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Form

990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

OMB No 1545-0047

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

2009

Open to Public Inspection

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

A For the 2009 calendar year, or tax year beginning 07-01-2009 and ending 06-30-2010

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

C Name of organization
PINNACLE HEALTH MEDICAL SERVICES

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
409 south second st po box 8700

Room/suite

City or town, state or country, and ZIP + 4
harrisburg, PA 171058700

D Employer identification number
25-1709054
E Telephone number
(717) 231-8245
G Gross receipts \$ 31,230,113

F Name and address of principal officer
William H Pugh
409 south second st po box 8700
harrisburg, PA 171058700
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.pinnaclehealth.org

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶ L Year of formation 1993 M State of legal domicile PA

Part I Summary

Activities & Governance
1 Briefly describe the organization's mission or most significant activities
Pinnacle Health Medical Services is engaged in the provision of physician services
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
4 Number of independent voting members of the governing body (Part VI, line 1b) 4
5 Total number of employees (Part V, line 2a) 5 56
6 Total number of volunteers (estimate if necessary) 6 20
7a Total gross unrelated business revenue from Part VIII, column (C), line 12 7a 0
7b Net unrelated business taxable income from Form 990-T, line 34 7b 0

Revenue
8 Contributions and grants (Part VIII, line 1h)
9 Program service revenue (Part VIII, line 2g)
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)
Expenses
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)
14 Benefits paid to or for members (Part IX, column (A), line 4)
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
16a Professional fundraising fees (Part IX, column (A), line 11e)
16b Total fundraising expenses (Part IX, column (D), line 25) ▶⁰
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
19 Revenue less expenses Subtract line 18 from line 12
Net Assets or Fund Balances
20 Total assets (Part X, line 16)
21 Total liabilities (Part X, line 26)
22 Net assets or fund balances Subtract line 21 from line 20

Prior Year Current Year
1,263,493 1,738
28,062,287 30,660,335
5,478 -490
611,614 539,191
29,942,872 31,200,774
29,281,432 34,587,424
10,717,157 11,911,510
39,998,589 46,498,934
-10,055,717 -15,298,160
Beginning of Current Year End of Year
13,104,015 13,609,649
10,702,644 12,779,411
2,401,371 830,238

Part II Signature Block

Sign Here
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge
Signature of officer Date
william H Pugh CFO Type or print name and title
Paid Preparer's Use Only
Preparer's signature Julius Green CPA Date 2011-05-05 Check if self-employed ☐
Firm's name (or yours if self-employed), address, and ZIP + 4 EIN Phone no (717) 846-7000

Part IIISTatement of Program Service Accomplishments

1

Briefly describe the organization’s mission

Pinnacle Health Medical Services is a tax exempt entity that is primarily engaged in the provision of physician services

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 \$ 15,193,693 including grants of \$) (Revenue \$ 10,319,553)

