?		X		X						
6	Did the bond issue qualify for an exception to rebate?	X			X						

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Herb Geary Mortgage Assistance		X	250,000	250,000		No	Yes		Yes	
Total . . . . . ▶ $				250,000						

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
Anesthesia Medical Group of SB	Partner of Anesthesiology Medical Group was married to Board Member	1,199,760	Medical Professional Fee		No
JoEllen Watson	Wife of board member	86,264	Hospital employee		No
Mullen and Henzel	Board member is a partner in law firm that provides legal services to hospital	180,868	Legal services		No
Santa Barbara Cardiovascular Medical Group	Board member is a partner	122,382	Medical professional services		No
Douglas Etsell MD	Board member's spouse	16,250	Medical professional fees		No

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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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

Identifier	Return Reference	Explanation
F990_P03_S00_L02	Form 990, Part III, Line 2	In 2009, Pacific Diagnostic Laboratories LLC (PDL) became a wholly-owned subsidiary of Santa Barbara Cottage Hospital PDL was formed in 2008 as joint venture between Cottage Health System and Sansum Clinic (a 501(c) (3) corporation) to provide outpatient laboratory services in an efficient manner to the community
F990_P06_S0A_L06	Form 990, Part VI, Section A, Line 6	Cottage Health System is the sole corporate member of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital, Santa Ynez Valley Cottage Hospital and Goleta Valley Professional Buildings, Inc
F990_P06_S0A_L07a	Form 990, Part VI, Section A, Line 7a	Cottage Health System is the sole corporate member of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Goleta Valley Professional Buildings, Inc and can appoint Directors to the Board
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	The Board of Directors for Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Goleta Valley Professional Buildings, Inc must obtain prior approval of the Board of Directors for Cottage Health System, in order to a) amend or restate the Articles of Incorporation or Bylaws, b) implement the annual budget and long-term capital and operational budget, c) sell, lease, mortgage, pledge, merge consolidate or make any other disposition of any material part of the property and assets of this corporation, or d) voluntarily dissolve the corporation
F990_P06_S0B_L11	Form 990, Part VI, Section B, Line 11	Form 990 is prepared under the direction of the Vice President of Finance and CFO Form 990 is reviewed by VP Finance, CFO and independent auditors prior to submitting to the Audit and Compliance Committee Audit and Compliance Committee reviews and approves Form 990 All members of the Board receive a copy of the organization's form 990 prior to filing
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	The purpose of the Conflict of Interest policy is to protect the interest of the Hospital when it contemplates entering into a transaction or arrangement that could benefit the private interest of a Director or Officer of Cottage Health System, Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital, Santa Ynez Valley Cottage Hospital, Santa Barbara Cottage Hospital Foundation and Goleta Valley Professional Buildings, Inc , collectively known as Cottage Health System The Cottage Health System Directors have a duty to 1) discharge their duties to benefit the Cottage Health System and not the Directors personally 2) disclose situations with the potential for conflict of interest with the vision and mission of Cottage Health System 3) refrain from discussing confidential Cottage Health System business with others Each Board member will annually complete the Cottage Health System Directors Annual Conflict Disclosure Form The Disclosure information will be reviewed annually by the Board Chair and the results reported to the full Board Each Director or Officer will disclose to the Board Chair for items to be discussed at a Board meeting Director or Officer will disclose to Committee Chair for items to be discussed at Board Committees, any material financial or personal interest he/she/family member may have in a Board decision before the Board reviews the transaction and takes action In general, a Director or Officer who had disclosed a potential conflict should be excused from the decision making portion of the discussion and are prohibited from voting on a matter involving a potential conflict of interest If the Board has reasonable cause to believe that a Director or Officer failed to disclose a material financial interest or other potential material conflict of interest, the Board Chair shall inform the member of the basis for the belief and afford the member an opportunity to explain the alleged failure to disclose If after hearing the Director or Officer's response and conducting a further investigation if warranted, the Board determines the Director or Officer failed to disclose a material financial or other potential material conflict of interest, the Board Chair shall take appropriate corrective action Committee Chairs who address conflict of interest situations with a Board Committee member are responsible for reporting such situations to the Board Chair
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	On an annual basis the Executive Compensation Committee (ECC) of the Board of Directors meets to determine appropriate compensation for executives, including the CEO, COO, CFO, and vice presidents All members of the ECC are independent members of the Board of Directors The ECC engages an independent consultant to prepare comparative compensation reports for each position The executive's individual performance will also be considered when determining compensation The ECC recommends compensation for the executives to the full Board for approval This process took place in 2009 for all executives and was documented in the minutes
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	Governing documents can be obtained upon request from the Assistant Secretary of the Board Tax filings can be obtained upon request from the CFO

