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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047
		2009
	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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization METHODIST CHILDREN'S HOSPITAL		D Employer identification number 75-2428911	
		Doing Business As COVENANT CHILDREN'S HOSPITAL		E Telephone number (806) 725-1011	
		Number and street (or P O box if mail is not delivered to street address)	Room/suite	G Gross receipts \$ 73,248,410	
		3610 21ST STREET			
			City or town, state or country, and ZIP + 4 LUBBOCK, TX 794101218		
		F Name and address of principal officer JOHN GRIGSON 3615 19TH STREET LUBBOCK, TX 794101203		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
				H(c) Group exemption number ▶	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c) (3) ◀(insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					
J Website: ▶ WWW.COVENANTHEALTH.ORG					
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶				L Year of formation 1998	M State of legal domicile TX

Part I	Summary
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Activities & Governance	1	Briefly describe the organization's mission or most significant activities SEE SCHEDULE O		
		2 Check this box <input checked="" type="checkbox"/> 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 20
4		Number of independent voting members of the governing body (Part VI, line 1b)		4 13
5		Total number of employees (Part V, line 2a)		5 260
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
b		Net unrelated business taxable income from Form 990-T, line 34		7b 0
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	0	0
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	53,623,698	73,211,409
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	37,001
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	0
		53,623,698	73,248,410	
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	16,573,469	16,848,078
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	34,552,983	44,530,757
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	51,126,452	61,378,835
	19	Revenue less expenses Subtract line 18 from line 12	2,497,246	11,869,575
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	12,975,162	20,865,314
	21	Total liabilities (Part X, line 26)	7,063,997	1,663,474
	22	Net assets or fund balances Subtract line 21 from line 20	5,911,165	19,201,840

Part II	Signature Block
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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		2011-05-12 Date	
	JOHN GRIGSON CHIEF FINANCIAL OFFICER Type or print name and title			
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4	ERNST & YOUNG US LLP 2 NORTH CENTRAL AVENUE 2300 PHOENIX, AZ 85004		EIN ▶
			Phone no ▶ (602) 322-3000	









May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

SEE SCHEDULE O







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	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		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	2a260	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	20	
b	Enter the number of voting members that are independent	1b	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed ▶
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 ▶ SHARON CLARK 3615 19TH STREET LUBBOCK, TX 794101203 (806) 725-1011

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

• 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

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

Form **990** (2009)

1b	Total	386,288	6,710,842	341,024
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2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization 0

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization		
	(A) Name and business address	(B) Description of services	(C) Compensation
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 0		

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	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		0				
Program Service Revenue			Business Code					
	2a	PATIENT CARE SERVICES	622,110	73,072,318	73,072,318			
	b	ALL OTHER PROGRAM SERVICE REVENUE	900,099	139,091	139,091			
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		73,211,409				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		37,001			37,001	
	4	Income from investment of tax-exempt bond proceeds . . .		0				
	5	Royalties		0				
	6a	Gross Rents	(i) Real	(ii) Personal				
		b	Less rental expenses					
		c	Rental income or (loss)					
		d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		b	Less cost or other basis and sales expenses					
		c	Gain or (loss)					
		d	Net gain or (loss)		0			
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
		b	Less direct expenses					
		c	Net income or (loss) from fundraising events . . .			0		
	9a	Gross income from gaming activities See Part IV, line 19						
		b	Less direct expenses					
		c	Net income or (loss) from gaming activities . . .			0		
	10a	Gross sales of inventory, less returns and allowances						
		b	Less cost of goods sold					
		c	Net income or (loss) from sales of inventory . . .			0		
	Miscellaneous Revenue		Business Code					
	11a							
	b							
	c							
d	All other revenue							
e	Total. Add lines 11a-11d			0				
12	Total revenue. See Instructions			73,248,410	73,211,409	0	37,001	

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	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	181,946	123,723	58,223	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	12,131,419	10,311,706	1,819,713	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	442,319	375,971	66,348	0
9	Other employee benefits	2,982,254	2,534,916	447,338	0
10	Payroll taxes	1,110,140	943,619	166,521	0
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	0			
c	Accounting	19,131	16,261	2,870	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	30,694,003	26,089,903	4,604,100	0
12	Advertising and promotion	8,880	7,548	1,332	0
13	Office expenses	7,250,266	6,162,726	1,087,540	0
14	Information technology	0			
15	Royalties	0			
16	Occupancy	439,648	373,701	65,947	0
17	Travel	0			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	385,411	327,599	57,812	0
23	Insurance	0			
24	Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a	BAD DEBT	5,570,121	5,570,121	0	0
b	ALL OTHER EXPENSES	163,297	138,802	24,495	0
c					
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	61,378,835	52,976,596	8,402,239	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			823,359	1	209,606
	2	Savings and temporary cash investments			0	2	5,974,486
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			9,250,433	4	10,895,142
	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				8	
	9	Prepaid expenses and deferred charges			0	9	115,070
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	5,213,640	2,901,370	10c	2,442,054
	b	Less accumulated depreciation	10b	2,771,586			
	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				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			0	15	1,228,956
	16	Total assets. Add lines 1 through 15 (must equal line 34)			12,975,162	16	20,865,314
Liabilities	17	Accounts payable and accrued expenses			1,641,023	17	1,626,686
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D			5,422,974	25	36,788
	26	Total liabilities. Add lines 17 through 25			7,063,997	26	1,663,474
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			5,911,165	27	19,201,840
	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			5,911,165	33	19,201,840
	34	Total liabilities and net assets/fund balances			12,975,162	34	20,865,314

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? 		No
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .		

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 METHODIST CHILDREN'S HOSPITAL	Employer identification number 75-2428911
---	--

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)

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

Part II

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

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

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

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

Part IV

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

SCHEDULE 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

Name of the organization METHODIST CHILDREN'S HOSPITAL	Employer identification number 75-2428911
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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) Revenues included in Form 990, Part VIII, line 1</td><td>▶ \$ _____</td></tr><tr><td>(ii) 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	▶ \$ _____					

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

Cat No 52283D

Schedule D (Form 990) 2009

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

1b

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

2b

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				
1b	Contributions				
1c	Investment earnings or losses				
1d	Grants or scholarships				
1e	Other expenditures for facilities and programs				
1f	Administrative expenses				
1g	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				
1b Buildings				
1c Leasehold improvements		271,583	108,444	163,139
1d Equipment		4,942,057	2,663,142	2,278,915
1e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				2,442,054

Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
METHODIST CHILDREN'S HOSPITAL