Pinnacle Health Medical Services (PHMS) is a tax exempt entity that is primarily engaged in the provision of physician services. The physician services provided within PHMS support and enhance the services of Pinnacle Health Hospitals and the Pinnacle Health System PHMS also had volunteers that provided various donated services. During the year ended June 30, 2010, there were 3 volunteers which provided 610 donated hours valued at \$4,423 and 17 physicians that volunteered 410 hours of their time at an estimated value of \$27,470. PHMS provided free care during the year to 206 patients in the amount of \$54,650. Based on total expenses, the three largest Physician Services included within PHMS are: Pinnacle Specialties Practice (300) - The specialties practice is the largest segment of PHMS, comprising 37.5% of the total program expenses of PHMS. The specialties practice currently operates seventeen specialty sites throughout central Pennsylvania. During the fiscal year ended June 30, 2010, specialty site visits totaled 87,657. Management considers the investment in specialty services critical in maintaining an integrated delivery system and to the future success of Pinnacle Health System. The specialty physician practices include the following: Hospitalists-Community Campus (HCC) - This program has been established to provide 24/7 in-hospital coverage for internal medicine admissions and follow-up on a dedicated "hospitalist service". This service will draw patients from family care and internal medicine providers who provide outpatient care, but wish to have inpatient care provided to their patients by this service. Pinnacle Health Neurologists (PHN) - This program was established to meet the emergent need for neurologists in the Harrisburg area. Coverage for inpatient physician coverage at Pinnacle Health Hospitals is its primary focus, as well as establishing and growing outpatient services to address community needs. This program also provides services to the Epilepsy Monitoring Unit. Pinnacle Health Neurosurgery Services (PHNS) - This program was established in January 2008 to meet the emergent need for neurosurgeons in the Harrisburg area. Pinnacle Health Endocrinologists (PHE) - This program was established in January 2005 and provides both inpatient and outpatient services. Pinnacle Health Pediatric Surgery (PHPS) - This program consists of the employment of one full time pediatric surgeon who will continue to practice pediatric surgery full time for Pinnacle Health Hospitals. A stable, high quality pediatric surgery service is an essential component of the women and children health service at Pinnacle. Pinnacle Health Infectious Disease Associates (PHIDA) - This program was established in January 2005. Both patient and outpatient services are provided which includes the travel clinic. Raymond A. Kostin, MD (KOSTIN) - This program was established to ensure high quality thoracic surgery for Pinnacle Health System. Pinnacle Health Complementary Services (PHCS) - This program was established in October 2005 to provide acupuncture services by a Pennsylvania state registered Acupuncturist. PH Palliative Care (PHPC) - The focus of this new program will be on the inpatient care of patients during the final months or days of their life, seeking to improve both the balance of care vis-a-vis comfort and dignity and the quality of pain relief treatment. In the role as the Pain Team of the System, the palliative care specialist will be available to any patient who is in need of specialized assessment and treatment of difficult or intractable pain. This will dovetail nicely with the new proposed cancer center program. End-of-life care has been identified nationally as a moment of time which takes up an inordinate amount of health care resources, with great variation geographically and little in the way of demonstrable value, dying with dignity is an option that all of us should have at the end of life. Transplant Services - This program has been established to provide opportunity and growth of the transplant program within the structure of the health system and decrease reliance on self-employed physicians to provide services for the program. Breast Cancer Center - This program has been established to provide patients with a centralized location for their breast care needs, including breast cancer risk assessments and surgery.

4b

(Code) (Expenses \$ 14,797,125 including grants of \$) (Revenue \$ 13,563,334)

Family Care Services (330) - Primary care is the second largest segment of PHMS comprising 36.5% of the total program expenses of PHMS. Primary care services are currently provided through eleven family care centers located in surrounding central Pennsylvania communities. During the fiscal year ended June 30, 2010, primary care patient visits totaled 155,927.

4c

(Code) (Expenses \$ 9,117,970 including grants of \$) (Revenue \$ 6,745,515)

Pinnacle Health Clinics (302) - The clinics comprise 22.5% of the total program expenses of PHMS. There are seven clinic facilities throughout Central Pennsylvania that provide patient care to the surrounding community. During the fiscal year ended June 30, 2010, clinics had visits that totaled 72,504. The clinics mainly serve an un-insured, under-insured, and large medical assistance community, as living out its mission statement to be a charitable organization dedicated to maintaining and improving the health and quality of life. The clinics include the following: Kline Health Center (KHC) - This program provides primary, as well as specialty care, to a largely urban population. While the practice does see private patients, much of the population served is of low income and/or underinsured. Since many of our patients rely on public transportation, Kline is able to meet many of the patient's needs at one location. Resident physicians, under the supervision of board certified physician faculty as well as specialty physicians, come to Kline to see patients for their orthopedic, endocrine, neurological, infectious disease, and surgical needs. The office is managed by a full time RN who oversees a staff of medical assistants and other office support staff to meet the needs of the patients and providers. Children's and Teen Center (CTC) - This program provides primary acute and preventative care plus some specialty services for children newborn through 18 years of age. Specialty services include neonatal developmental care, lead poisoning diagnosis and follow-up, pediatric neurology and care for children infected with HIV. Internal Medicine Residents (IMR) - This center was established in PHMS to bill for inpatient professional fees generated by the attending internal medicine residency program faculty. Women's Inpatient Services (WIS) - This program provides comprehensive inpatient obstetrical and gynecological services to a patient base consisting largely of a managed medical assistance patient base. This program was established in 2007. Women's Outpatient Health Center (WOHC) - This program provides comprehensive outpatient obstetrical and gynecological services to a patient base consisting largely of a managed medical assistance patient base. Surgery Clinic Professionals (SCP) - Surgery Clinic Professionals is used to account for surgical procedures generated from referrals to the surgery clinic, which is a component of the Kline Health Center. PH Resource Education and Comprehensive Care for HIV (REACCH) - This program was established to provide primary and specialty medical care for people (including pregnant women and their exposed infants) who are HIV-positive as well as support services. Support services include nutritional counseling, transportation to medical appointments, vision care, assistance with medication co-payments, and assistance with mental health counseling and psychiatric care. The program is partially grant funded and also provides reimbursement to Pinnacle Health System for services rendered to patients who are HIV-positive and are either uninsured or underinsured.