Identifier	Return Reference	Explanation
F990_P07_S0A_L01a	Form 990, Part VII, Section A, Line 1a	As required by the instructions of Form 990, the compensation amounts for Ronald C Werft, CEO, Steven A Fellows, COO, Joan Bricher, CFO and Julie Artoux, Assistant Secretary are repeated on the Form 990 for all organizations for which they serve as officers Compensation for Werft, Fellows and Bricher is paid by Cottage Health System and for Artoux by Santa Barbara Cottage Hospital The following list provides the amount of time each employed officer listed in Part VII performed services for related organizations Ronald C Werft Santa Barbara Cottage Hospital 24 hours, Goleta Valley Cottage Hospital 6 hours, Santa Ynez Valley Cottage Hospital 1 hour, Santa Barbara Cottage Hospital Foundation 9 hours, Steven A Fellows Santa Barbara Cottage Hospital 33 hours, Goleta Valley Cottage Hospital 6 hours, Santa Ynez Valley Cottage Hospital 1 hour, Santa Barbara Cottage Hospital Foundation 0 hours, Joan Bricher Santa Barbara Cottage Hospital 30 hours, Goleta Valley Cottage Hospital 4 hours, Santa Ynez Valley Cottage Hospital 1 hour, Santa Barbara Cottage Hospital Foundation 5 hours, Julie Artoux Santa Barbara Cottage Hospital 24 hours, Goleta Valley Cottage Hospital 6 hours, Santa Ynez Valley Cottage Hospital 1 hour, Santa Barbara Cottage Hospital Foundation 9 hours

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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
SANTA BARBARA COTTAGE HOSPITAL

Employer identification number
95-1644629

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
Pacific Diagnostic Laboratories LLC PO Box 689 Santa Barbara, CA 93102	Outpatient laboratory services	CA	17,021,922	1,293,302	Santa Barbara Cottage Hospital

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
Cottage Health System PO Box 689 Santa Barbara, CA 931020689 77-0431902	Parent organization for 3 hospitals and medical professional building	CA	501 (C) (3)	11b-II	N/A
Goleta Valley Cottage Hospital PO Box 689 Santa Barbara, CA 931020689 95-2413596	Hospital	CA	501 (C) (3)	3	N/A
Santa Ynez Valley Cottage Hospital Inc PO Box 689 Santa Barbara, CA 931020689 95-2224265	Hospital	CA	501 (C) (3)	3	N/A
Santa Barbara Cottage Hospital Foundation PO Box 689 Santa Barbara, CA 931020689 95-3802238	Foundation to support Santa Barbara Cottage Hospital	CA	501 (C) (3)	7	N/A
Goleta Valley Professional Buildings Inc PO Box 689 Santa Barbara, CA 931020689 77-0004202	Medical Professional Building	CA	501 (C) (3)	11b-II	N/A

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? 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
Cottage Imaging Associates LLC 2400 FLetcher Santa Barbara, CA93105 61-1518671	Outpatient medical imaging	CA	N/A	Related	-381,498	0		No	0	Yes	

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

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

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
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		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d	Yes	
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	Yes	
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	Yes	
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	Yes	
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: 09000073
Software Version: v1.00
EIN: 95-1644629
Name: SANTA BARBARA COTTAGE HOSPITAL

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)
(1)	Goleta Valley Cottage Hospital	k	331,001
(2)	Goleta Valley Cottage Hospital	l	79,977
(3)	Goleta Valley Cottage Hospital	n	3,390,906
(4)	Goleta Valley Cottage Hospital	o	129,493
(5)	Goleta Valley Cottage Hospital	p	20,774,455
(6)	Goleta Valley Cottage Hospital	q	753,258
(7)	Goleta Valley Cottage Hospital	r	1,006,763
(8)	Santa Ynez Valley Cottage Hospital Inc	b	5,240
(9)	Santa Ynez Valley Cottage Hospital Inc	n	846,064
(10)	Santa Ynez Valley Cottage Hospital Inc	o	103,859
(11)	Santa Ynez Valley Cottage Hospital Inc	p	5,991,438
(12)	Santa Ynez Valley Cottage Hospital Inc	q	122,673
(13)	Santa Ynez Valley Cottage Hospital Inc	r	60,201
(14)	Santa Barbara Cottage Hospital Foundation	c	300,657
(15)	Santa Barbara Cottage Hospital Foundation	j	216,096
(16)	Santa Barbara Cottage Hospital Foundation	n	2,299,884
(17)	Santa Barbara Cottage Hospital Foundation	p	1,078,970
(18)	Santa Barbara Cottage Hospital Foundation	q	187,547
(19)	Santa Barbara Cottage Hospital Foundation	r	38,960
(20)	Cottage Imaging Associates LLC	a-iv	37,596
(21)	Cottage Imaging Associates LLC	a-i	55,383
(22)	Cottage Imaging Associates LLC	d	4,731,532
(23)	Cottage Imaging Associates LLC	g	5,006,594
(24)	Cottage Imaging Associates LLC	k	257,238
(25)	Cottage Imaging Associates LLC	l	682,086
(26)	Cottage Imaging Associates LLC	p	249,489
(27)	Cottage Imaging Associates LLC	r	128,538