Employer identification number
75-2428911

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a Yes	
b	If "Yes," is it a written policy?	1b Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>		
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input type="checkbox"/> 200%<input checked="" type="checkbox"/> Other <u>175 %</u></div> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input checked="" type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____</div> c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Does the organization's policy provide free or discounted care to the "medically indigent"?	3a Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	
6a	Does the organization prepare an annual community benefit report?	6a Yes	
6b	If "Yes," does the organization make it available to the public?	6b Yes	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			6,201,595	0	6,201,595	11 110 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			32,317,306	30,073,174	2,244,132	4 020 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			1,571,266	1,633,833	-62,567	0 100 %
d Total Charity Care and Means-Tested Government Programs			40,090,167	31,707,007	8,383,160	15 030 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,551	0	1,551	0 %
f Health professions education (from Worksheet 5)			45	0	45	0 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits			1,596	0	1,596	0 %
k Total. Add lines 7d and 7j			40,091,763	31,707,007	8,384,756	15 030 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building		2,059	0	2,059	0 %
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total		2,059	0	2,059	0 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,019,296
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	0
6	Enter Medicare allowable costs of care relating to payments on line 5	6	0
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	0
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

Other
(Describe)

Schedule H (Form 990) 2009

Part VI

Supplemental Information

Complete this part to provide the following information

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

See additional data

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

See additional data

- 3 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy

See additional data

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

See additional data

- 5 Community building activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

AS A VALUES-BASED, NONPROFIT ORGANIZATION, COVENANT HEALTH SYSTEM HAS AN ONGOING COMMITMENT TO REACH OUT TO THOSE IN NEED WITHIN THE COMMUNITIES WE SERVE SINCE THE MID-1980S, OUR COMMUNITY OUTREACH INITIATIVE HAS OFFERED SUPPORT TO DISPROPORTIONATE UNMET HEALTH NEEDS (DUHN) POPULATIONS - THOSE WHO ARE VULNERABLE, UNINSURED OR GEOGRAPHICALLY ISOLATED FROM CONVENTIONAL HEALTHCARE FACILITIES PROGRAMS INCLUDE RELAY FOR LIFE SURVIVOR DINNER, RAGIN CAJUN SPECIAL OLYMPICS, NICU BAKE SALE, RELAY FOR LIFE COMMITTEE MEETINGS, AND COMMUNITY SERVICE VOLUNTEERS THESE COSTS OF THESE ACTIVITIES ARE REPORTED ON SCHEDULE H, PART II, LINE 6

- 6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

See additional data

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

See additional data

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

TX

Additional Data

Software ID:
Software Version:
EIN: 75-2428911
Name: METHODIST CHILDREN'S HOSPITAL

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

COVENANT HEALTH SYSTEM PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT THAT INCLUDES COVENANT CHILDREN'S HOSPITAL

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

THE MEDICARE COST REPORT IS USED TO DETERMINE COMMUNITY BENEFIT SERVICES ALONG WITH ADDITIONAL INFORMATION PROVIDED BY THE COMMUNITY BENEFITS DEPARTMENT IRS WORKSHEET 2 WAS USED TO HELP DETERMINE THE COST TO CHARGE RATIO FOR COMMUNITY BENEFIT DETERMINATION

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

BAD DEBT EXPENSE OF \$5,570,121 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT IS SUBTRACTED FOR THE PURPOSE OF CALCULATING THE PERCENTAGE OF NET COMMUNITY BENEFIT

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

BAD DEBT EXPENSE FOOTNOTE FROM AUDITED FINANCIAL STATEMENTS THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM FEDERAL AND STATE GOVERNMENTS UNDER THE MEDICARE AND MEDICAID PROGRAMS, PRIVATELY SPONSORED MANAGED CARE PROGRAMS FOR WHICH PAYMENT IS MADE BASED ON TERMS DEFINED UNDER FORMAL CONTRACTS, AND OTHER PAYORS THE ORGANIZATION BELIEVES THERE ARE NO SIGNIFICANT RISKS ASSOCIATED WITH RECEIVABLES FROM GOVERNMENT PROGRAMS RECEIVABLES FROM CONTRACTED AND OTHERS ARE FROM VARIOUS PAYORS WHO ARE SUBJECT TO DIFFERING ECONOMIC CONDITIONS AND DO NOT REPRESENT ANY CONCENTRATED RISKS TO THE ORGANIZATION THE ORGANIZATION CONTINUALLY MONITORS AND ADJUSTS THE RESERVES ASSOCIATED WITH RECEIVABLES THE ORGANIZATION ESTIMATES BAD DEBT EXPENSE AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED ON HISTORICAL COLLECTION EXPERIENCE BAD DEBT WAS CALCULATED USING THE MEDICARE COST TO CHARGE RATIO PATIENTS QUALIFY FOR CHARITY CARE BASED UPON THEIR COMPLETION OF THE CHARITY APPLICATION IF THE APPLICATION PROCESS IS NOT COMPLETE, THEY ARE CLASSIFIED AS SELF PAY ACCOUNT IS WRITTEN TO BAD DEBT IF UNPAID FOR A PERIOD OF TIME

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

PRIOR TO ADVANCING ANY ACCOUNT FOR EXTERNAL COLLECTION, THE ORGANIZATION PERFORMS AN EVALUATION TO IDENTIFY IF THE ACCOUNT QUALIFIES FOR CHARITY CARE ALL ACCOUNTS ARE SCREENED FOR CHARITY CARE ELIGIBILTY USING CRITERIA THAT CONSIDERS INSURANCE COVERAGE, CREDIT RATING, PAYMENT ACTIVITY, AND VALID SOCIAL SECURITY NUMBER AND/OR ACCURATE RESIDENCE ADDRESS

Form 990 Schedule H, Part VI - Supplemental Information, Line 2

A NEEDS ASSESSMENT IS COMPILED FROM COVENANT'S 2008 ANNUAL MARKET ASSESSMENT WHICH DETAILS OVERARCHING HEALTHCARE CONCERNS FOR TEXAS IN GENERAL AS WELL AS MANY DETAILS AFFECTING THE LUBBOCK AREA IN PARTICULAR SOME OF THE OTHER SOURCES USED FOR COVENANT'S NEEDS ASSESSMENT INCLUDE ST JOSEPH HEALTH SYSTEM'S NEEDS ASSESSMENT, THE UNITED WAY COMMUNITY STATUS REPORT, AND THE TEXAS DEPARTMENT OF STATE HEALTH SERVICES THE PROCESS USED FOR THE PRIORITIZATION OF THE PROGRAMS WAS DETERMINED BY GENERAL CONSENSUS ALL ASSESSMENTS USED FOR THIS PLAN, PRIMARY AND SECONDARY DATA THAT WAS ANALYZED, INDIVIDUAL MEETINGS WITH GROUPS OF STAKEHOLDERS, AND MEMBERS OF THE COMMUNITY BENEFIT COMMITTEE ALL CONFIRMED THE PROGRAMS WHICH ARE PRIORITIZED FOR THIS PLAN THE COMMUNITY BENEFIT COMMITTEE, WHICH IS COMPOSED OF FIVE COVENANT BOARD MEMBERS AND FIVE COMMUNITY MEMBERS, BRINGS A HISTORY OF WORK WITHIN THE COMMUNITIES WE SERVE THE FIVE BOARD MEMBERS HAVE A BROAD OVERVIEW OF THE CORE AND SECONDARY SERVICE AREAS, THE COMMUNITY MEMBERS UNDERSTAND THE DEMOGRAPHICS AND SPECIFIC NEEDS, PARTICULARLY IN THE LUBBOCK AREA BY HEAVILY RELYING ON THE EXPERTISE OF THESE TEN MEMBERS, PRIORITIZATION OF THE PROGRAM WAS FINALIZED