4d

Other program services (Describe in Schedule O) See also Additional Data for Description

(Expenses \$ 1,451,286 including grants of \$) (Revenue \$ 31,933)








4e

Total program service expenses➤\$ 40,560,074

Form 990 (2009)

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		No
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		No
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? 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		No
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.	11	Yes	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.			
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.			
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.			
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.			
	• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.			
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.			
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	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
14b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I	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		No

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	1a0		
	b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a560	2b	Yes
	b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a		No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b	
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: <input type="text"/> 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	8	
b	Enter the number of voting members that are independent	1b	5	
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		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶PA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ William H Pugh CFO 409 SOUTH SECOND ST PO BOX 8700 HARRISBURG, PA 171058700 (717) 231-8245

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			
DEBORAH S MILLER Chairman	10	X		X				0	0	0
Robert C Buckingham MD Vice Chairman	10	X		X				0	0	0
timothy Weston Esq Director	10	X						0	0	0
NEYSA O MAISEL DIRECTOR	10	X						0	0	0
Nathan H Waters Jr Esq Director	10	X						0	0	0
Dana Kellis MD Director	10	X						0	382,526	67,773
BRIAN UNIACKE MD Director	10	X						0	189,448	28,693
Roger Longenderfer MD President/CEO	10	X		X				0	687,286	276,616
William H Pugh Treasurer	1 60			X				0	348,480	42,998
Christopher P Markley Esq Secretary	8 00			X				0	331,390	48,198
Richard C Seneca Esq Assistant Secretary	5 20			X				0	259,935	0
Barry Moore PHYSICIAN	40 00					X		597,680	0	86,531
Roger Ostdahl PHYSICIAN	40 00					X		575,091	0	86,261
John Rogers Jr Physician	40 00					X		303,998	0	36,976
Charles Yanofsky PHYSICIAN	40 00					X		298,767	0	30,583
Lisa Torp PHYSICIAN	40 00					X		302,173	0	33,591

1b Total	2,077,709	2,199,065	738,220
---------------------------	-----------	-----------	---------

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 **67**

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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
Assurance Staffing Inc 4660 Trindle Road Suite 100 Camp Hill, PA 17011	Temporary Help	167,774
Gairs medical Transcription Service 508 Market Street Lemoyne, PA 17043	transcription Svc	157,429
Pennsylvania Psychiatric Institute 2501 North Third Street Harrisburg, PA 17110	Psychiatric services	139,412

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 **3**

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	1,738				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			1,738			
Program Service Revenue			Business Code					
	2a	Patient Revenue, Net	621,110	29,957,591	29,957,591			
	b	physician medical PPI	621,110	381,000	381,000			
	c	Physician services/cov	621,110	264,680	264,680			
	d	Partnership passthrough	621,400	31,933	31,933			
	e	PHPA Therapists	621,110	25,131	25,131			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			30,660,335			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			65		65	
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		Gross Rents	69,732					
		b Less rental expenses	28,784					
		c Rental income or (loss)	40,948					
	d	Net rental income or (loss)			40,948		40,948	
	7a	(i) Securities		(ii) Other				
		Gross amount from sales of assets other than inventory						
		b Less cost or other basis and sales expenses		555				
		c Gain or (loss)		-555				
	d	Net gain or (loss)			-555		-555	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a				
		b Less direct expenses	b					
		c Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19		a				
		b Less direct expenses	b					
		c Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances		a				
b Less cost of goods sold		b						
c Net income or (loss) from sales of inventory . . .								
Miscellaneous Revenue		Business Code						
11a	Reporting Incentives	900,999	172,580			172,580		
b	Employee Counseling Sv	900,099	165,127			165,127		
c	HMO Bonus	900,099	79,354			79,354		
d	All other revenue		81,182			81,182		
e	Total. Add lines 11a-11d			498,243				
12	Total revenue. See Instructions			31,200,774	30,660,335	0	538,701	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	27,530,546	24,777,491	2,753,055	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,527,834	2,275,051	252,783	
9	Other employee benefits	2,780,581	2,502,523	278,058	
10	Payroll taxes	1,748,463	1,573,617	174,846	
11	Fees for services (non-employees)				
a	Management	1,861,149	186,115	1,675,034	
b	Legal	16,363		16,363	
c	Accounting	5,000		5,000	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	1,393,736	1,213,270	180,466	
12	Advertising and promotion	35,175	28,140	7,035	
13	Office expenses	2,300,349	2,127,647	172,702	
14	Information technology	66,028	59,901	6,127	
15	Royalties				
16	Occupancy	2,254,561	1,976,579	277,982	
17	Travel	12,007	10,806	1,201	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	212,079	210,041	2,038	
20	Interest	319,146	287,231	31,915	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	741,740	667,566	74,174	
23	Insurance	1,447,997	1,447,997		
24	Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a	Bad Debts Expense	1,069,953	1,069,953		
b	Maintenance and Repairs	125,672	108,942	16,730	
c	Dues and Subscriptions	36,455	36,455		
d	Miscellaneous Expense	14,100	749	13,351	
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	46,498,934	40,560,074	5,938,860	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			2,646	1	3,049
	2	Savings and temporary cash investments			2,301,454	2	2,983,116
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			2,755,315	4	2,623,589
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			152,255	8	166,407
	9	Prepaid expenses and deferred charges			339,274	9	348,168
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	12,217,998			
	b	Less accumulated depreciation	10b	4,847,440	7,419,896	10c	7,370,558
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11			28,753	13	16,068
	14	Intangible assets			104,422	14	98,694
	15	Other assets. See Part IV, line 11				15	
	16	Total assets. Add lines 1 through 15 (must equal line 34)			13,104,015	16	13,609,649
Liabilities	17	Accounts payable and accrued expenses			3,883,356	17	4,602,914
	18	Grants payable				18	
	19	Deferred revenue				19	2,631
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			5,731,312	23	5,554,601
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			1,087,976	25	2,619,265
	26	Total liabilities. Add lines 17 through 25			10,702,644	26	12,779,411
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			2,401,371	27	830,238
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			2,401,371	33	830,238
	34	Total liabilities and net assets/fund balances			13,104,015	34	13,609,649

Part XI Financial Statements and Reporting

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . .		No
b Were the organization's financial statements audited by an independent accountant?	Yes	
c If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . .	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public
Inspection

Name of the organization PINNACLE HEALTH MEDICAL SERVICES	Employer identification number 25-1709054
--	--

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

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

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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

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

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17	
18Investment income percentage from 2008 Schedule A, Part III, line 17	18	
19a33 1/3% support tests—2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b33 1/3% support tests—2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

Part IV

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

Additional Data

Software ID:
Software Version:
EIN: 25-1709054
Name: PINNACLE HEALTH MEDICAL SERVICES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services					
(Code) (Expenses \$	1,451,286	including grants of \$) (Revenue \$	31,933)
PHMS Administration business unit encompasses the billing office, coding and compliance, credentialing, and administration cost centers West Shore Surgery Center (WSSC) - The West Shore Surgery Center is a limited partnership in which Pinnacle Health Medical Services is the general partner with a 2% controlling interest and Pinnacle Health Hospitals is a limited partner with a 49% interest The remaining 49% interest is held by various physicians from the area					