Form 990 Schedule H, Part VI - Supplemental Information, Line 3

THE ORGANIZATION POSTS NOTICES INFORMING THE PUBLIC OF THE FINANCIAL ASSISTANCE PROGRAM. NOTICES ARE POSTED IN HIGH VOLUME INPATIENT AND OUTPATIENT SERVICE AREAS. NOTICES ARE ALSO POSTED AT LOCATIONS WHERE A PATIENT MAY PAY THEIR BILL. NOTICES INCLUDE CONTACT INFORMATION ON HOW A PATIENT CAN OBTAIN MORE INFORMATION ON FINANCIAL ASSISTANCE AS WELL AS WHERE TO APPLY FOR ASSISTANCE. THESE NOTICES ARE POSTED IN ENGLISH AND SPANISH AND ANY OTHER LANGUAGES THAT ARE REPRESENTATIVE OF 5% OR GREATER OF PATIENTS IN THE HOSPITAL'S SERVICE AREA. ALL PATIENTS WHO DEMONSTRATE LACK OF FINANCIAL COVERAGE BY THIRD PARTY INSURERS ARE OFFERED AN OPPORTUNITY TO COMPLETE THE FINANCIAL ASSISTANCE APPLICATION AND ARE OFFERED INFORMATION, ASSISTANCE, AND REFERRAL AS APPROPRIATE TO GOVERNMENT-SPONSORED PROGRAMS FOR WHICH THEY MAY BE ELIGIBLE.

COVENANT IS THE ONLY SJHS MINISTRY PROVIDING SERVICES TO COMMUNITIES IN TWO STATES COVENA NT PROVIDES SERVICES IN NEW MEXICO AND DRAWS PATIENTS FROM NEW MEXICO COMMUNITIES INTO LUB BOCK THE CIRCUMSTANCES OF THESE COMMUNITY MEMBERS PROFOUNDLY IMPACT THE ORGANIZATION AND THE SERVICES IT PROVIDES COVENANT HEALTH SYSTEM'S COMMUNITY BENEFIT PRIORITIES ADDRESS DU HN POPULATIONS WITHIN BOTH CORE SERVICE AREAS AND SECONDARY SERVICE AREAS FOR COMMUNITY RE SIDENTS WHO ARE FACED WITH MULTIPLE HEALTH PROBLEMS AND HAVE LIMITED ACCESS TO TIMELY, HIGH H-QUALITY HEALTH CARE CORE SERVICE AREAS INCLUDE THE TEXAS COUNTIES OF LUBBOCK, BAILEY, L AMB, HALE, FLOYD, MOTLEY, COCHRAN, HOCKLEY, CROSBY, DICKENS, YOAKUM, TERRY, LYNN, GARZA, K ENT, GAINES, DAWSON, BORDEN, SCURRY, AND EDDY COUNTY IN NEW MEXICO ESPECIALLY WITHIN LUBB OCK, FOUR NEIGHBORHOODS, ARNETT-BENSON, HARWELL, PARKWAY-CHERRY POINT AND DUNBAR-MANHATTAN HEIGHTS, ARE DESIGNATED AS MEDICALLY UNDERSERVED AREAS (MUA'S) SECONDARY SERVICE AREAS I NCLUDE PARMER, CASTRO, AND KING COUNTIES IN TEXAS LUBBOCK, THE LARGEST CITY WITHIN THE CO RE AND SECONDARY SERVICE AREAS, IS LOCATED ON THE SOUTH PLAINS OF TEXAS AND HAS A POPULATI ON OF 204,737 AND A COUNTY (LUBBOCK COUNTY) POPULATION OF 250,446, ACCORDING TO THE 2003 E STIMATES OF THE U S CENSUS LUBBOCK SERVES AS A MAJOR MEDICAL CENTER FOR THE ENTIRE SOUTH PLAINS OF TEXAS AND EASTERN NEW MEXICO REGION, CARING FOR PEOPLE WITHIN A 57-COUNTY, 80,0 00 SQUARE MILE RADIUS OF THE CITY THE POPULATION OF COVENANT HEALTH SYSTEM'S CORE SERVICE AREA IS EXPECTED TO INCREASE WHILE ONLY MODEST INCREASES ARE EXPECTED, THEY ARE WELCOMED , AS PREVIOUS ASSESSMENTS INDICATED A SLIGHT LOSS OF POPULATION FOR MOST OF OUR PRIMARY SE RVICE AREAS IT IS IMPORTANT TO FIRST MENTION SOME OF THE HEALTH CHARACTERISTICS OF TEXAS WHICH ALSO AFFECT THE LUBBOCK AREA TEXAS HAS THE FIFTH HIGHEST POVERTY RATE AMONG THE STA TES, ONE IN SIX TEXANS IS CONSIDERED POOR TEXAS HAS THE EIGHTH HIGHEST RATE OF SENIOR CIT IZENS LIVING IN POVERTY ONE HALF OF CHILDREN IN TEXAS LIVE IN POVERTY OR ARE ECONOMICALLY DISADVANTAGED TEXAS CONTINUES TO BE A LOW-WAGE, LOW-BENEFIT STATE WITH THAT SAID, TEXAS HAS A CRISIS IN COVERAGE THE ECONOMIC, EDUCATIONAL, CULTURAL, AND SOCIAL STRENGTH OF TEX AS DEPENDS UPON THE HEALTH OF ITS CITIZENS, ALARMINGLY, ABOUT 24% OF ITS POPULATION IS WIT HOUT INSURANCE - THE HIGHEST IN THE NATION THE INCREASING NUMBER OF UNINSURED PATIENTS PL ACES AN EXTRAORDINARY ECONOMIC AND SERVICE BURDEN UPON HEALTHCARE PROVIDERS, HOSPITALS, AN D THE COMMUNITIES THAT FUND THE HEALTHCARE SERVICES THE OVERALL HEALTH STATUS OF TEXANS I S POOR IN COMPARISON WITH OTHER STATES AND LIKELY TO DECLINE FURTHER WITHOUT INTERVENTION THE INCREASING NUMBER OF INDIVIDUALS WITHOUT INSURANCE OR ADEQUATE COVERAGE IS A SIGNIFIC ANT AND CONTINUING CONCERN FOR THE COUNTRY AND A MAJOR POLICY CHALLENGE FOR TEXAS A MILLI ON UNINSURED TEXANS DO NOT RECEIVE ADEQUATE CARE FOR CHRONIC DISEASES AND 2,500 DIE PREMAT URELY EACH YEAR STUDIES INDICATE THE UNINSURED ARE LESS LIKELY TO SEEK PREVENTATIVE AND S CREENING SERVICES THAT MINIMIZE MORE COSTLY SERVICES LATER 5 6 MILLION TEXANS ARE CONTINU OUSLY WITHOUT MEDICAL INSURANCE THROUGHOUT THE YEAR, 8 5 MILLION GO WITHOUT INSURANCE AT S OME POINT IN THE YEAR MEDICAL EXPENSES ARE THE SINGLE LARGEST REASON FOR PERSONAL BANKRUP TCIES AMONG TEXANS LUBBOCK, TX, ESPECIALLY WITHIN SERVICE AREAS, ALSO FACES ECONOMIC AND HEALTHCARE CHALLENGES BECAUSE OF ITS DIVERSE ECONOMY, WHICH IS GROUNDED IN AGRICULTURE, M ANUFACTURING, AND TRADE, THERE IS A SIGNIFICANT MIGRATION OF BOTH PERMANENT AND TEMPORARY DWELLERS INTO THE AREA IT IS A YOUTHFUL POPULATION WITH A MEDIAN AGE OF 31 COMPARED TO TH E STATE MEDIAN OF 33 2, WHICH IS PARTIALLY DRIVEN BY THE UNIVERSITIES' PRESENCE IN THE REG ION HOWEVER, THE REMAINING COMMUNITIES COVENANT CARES FOR WITHIN THE CORE AND SECONDARY S SERVICE AREAS HAVE A DISPROPORTIONATE NUMBER OF PEOPLE WHO ARE BOTH BELOW THE FEDERAL POVERTY LEVEL AND WHO ARE ABOVE THE AGE OF 65 AND ARE IN NEED OF GREATER ACCESS TO HEALTHCARE MANY OF THESE COMMUNITIES ARE MEDICALLY UNDERSERVED AREAS (MUA'S) OR PERSISTENT POVERTY AR EAS (PPA'S) OR BOTH SPECIFICALLY FOCUSING ON THE STATISTICS FOR THE ECONOMIC CHARACTERIST ICS OF THE LUBBOCK AREA, THE MOST RECENT INDICATORS, FROM THE UNITED WAY'S 2008 COMMUNITY STATUS REPORT, SHOW THAT THE PERCENTAGE OF CHILDREN LIVING IN POVERTY IN LUBBOCK COUNTY IS 22 4% WHICH IS A 7% DECREASE FROM THE PREVIOUS YEAR AND 21% ABOVE THE US AVERAGE THE PER CENTAGE OF ADULTS LIVING IN POVERTY IS 18% WHICH IS A 1 7% INCREASE FROM THE PREVIOUS YEAR AND 55% ABOVE THE US AVERAGE THE PERCENTAGE OF INDIVIDUALS WITHOUT HEALTH INSURANCE IS 2 4 8% COMPARED TO 23 9% FOR TEXAS IN GENERAL AND 15 1% FOR THE U S AVERAGE IT IS CLEAR TH AT COVENANT'S SERVICE TO DUHN POPULATIONS IN ADDRESSING HEALTHCARE CHALLENGES IS PRIMARILY FOCUSED ON ACCESS TO TIMELY, HIGH QUALITY HEALTHCARE BOTH THE CORE AND SECONDARY SERVICE AREAS FACE MULTIPLE HEALTH PROBLEMS WHICH RANGE F