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Patient Revenue, Net	621,110	29,957,591	29,957,591		
physician medical PPI	621,110	381,000	381,000		
Physician services/cov	621,110	264,680	264,680		
Partnership passthrough	621,400	31,933	31,933		
PHPA Therapists	621,110	25,131	25,131		

SCHEDULE D
(Form 990)

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

Department of the Treasury
Internal Revenue Service

Name of the organization PINNACLE HEALTH MEDICAL SERVICES	Employer identification number 25-1709054
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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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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 <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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) <div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)<input type="checkbox"/> Preservation of an historically importantly land area <input type="checkbox"/> Protection of natural habitat<input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space</div>										
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year <table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		Held at the End of the Year	a	Total number of conservation easements	b	Total acreage restricted by conservation easements	c	Number of conservation easements on a certified historic structure included in (a)	d	Number of conservation easements included in (c) acquired after 8/17/06
	Held at the End of the Year										
a	Total number of conservation easements										
b	Total acreage restricted by conservation easements										
c	Number of conservation easements on a certified historic structure included in (a)										
d	Number of conservation easements included in (c) acquired after 8/17/06										
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____										
4	Number of states where property subject to conservation easement is located ▶ _____										
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>										
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)? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>										
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 <table><tr><td>(i)</td><td>Revenues included in Form 990, Part VIII, line 1</td><td>▶ \$ _____</td></tr><tr><td>(ii)</td><td>Assets included in Form 990, Part X</td><td>▶ \$ _____</td></tr></table>	(i)	Revenues included in Form 990, Part VIII, line 1	▶ \$ _____	(ii)	Assets included in Form 990, Part X	▶ \$ _____
(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 <table><tr><td>a</td><td>Revenues included in Form 990, Part VIII, line 1</td><td>▶ \$ _____</td></tr><tr><td>b</td><td>Assets included in Form 990, Part X</td><td>▶ \$ _____</td></tr></table>	a	Revenues included in Form 990, Part VIII, line 1	▶ \$ _____	b	Assets included in Form 990, Part X	▶ \$ _____
a	Revenues included in Form 990, Part VIII, line 1	▶ \$ _____					
b	Assets included in Form 990, Part X	▶ \$ _____					

Part III

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

3

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

a

☐

Public exhibition

b

☐

Scholarly research

c

☐

Preservation for future generations

d

☐

Loan or exchange programs

e

☐

Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
3b		

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		1,588,300	984,486	603,814
d Equipment		3,447,538	2,391,031	1,056,507
e Other		7,182,160	1,471,923	5,710,237
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				7,370,558

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)	131,200,774
2	Total expenses (Form 990, Part IX, column (A), line 25)	246,498,934
3	Excess or (deficit) for the year Subtract line 2 from line 1	3-15,298,160
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)	813,727,027
9	Total adjustments (net) Add lines 4 - 8	913,727,027
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10-1,571,133

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	131,788,742
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d560,922	
e	Add lines 2a through 2d2e	560,922
3	Subtract line 2e from line 13	31,227,820
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 7b4a	
b	Other (Describe in Part XIV)4b-27,046	
c	Add lines 4a and 4b4c	-27,046
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5	531,200,774

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	146,473,934
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d28,784	
e	Add lines 2a through 2d2e	28,784
3	Subtract line 2e from line 13	346,445,150
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 7b4a53,784	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	53,784
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5	546,498,934

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	The Pinnacle Health System evaluates uncertain tax positions using a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions. No adjustments to the consolidated financial statements were required as a result of this evaluation.
Part XI, Line 8 - Other Adjustments		Fund Balance Transfer - Pinnacle Health System -17390096 Fund Balance Transfer - Pinnacle Health Hospitals 31127135 Fund Balance Transfer - Community Life Team -2108 Fund Balance Transfer - Pinnacle Health Homecare & Hospice -7904
Part XII, Line 2d - Other Adjustments		Net Assets Released from Restrictions 614706 investment expenses -53784
Part XII, Line 4b - Other Adjustments		rental expenses recorded net of revenue -28784 Contribution from Pinnacle Health Foundation 1738
Part XIII, Line 2d - Other Adjustments		Rental expenses recorded net of revenue 28784