Form 990 Schedule H, Part VI - Supplemental Information, Line 4

FROM CANCER TO UNHEALTHY LIVING HABITS THE CANCER RATE FOR COVENANT (INCLUDING VARIOUS TYPES OF CANCER) IS ABOUT 921/100,000 THE DIABETES PREVALENCE FOR COVENANT'S SERVICE REGIONS IS 11.47% COMPARED TO THE NATIONAL AVERAGE OF 7.5% WITH REGARD TO HYPERTENSION, COVENANT SERVICE REGIONS REPORT 34.99% COMPARED TO THE NATIONAL AVERAGE OF 25.5% IN ADDRESSING THE RATES OF UNHEALTHY LIVING, 15.6% OF LUBBOCK COUNTY RESIDENTS ARE SMOKERS AND 12.9% HAVE PARTICIPATED IN BINGE DRINKING IN THE PAST MONTH 71.8% OF LUBBOCK COUNTY'S ADULTS ARE OVERWEIGHT OR OBESE, AND 20.5% OF THE OVERWEIGHT OR OBESE ARE CHILDREN THE HISPANIC POPULATION IS CLOSE TO 30%, NEARLY TWICE THE NATIONAL AVERAGE ACCORDING TO THE UNITED WAY'S COMMUNITY PLANNING MODEL 2008 LUBBOCK COMMUNITY STATUS REPORT, BY 2040, IT IS PROJECTED THAT HISPANICS WILL BE AT LEAST ONE HALF OF ALL AGE GROUPS YOUNGER THAN 65, AND ABOUT TWO THIRDS OF ALL AGE GROUPS YOUNGER THAN 40 ALTHOUGH ANGLOS COMPRISED 63% OF LUBBOCK COUNTY'S POPULATION IN 2000 (WHICH ALSO REPRESENTS THE SURROUNDING COUNTIES' DEMOGRAPHICS), IT IS ESTIMATED THAT THEY WILL BE 50% OF THE POPULATION IN 2020 AND ONLY 42.8% OF THE POPULATION IN 2030

Form 990 Schedule H, Part VI - Supplemental Information, Line 6

OUR COMMUNITY BENEFIT COMMITTEE, A SUBCOMMITTEE OF CHS'S BOARD OF TRUSTEES, IS MADE UP OF HOSPITAL LEADERSHIP AND LOCAL COMMUNITY PROFESSIONALS. OUR EXECUTIVE MANAGEMENT TEAM (EMT) IS INVOLVED IN COMMUNITY BENEFIT PLANNING AND REPORTING BY HAVING THE VICE PRESIDENT OF MISSION INTEGRATION ATTEND COMMUNITY BENEFIT COMMITTEE MEETINGS. IN ADDITION, THE CHAIR OF THE COMMUNITY BENEFIT COMMITTEE REPORTS MONTHLY AT BOARD OF TRUSTEE MEETINGS, KEEPING THEM INFORMED ABOUT PROGRAM PROGRESS. THE COMMUNITY BENEFIT COMMITTEE CONSISTS OF FIVE CHS BOARD OF TRUSTEE MEMBERS AND FIVE AT-LARGE COMMUNITY MEMBERS. EACH HAS A UNIQUE INSIGHT TO THE COMMUNITIES WE SERVE. THE COMMITTEE CONSISTS OF A SISTER OF ST. JOSEPH, PHYSICIANS, A BANKING OFFICER, AN INVESTMENT BROKER, AN EMPLOYEE WITHIN TEXAS TECH UNIVERSITY - COLLEGE OF EDUCATION OUTREACH DEPARTMENT, CITY OF LUBBOCK ASSISTANT CITY MANAGER, VICE PRESIDENT OF UNITED WAY, VICE PRESIDENT CHAMBER OF COMMERCE - LEGISLATIVE AFFAIRS, LUBBOCK INDEPENDENT SCHOOL DISTRICT TRUSTEE WHO IS A RETIRED ELEMENTARY SCHOOL PRINCIPAL, AND A COMMUNITY VOLUNTEER WITH THE BOYS & GIRLS CLUB WHO IS RETIRED FROM THE LUBBOCK POLICE DEPARTMENT. COVENANT HEALTH SYSTEM'S EXECUTIVE MANAGEMENT TEAM (EMT) IS INVOLVED IN COMMUNITY BENEFIT PLANNING AND MONITORING. THE VICE PRESIDENT OF MISSION INTEGRATION ATTENDS THE COMMUNITY BENEFIT COMMITTEE MEETINGS. THE CHAIR OF THE COMMUNITY BENEFIT COMMITTEE ALSO REPORTS MONTHLY AT BOARD MEETINGS, WHICH INCLUDES THE CEO AND TRUSTEES OF THE HOSPITAL, KEEPING THEM ACTIVE AND INVOLVED IN THE PROGRAMS AND ISSUES. THE HOSPITAL ALSO PROMOTES THE HEALTH OF THE COMMUNITY THROUGH THE FOLLOWING MEANS: HAVING A COMMUNITY-BASED BOARD ENSURES THAT COMMUNITY PERSPECTIVES ON HEALTH AND SAFETY ARE INCLUDED AND CONSIDERED. STAFF PRIVILEGES ARE EXTENDED, OR GRANTED, TO THOSE QUALIFIED PHYSICIANS IN THE COMMUNITY WHO HAVE BEEN CREDENTIALLED THROUGH THE MEDICAL STAFF'S CREDENTIALING PROCESS AND PRACTICE IN VARIOUS DEPARTMENTS THROUGHOUT COVENANT CHILDREN'S HOSPITAL. THROUGH PARTICIPATION IN HOSPITAL AND HEALTH SYSTEM INITIATIVES AND PROGRAMS, SURPLUS FUNDS ARE USED FOR PATIENT CARE, EDUCATION, OR RESEARCH.

Form 990 Schedule H, Part VI - Supplemental Information, Line 7

GIVING BACK TO THE COMMUNITY PERMEATES EVERY ASPECT OF OUR ORGANIZATION AS A MEMBER OF THE FAITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH SYSTEM, WE HAVE A FUNDING STREAM TO ADDRESS THE NEEDS OF THE ECONOMICALLY POOR AND VULNERABLE IN THE COMMUNITIES WE SERVE ON AN ANNUAL BASIS, 10 PERCENT OF OUR NET OPERATING INCOME IS DEVOTED TO FUND COMMUNITY PROGRAMS FOR THE ECONOMICALLY POOR THE ST JOSEPH HEALTH SYSTEM FOUNDATION, A MEMBER OF ST JOSEPH HEALTH SYSTEM, IS CHARGED WITH THE DISTRIBUTION OF THESE FUNDS IN ADDITION TO DEVOTING A PERCENTAGE OF OUR NET OPERATING INCOME TO COMMUNITY BENEFIT SERVICES FOR THE ECONOMICALLY POOR, WE STRIVE TO ANNUALLY BUDGET A PORTION OF OUR TOTAL OPERATING EXPENSES FOR HEALTHY COMMUNITIES AND COMMUNITY HEALTH EFFORTS SCHEDULE H, PART VI, #8 COVENANT HEALTH SYSTEM IS A PART OF ST JOSEPH HEALTH SYSTEM OF ORANGE, CALIFORNIA AN ANNUAL COMMUNITY BENEFIT REPORT IS SUBMITTED TO ST JOSEPH HEALTH SYSTEM, BUT THEY ARE NOT REQUIRED TO SUBMIT THE REPORT TO THE STATE OF CALIFORNIA

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
METHODIST CHILDREN'S HOSPITAL

Employer identification number
75-2428911

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 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		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div></div> <div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div></div> <div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input 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?	Yes	
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	Yes	
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				
JAMES E HARRELL MD	(i)	0	0	0	0	0	0	0
	(ii)	601,758	0	8,266	10,000	18,217	638,241	0
JOE RANDOLPH	(i)	0	0	0	0	0	0	0
	(ii)	732,429	228,922	243,404	21,982	29,984	1,256,721	0
CRAIG RUCKER	(i)	0	0	0	0	0	0	0
	(ii)	-307	0	847,426	0	2,607	849,726	694,694
BRETT ESROCK	(i)	0	0	0	0	0	0	0
	(ii)	380,001	51,087	133,626	8,727	23,176	596,617	0
JOHN GRIGSON	(i)	0	0	0	0	0	0	0
	(ii)	343,712	18,812	67,925	3,391	19,294	453,134	0
ROXIE TAYLOR	(i)	0	0	0	0	0	0	0
	(ii)	245,915	16,115	84,765	19,586	11,537	377,918	0
MELINDA CLARK	(i)	0	0	0	0	0	0	0
	(ii)	448,599	45,384	810,638	9,752	5,690	1,320,063	0
ELLIOT STERNBERG	(i)	0	0	0	0	0	0	0
	(ii)	529,569	165,441	178,880	17,102	20,734	911,726	0
JIM HOUSER	(i)	0	0	0	0	0	0	0
	(ii)	259,000	0	0	0	0	259,000	0