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2009

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
PINNACLE HEALTH MEDICAL SERVICES

Employer identification number
25-1709054

Part I

Questions Regarding Compensation

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

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				
Dana Kellis MD	(i)	0	0	0	0	0	0	0
	(ii)	328,977	37,922	15,627	14,757	53,016	450,299	0
BRIAN UNIACKE MD	(i)	0	0	0	0	0	0	0
	(ii)	189,448	0	0	11,471	17,222	218,141	0
Roger Longenderfer MD	(i)	0	0	0	0	0	0	0
	(ii)	574,336	86,636	26,314	223,989	52,627	963,902	0
William H Pugh	(i)	0	0	0	0	0	0	0
	(ii)	298,589	35,726	14,165	13,627	29,371	391,478	0
Christopher P Markley Esq	(i)	0	0	0	0	0	0	0
	(ii)	267,132	29,268	34,990	14,833	33,365	379,588	0
Richard C Seneca Esq	(i)	0	0	0	0	0	0	0
	(ii)	259,935	0	0	0	0	259,935	0
Barry Moore	(i)	597,680	0	0	10,600	75,931	684,211	0
	(ii)	0	0	0	0	0	0	0
Roger Ostdahl	(i)	570,680	0	4,411	10,330	75,931	661,352	0
	(ii)	0	0	0	0	0	0	0
John Rogers Jr	(i)	226,851	50,392	26,755	10,679	26,297	340,974	0
	(ii)	0	0	0	0	0	0	0
Charles Yanofsky	(i)	228,567	0	70,200	7,450	23,133	329,350	0
	(ii)	0	0	0	0	0	0	0
Lisa Torp	(i)	297,405	0	4,768	0	33,591	335,764	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	Roger Longenderfer, M D , President and CEO , received a reimbursement for personal financial services. The reimbursement was included in his taxable compensation.
	Part I, Line 4a	Roger Longenderfer, M D , President and CEO was covered by a 457(f) Supplemental Retirement Agreement (SERP) which was not funded in the current year.

Additional Data

Software ID:
Software Version:
EIN: 25-1709054
Name: PINNACLE HEALTH MEDICAL SERVICES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136022011

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 PINNACLE HEALTH MEDICAL SERVICES		Employer identification number 25-1709054

Identifier	Return Reference	Explanation
Form 990, Part III, line 2	New Program Services	Surgical Associates - On April 1, 2010, Pinnacle Health Surgical Associates came to fruition w hen the general surgeons and staff of Capital Area Surgical Associates and Susquehanna Surgeons joined the Pinnacle Health Netw ork Excellent surgical care doesn't just happen It's the combination of skilled surgeons, the latest technology and equipment and the expertise of the Operating Room team w orking together The more advanced, the more precise, the better outcome for the patient Pinnacle Health has a long history of providing the finest surgical care in Central Pennsylvania, dating to the opening of our first operating room in 1900 Today, our outstanding team of general surgeons at Pinnacle Health Surgcal Associates continues the tradition of excellence by performing a wide range of open and mnimally invasive procedures w ith two convenient locations in Wormleysburg and Harrisburg The team includes board certified and fellow ship trained physicians w ho provide superior surgical skill and care Wound & Hyperbaric Program This program opened in January 2010 It provides expert medical care for chronic w ounds that have failed previous methods of treatment The use of specialized intensive w ound therapies and, in specific circumstances, the approved use of Hyperbaric Oxygen Therapy enhances the healing process in an attempt to return patient to the highest level of daily functioning and healing Also, the implementation of an in-patient consultation program at both hospitals w ill allow for optimal patient follow -up and referrals The Programs also provide for increased educational programs for area physicians, residents and Medical Students in this specialty Providing part-time services at Lancaster General Hospital has increased awareness of our program and expertise in Central Pennsylvania Rheumatology Opening for business on March 1, 2010, Pinnacle Health's Rheumatology office w as founded to diagnose and treat the surrounding community that experienced constant pain w ith rheumatic diseases Whether faced w ith an inflammation of the joints, tendons or muscles, or constant pain, Pinnacle Health's rheumatology doctors help diagnose the condition and find the course of treatment suitable for each individual Many types of rheumatic diseases are not easily identified in the early stages and because some are more complex than others, more than one visit may be necessary As such, our rheumatologists w ork closely w ith patients to design individualized treatments that meet their needs

Identifier	Return Reference	Explanation
Form 990, Part III, line 3	Changes in Program Services	Pinnacle Health Psychological Associates and Behavioral Services w ere grouped more appropriately w ith the practices of a similar mission, patient base, and management structure w ith the inception of Pennsylvania Psychiatric Institute ("PPI") (EIN 26-1699000) The employment status of the Psychiatrists, billing and outpatient services became the responsibility of PPI, instead of Medical Services PPI is a joint venture w ith Pinnacle Health System and the Hershey Medical Center

Identifier	Return Reference	Explanation
Form 990, Part V, line 1		Pinnacle Health System, the parent entity of a group of tax-exempt organizations, is the common reporting agent for the group and files all 1099 forms for Pinnacle Health Medical Services

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		The authority and responsibility for review of the Form 990 for Pinnacle Health System and subsidiaries, is delegated to the Finance and Audit Committee of the Pinnacle Health System Board In order to accomplish this, all members of the Finance and Audit Committee are provided w ith a reasonable opportunity to review and comment to executive leadership on the IRS Form 990's of the Pinnacle Health System and its subsidiaries, including Pinnacle Health Hospitals, Pnnacle Health Medical Services, Pinnacle Health Foundation, Pinnacle Health Home Care & Hospice and Community Life Team before they are filed w ith the Internal Revenue Service In addition, each member of each respective Board of Directors w ill be given access to view their individual Form 990 via a shared, passw ord-protected w ebsite

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		In the performance of their duties to Pinnacle Health System and subsidiaries (collectively referred to as "PHS"), covered persons shall seek to act in the best interests of PHS, and shall exercise good faith, loyalty, diligence and honesty A covered person is any individual w ho serves in a fiduciary capacity to, or w ho has legal authority to represent or obligate, the Pinnacle Health System or any of its affiliated organizations including, but not limited to, directors, officers, employees, and agents Covered persons also include a) immediate families (spouses, children, siblings, parents, or spouse's parents), b) any organization in w hich they or their immediate families directly or indirectly i) have a material financial or beneficial interest, or ii) serve as a director, officer, employee, agent, attorney or similar capacity A covered person shall disclose any business or personal interests or relationships w hich may be in conflict w ith the interest of PHS, including, but not limited to (a) engaging in or seeking to be engaged in (i) the delivery of health care services or (ii) the delivery of goods or services to PHS, or (b) any transaction or arrangement w ith PHS w hich w ould result in benefit to covered persons The Governance Committee of the PHS Board review s all conflict of interest statements and determines w hether each director on the Board is independent Covered persons w ho are Directors must comply w ith the Pinnacle Health System Guidelines for determining director independence and applying director independence requirements Covered persons w ith a conflict of interest shall not vote on the matter, and the PHS Board or committee must approve, authorize, or ratify the transaction or arrangement by a majority vote of the non-interested directors or committee members present at a meeting that has a quorum Violations of this statement of policy may subject covered persons to appropriate sanctions, including removal from their positions w ith PHS