Part IIISupplemental 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
SCHEDULE J, PART I, LINE 3		THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX EXEMPT PARENT, COVENANT HEALTH SYSTEM, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION. SEE SCHEDULE O FOR FORM 990, PART VI, LINE 15A FOR THE PROCESS USED BY COVENANT HEALTH SYSTEM'S PARENT TO DETERMINE EXECUTIVE COMPENSATION.
SCHEDULE J, PART I, LINE 4A		- MELINDA CLARK RECEIVED \$577,579 OF SEVERANCE PAID THROUGH ST. JOSEPH HEALTH SYSTEM. - CRAIG RUCKER RECEIVED \$136,556 OF SEVERANCE PAID THROUGH COVENANT HEALTH SYSTEM. SCHEDULE J, PART I, LINE 4B EXECUTIVES COULD PARTICIPATE IN A NON-QUALIFIED DEFERRED COMPENSATION PLAN UNDER INTERNAL REVENUE CODE 457(F). THE PLAN WAS FROZEN EFFECTIVE DECEMBER 31, 2007 AFTER WHICH TIME NO FURTHER CONTRIBUTIONS WERE PERMITTED TO THE PLAN. THIS PLAN WILL CEASE TO EXIST ONCE ALL BENEFITS HAVE BEEN DISTRIBUTED IN ACCORDANCE WITH PROVISIONS OF THE PLAN. THE FOLLOWING INDIVIDUALS RECEIVED A PAYMENT FROM THIS PLAN IN 2009: CRAIG RUCKER - \$694,694.
SCHEDULE J, PART I, LINE 7		A PORTION OF THE EXECUTIVE'S SALARY IS PLACED "AT-RISK" AND IS NOT AWARDED UNLESS SPECIFIC STRATEGIC OBJECTIVE TARGETS ARE MET OR EXCEEDED. THE AT-RISK EXECUTIVE PLAN IS DESIGNED TO MOTIVATE AND REWARD EXECUTIVES FOR TEAM PERFORMANCE THAT SUPPORTS THE STRATEGIC GOALS AND SUCCESSFUL PERFORMANCE OF ST. JOSEPH HEALTH SYSTEM. AT-RISK PAY IS AWARDED TO ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER BASED ON ACHIEVING OR SURPASSING SPECIFIC GOALS THAT ARE PREDETERMINED BY THE BOARD OF TRUSTEES PRIOR TO THE BEGINNING OF THE FISCAL YEAR. THE GOALS INCLUDE OUR STRATEGIC OBJECTIVES OF PERFECT CARE, SACRED ENCOUNTERS, AND HEALTHIEST COMMUNITIES AS WELL AS FISCAL STEWARDSHIP. EACH OF THESE FACTORS IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE PERCENTAGE OF AT-RISK PAY.
SCHEDULE J	SUPPLEMENTAL INFORMATION	MARK JOHNSON, M.D. AND MICHAEL ROBERTSON, M.D. WERE COMPENSATED BY COVENANT HEALTH SYSTEM, A RELATED TAX-EXEMPT ORGANIZATION, FOR MEDICAL SERVICES PROVIDED, NOT FOR BOARD MEMBER SERVICES.

Software ID:
Software Version:
EIN: 75-2428911
Name: METHODIST CHILDREN'S HOSPITAL

efile GRAPHIC print - DO NOT PROCESS		As Filed Data -	DLN: 93493133037551
SCHEDULE O (Form 990)	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
Department of the Treasury Internal Revenue Service			Open to Public Inspection
Name of the organization METHODIST CHILDREN'S HOSPITAL			Employer identification number 75-2428911

Identifier	Return Reference	Explanation
FORM 990, PART I, LINE 1 AND PART III, LINE 1	ORGANIZATION'S MISSION	AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), COVENANT CHILDREN'S HOSPITAL IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF PEOPLE IN THE COMMUNITIES WE SERVE OUR MISSION IS REALIZED THROUGH THE DELIVERY OF QUALITY IN-PATIENT AND OUT-PATIENT SERVICES AND FOCUSED COMMUNITY INITIATIVES AND PROGRAMS THAT ARE DEDICATED TO IMPROVING THE LIVES OF ALL WE SERVE