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The compensation committee of the Pinnacle Health System ("PHS") Board of Directors has the authority to develop and maintain executive and physician compensation to be approved by the Pinnacle Health System Board The compensation committee w ill follow a diligent process that meets regulatory requirements for a rebuttable presumption of reasonableness and promotes effective governance of executive compensation, consistent w ith the PHS's compensation philosophy 1 Follow a process that establishes and maintains a rebuttable presumption of reasonableness for all executives and physicians potentially subject to intermediate sanctions 2 Prepare mnutes for each meeting to record the terms of the committee's decisions and the process follow ed in reaching those decisions These minutes must include indications that the committee is follow ing good practices in dealing w ith conflicts of interest and in obtaining and relying on appropriate comparability data on total compensation 3 Select and directly engage and supervise any consultant hired by PHS to advise the committee on executive and physician compensation 4 Periodically evaluate the appropriateness of this charter and the effectiveness of the process the committee uses in governing executive and physician compensation and report this evaluation to the board 5 Provide the Board w ith an annual report on the committee's actions 6 Monitor changes in law s and regulations pertaining to executive compensation and benefits to see that PHS complies w ith them 7 Seek outside review of committee operations to ensure compliance w ith the IRS rebuttable presumption of reasonableness 8 Review actual executive compensation and benefits provided to confirm consistency w ith compensation and benefits approved by the committee

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		The organization does not make its governing documents or conflict of interest policy available for public inspection as this is not required by federal or state law The organization includes a copy of its financial statements w ith the state registration filed w ith the Pennsylvania Department of State, Bureau of Charitable Organizations These documents are a matter of public record and can be view ed at the bureau office

Identifier	Return Reference	Explanation
Form 990, Part VII, Section A		The following officers and directors have w orked an average of 40 hours per week betw een Pinnacle Health Medical Services and all related organizations of Pinnacle Health System, the parent company Roger Longenderfer, MD Dana Kellis, MD Brian Uniacke, MD William H Pugh Christopher P Markley, Esq Richard D Seneca, Esq

Identifier	Return Reference	Explanation
Form 990, Part XI, Line 2c		Pnncale Health Medical Services w as included in the audited consolidated financial statements and supplemental data for Pinnacle Health System and its subsidiaries The Finance and Audit Committee of the Pinnacle Health System Board assumes the responsibility for the oversight of the audit and the selection of the independent accountant This process has not changed during the tax year

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

PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-1709054

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

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
Pinnacle Health System 409 South Second Street PO Box 8700 Harrisburg, PA 171058700 25-1778658	Management and consultative services for related entities	PA	501(c)(3)	Line 11c, III-FI	N/A
PINNACLE HEALTH HOME CARE & HOSPICE 409 South Second Street PO Box 8700 harrisburg, PA 171058700 23-2024121	skilled homecare services and services to terminally ill	PA	501(c)(3)	Line 3	N/A
Pinnacle Health Foundation 409 South Second Street PO Box 8700 harrisburg, PA 171058700 22-2691718	investment and fundraising activities for related tax-exempt orgaizations	PA	501(c)(3)	Line 11b, II	N/A
Community Life Team 409 South Second Street PO Box 8700 harrisburg, PA 171058700 23-1890444	medical transport services	PA	501(c)(3)	Line 9	N/A
Pinnacle Health Hospitals 409 South Second Street PO Box 8700 harrisburg, PA 171058700 25-1778644	Inpatient and outpatient healthcare services	PA	501(c)(3)	Line 3	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?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No
West Shore Surgery Center Ltd 409 South Second Street PO Box 8700 harrisburg, PA171058700 25-1821415	surgical care - medical services	PA	N/A	related	43,658	509,895		No		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
United Central PA Risk retention Group 76 St Paul Street Suite 500 bulington, VT054014477 13-4224033	captive insurance	VT	N/A	C			
United Health Risk Ltd PO Box 2450 Hamilton HM JX BD	captive insurance	BD	N/A	C			

Part V

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

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

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to other organization(s)

c

Gift, grant, or capital contribution from other organization(s)

d

Loans or loan guarantees to or for other organization(s)

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

Lease of facilities, equipment, or other assets to other organization(s)

j

Lease of facilities, equipment, or other assets from other organization(s)

k

Performance of services or membership or fundraising solicitations for other organization(s)

l

Performance of services or membership or fundraising solicitations by other organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

Other transfer of cash or property to other organization(s)

r

Other transfer of cash or property from other organization(s)

1a

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

Yes

1o

Yes

1p

Yes

1q

Yes

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)		
(2)		
(3)		
(4)		
(5)		
(6)		

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

[illegible]