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4	PROGRAM SERVICE ACCOMPLISHMENTS	GROUNDING IN OUR COMMITMENT TO COMMUNITY AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), COVENANT CHILDREN'S HOSPITAL IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE THAT MISSION HAS GUIDED OUR CATHOLIC HEALTHCARE MINISTRY SINCE THE OPENING OF OUR FIRST HOSPITAL IN EUREKA, CALIFORNIA NEARLY 100 YEARS AGO BUT THE ROOTS OF COVENANT CHILDREN'S HOSPITAL AND THE LESSONS TO SERVE OUR DEAR NEIGHBORS DATE BACK TO THE YEAR 1650 WHEN THE SISTERS' FIRST CONGREGATION WAS FORMED IN LEPUY, FRANCE SINCE THAT TIME, THE PEOPLE OF OUR ORGANIZATION CONTINUE TO ASSESS THE NEEDS OF THE COMMUNITIES WE SERVE, BUILD COLLABORATIVE PARTNERSHIPS WITH LOCAL RESIDENTS, BUSINESS AND COMMUNITY NOT-FOR-PROFITS, AND TOGETHER, THROUGH THOSE PARTNERSHIPS, MEET COMMUNITY NEEDS THE HEALTH SYSTEM IS ORGANIZED INTO THREE REGIONS--NORTHERN CALIFORNIA, SOUTHERN CALIFORNIA, AND WEST TEXAS/EASTERN NEW MEXICO - AND CONSISTS OF 14 ACUTE CARE HOSPITALS, AS WELL AS HOME HEALTH AGENCIES, HOSPICE CARE, OUT-PATIENT SERVICES, SKILLED NURSING FACILITIES, COMMUNITY CLINICS, AND PHYSICIAN ORGANIZATIONS WHO WE ARE AND WHAT WE DO COVENANT CHILDREN'S HOSPITAL IS A 73 BED LICENSED HOSPITAL, SERVING THE SOUTH PLAINS REGION DURING FISCAL YEAR 2010, WE INVESTED A TOTAL OF \$8,834,755 (13.66% OF OUR TOTAL OPERATING EXPENSES) IN COMMUNITY BENEFIT (INCLUDING TRADITIONAL CHARITY CARE, UNPAID COST TO STATE AND LOCAL PROGRAMS AND COMMUNITY BENEFIT SERVICES TO THE LOW-INCOME AND BROADER COMMUNITY), IN ALIGNMENT WITH CATHOLIC HEALTH ASSOCIATION GUIDELINES FINANCIAL ASSISTANCE POLICY (TRADITIONAL CHARITY CARE) OUR MISSION IS TO PROVIDE QUALITY CARE TO ALL OUR PATIENTS, REGARDLESS OF ABILITY TO PAY WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE THAT IS WHY ST JOSEPH HEALTH SYSTEM HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM THAT PROVIDES FREE OR DISCOUNTED SERVICES TO ELIGIBLE PATIENTS ORGANIZATIONAL COMMITMENT AS A VALUES BASED ORGANIZATION, COVENANT CHILDREN'S HOSPITAL HAS A LONG-STANDING COMMITMENT TO THE COMMUNITY FY 10 COMMUNITY BENEFIT INITIATIVES AND/OR PROGRAMS NAME OF INITIATIVE OR PROGRAM HEALTH AND NUTRITION EDUCATION THIS PROGRAM IS DESIGNED TO EDUCATE LOW INCOME ADULTS AND CHILDREN ON HIGH RISK HEALTH ISSUES THE DIABETES MANAGEMENT EDUCATION CLASS IS A GROWING HEALTH EDUCATION PROGRAM THIS FREE CLASS IS OFFERED FOR THOSE WHO HAVE BEEN RECENTLY DIAGNOSED WITH DIABETES THERE ARE FOUR SESSIONS OVER THE SPAN OF 4 WEEKS THAT INCLUDE OVERALL TOPICS AND VIDEOS ON DIABETES, NUTRITION, DIET, EXERCISE, AND PREVENTION, WITH SPECIALIZED TOPICS ON HYPERTENSION AND HYPERGLYCEMIA, MEAL PLANNING, ALCOHOL, DEPRESSION, FOOD LABELS, CARBOHYDRATES, DINING OUT, AND SICK-DAY MANAGEMENT THE PARTICIPANTS OF THE CLASS RECEIVE A FREE GLUCOMETER AFTER ATTENDING THREE CLASSES SO THAT THEY CAN KEEP TRACK OF THEIR BLOOD SUGAR IN FY10, 164 PEOPLE WERE EDUCATED THROUGH THIS PROGRAM, WHICH IS AN 80% INCREASE IN PARTICIPANTS FROM FY09 NAME OF INITIATIVE OR PROGRAM COUNSELING CENTER THIS PROGRAM PROVIDES COUNSELING TO LOW INCOME ADULTS AND CHILDREN COVENANT COUNSELING CENTER ASSISTS INDIVIDUALS IN OUR COMMUNITY IN DEALING WITH EMOTIONAL, RELATIONAL, AND MENTAL HEALTH CONCERNS THE PROFESSIONAL STAFF SUPPORTS PEOPLE IN THEIR EFFORTS TO MAKE POSITIVE EMOTIONAL, PHYSICAL AND SPIRITUAL CHANGES IN THEIR LIVES INDIVIDUAL, MARITAL/RELATIONSHIP AND FAMILY THERAPY ARE OFFERED TO PEOPLE OF ALL AGES IN A SAFE AND ENCOURAGING ENVIRONMENT AS A CHRISTIAN MINISTRY OF COVENANT HEALTH SYSTEM, WE UNDERSTAND THAT TO BE HEALTHY WE MUST ADDRESS ALL THREE AREAS OF OUR LIVES BODY, MIND AND SPIRIT UNDER CHS'S SENSE OF INDIVIDUAL AND COMMUNITY WELLNESS, COVENANT COUNSELING CENTER ADVOCATES FOR THE MEDICALLY UNDERSERVED AND LOW-INCOME INDIVIDUALS WHO CANNOT ACCESS OR AFFORD PROFESSIONAL COUNSELING SERVICES NO ONE IS TURNED AWAY FOR LACK OF ABILITY TO PAY THE CENTER ALSO WORKS WITH THE HEALTH EDUCATION PROGRAM TO FACILITATE PSYCHOEDUCATION ON THE EMOTIONAL ASPECTS OF DIABETES "THE EMOTIONAL ASPECTS OF DIABETES" WAS PRESENTED BY COVENANT COUNSELING CENTER (CCC) STAFF TO 164 PARTICIPANTS OF THE HEALTH EDUCATION PROGRAMS (HEP) DIABETES EDUCATION CLASSES THE PSYCHOEDUCATION IS OFFERED DURING EACH CLASS SESSION AND INCLUDES TOPICS SUCH AS "THE CONNECTION BETWEEN DIABETES AND DEPRESSION", SYMPTOMS OF DEPRESSION AND SYMPTOM MANAGEMENT, "HOW STRESS AFFECTS BLOOD SUGAR LEVELS", STRESS MANAGEMENT, COGNITIVE SKILLS SUCH AS REFRAMING AND INTERVENTION IN NEGATIVE THINKING, AND APPROPRIATE SELF-CARE TO ADDRESS THE EMOTIONAL ASPECTS OF DIABETES MOOD SELF-REPORTS AND SURVEYS SHOWED THAT THERE WAS MOOD IMPROVEMENT IN DIRECT PROPORTION TO INCREASED KNOWLEDGE OF THE EMOTIONAL ASPECTS OF DIABETES AND SYMPTOM MANAGEMENT ATTENDEES ARE INFORMED OF THE SERVICES AVAILABLE AT THE CCC AND THE EASE OF ACCESS TO THOSE SERVICES FOR PERSONS WITH FEW FINANCIAL RESOURCES AS A RESULT, THERE WERE 8 REFERRALS TO CCC FROM THE HEP DIABETES EDUCATION CLASS REGARDING SYMPTOMS OF DEPRESSION

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4 (CONTINUED)		NAME OF INITIATIVE OR PROGRAM COMMUNITY OUTREACH - CHILDREN'S DENTAL CLINICS IN FY10 A TOTAL OF 3,760 DENTAL ENCOUNTERS WERE COMPLETED IN BOTH THE LUBBOCK TX AREA AND THE ARTESIA NM AREA, WHICH IS A 19% INCREASE FROM FY 09 THE CHILDREN SERVED THROUGH THESE PROGRAMS ARE RECIPIENTS OF MEDICAID OR HAVE NO DENTAL INSURANCE AND ARE FINANCIALLY UNDERSERVED THE CHILDREN'S DENTAL PROGRAMS PROVIDE A DENTAL HOME TO THESE UNDERSERVED CHILDREN THESE DENTAL PROGRAMS CONTINUE TO MEET NEEDS IN BOTH THE LUBBOCK TX, AREA AND THE ARTESIA, NM AREA AT EACH VISIT, THE DENTAL STAFF DISCUSSES THE PROCEDURES PERFORMED DURING THE VISIT WITH THE PATIENT AND THE PARENTS/GUARDIANS, OFTEN REVIEWING WITH THEM PROGRESS COMPLETED WITHIN THE DENTAL PLAN EACH VISIT INCLUDES REMINDERS ABOUT THE IMPORTANCE OF GOOD ORAL HYGIENE BETWEEN VISITS THE PARENTS/GUARDIANS OF EACH NEW PATIENT MEET WITH THE DENTIST AND DISCUSS A COMPREHENSIVE DENTAL PLAN FOR THE CHILD'S DENTAL HEALTH A TOTAL OF 352 NEW PATIENTS WERE SEEN IN FY 10, WHICH IS A 17% INCREASE FROM FY 09 WE PLAN TO CONTINUE TO PROVIDE AND EXPLAIN COMPREHENSIVE DENTAL PLANS TO EACH NEW PATIENT AND PATIENT FAMILY/GUARDIAN NAME OF INITIATIVE OR PROGRAM COVENANT BODY MIND INITIATIVE IN FY10 TEXAS TECH UNIVERSITY (TTU) CENTER FOR PREVENTION AND RESILIENCY (CPR) FOCUSED ON PROGRAM DELIVERY AND COMMUNITY ENHANCEMENT ACTIVITIES AT THE SCHOOL FOR YOUNG WOMEN LEADERS (YWL) OTHER PARTICIPATING SCHOOLS INCLUDED CHRIST THE KING CATHEDRAL MIDDLE SCHOOL AND IRMA RANGEL MIDDLE SCHOOL WITHIN THE DALLAS INDEPENDENT SCHOOL DISTRICT IRMA RANGEL MIDDLE SCHOOL WAS THE CONTROL GROUP FOR THE SCHOOL YEAR OF 2009-2010 IN THE FALL OF THE 2009 SCHOOL YEAR, A BASELINE OF 99 STUDENTS BEGAN THE PROGRAM WITH THEIR BMI IN A HEALTHY RANGE, AND EIGHTY - THREE (83.8%) REMAINED IN A HEALTHY RANGE OF 11 STUDENTS WITH BMI IN AN UNDERWEIGHT RANGE, ELEVEN (100%) INCREASED THEIR BMI BY 0.5 OR MORE IN REGARDS TO WELLNESS, THIS IS A FAVORABLE OUTCOME OF 50 STUDENTS WITH BMI IN AN OBESE RANGE, FOUR (8%) DECREASED THEIR BMI BY 0.5 OR MORE ADDITIONALLY, OF THE 49 STUDENTS WITH BMI IN AN OVERWEIGHT RANGE, EIGHT (16.3%) DECREASED THEIR BMI BY 0.5 OR MORE OF THESE 8 STUDENTS WITH BMI IN AN OVERWEIGHT RANGE, THREE (37.5%) MOVED INTO A HEALTHY BMI RANGE BETWEEN THE 2009 AND 2010 FALL SEMESTERS 90 OUT OF 99 STUDENTS REMAINED IN THE PROGRAM OF THESE 90 STUDENTS WITH BMI IN A HEALTHY RANGE, TEN (11.1%) DECREASED THEIR BMI BY 0.5 OR MORE THE FIRST YEAR OF DATA SHOWED SOME PROMISING RESULTS IN THE SIXTH GRADE CLASS, THERE WAS A SIGNIFICANT CHANGE IN THE STUDENTS' PERCEPTION OF BODY IMAGE OVER THE COURSE OF THE YEAR THROUGH THE KIDS EATING DISORDER SURVEY (KEDS), CHILDREN ARE INSTRUCTED TO CIRCLE A DRAWING THAT MOST LOOKS LIKE THEM ON A SCALE FROM 1 TO 8, WITH 1 BEING EXTREMELY UNDERWEIGHT AND 8 BEING OVERWEIGHT IN THE FALL, THE AVERAGE RATING WAS 8.33 AND IN THE SPRING, THE AVERAGE WAS 4.71 THIS MEANS THAT THEY SAW THEMSELVES AS HEALTHIER AFTER RECEIVING THE CBMI PROGRAM DURING THEIR 6TH GRADE YEAR, WHICH INDICATES THAT THE PROGRAM IS BUILDING RESILIENCY ACCESS TO THE PROGRAM THE STUDENTS WHO PARTICIPATED IN THE RESEARCH COMPONENT OF THE CBMI PROGRAM SHOWED THE FOLLOWING RACIAL/ETHNIC BREAKDOWN 48.6% MEXICAN AMERICAN/HISPANIC, 32% CAUCASIAN, 10.8% AFRICAN AMERICAN AND 2.7% ASIAN AMERICAN THIS WAS IN LINE WITH THE RACIAL/ETHNIC BREAKDOWN OF THE SCHOOL DISTRICTS WHERE THE PROGRAM WAS IMPLEMENTED THE SOCIO-ECONOMIC STATUS IN THE SCHOOLS THAT RECEIVED THE CBMI PROGRAM RANGED FROM 66-70% LOWER SES QUANTIFIABLE COMMUNITY BENEFIT IN FY10 COVENANT CHILDREN'S HOSPITAL CONTRIBUTED OVER \$8,384,755 IN UNSPONSORED QUANTIFIABLE COMMUNITY BENEFIT TRADITIONAL CHARITY CARE \$6,201,595 UNREIMBURSED MEDICAID \$2,244,132 COMMUNITY SERVICES FOR THE LOW-INCOME \$1,596 FOR MORE INFORMATION ON COVENANT CHILDREN'S HOSPITAL WWW.COVENANTHEALTH.ORG FOR MORE INFORMATION ON THE ST JOSEPH HEALTH SYSTEM GO TO WWW.STJOE.ORG

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 6	DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	COVENANT HEALTH SYSTEM IS THE SOLE CORPORATE MEMBER OF COVENANT CHILDREN'S HOSPITAL FORM 990, PART VI, LINE 7A DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS COVENANT CHILDREN'S HOSPITAL HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBER RESERVES THE RIGHT TO APPOINT DIRECTORS TO THE COVENANT CHILDREN'S HOSPITAL BOARD ALL DIRECTORS APPOINTMENTS THAT COME FROM THE COVENANT CHILDREN'S HOSPITAL BOARD AS NOMINATIONS MUST BE APPROVED BY COVENANT HEALTH SYSTEM, AS THE CORPORATE MEMBER, ST JOSEPH HEALTH SYSTEM, AS THE TAX-EXEMPT PARENT OF COVENANT HEALTH SYSTEM, AND THE ST JOSEPH HEALTH MINISTRY, AS THE ORGANIZATIONAL SPONSOR

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7B	DECISIONS REQUIRING APPROVAL	THE RESERVED RIGHTS IN OUR TIERED GOVERNANCE STRUCTURE CONTEMPLATE APPROVAL BY THE COVENANT HEALTH SYSTEM MEMBER OF FINANCING, BUDGETS, UNBUDGETED EXPENDITURES OF DEFINED AMOUNTS, STRATEGIC PLAN, APPOINTMENT OF AUDITORS, CREATION OR INVESTMENT IN A LEGALLY RECOGNIZED ENTITY, JOINT VENTURES, PURPOSES, SALE OR DISPOSITION OF REAL PROPERTY, MERGER OR SALE OF SUBSTANTIALLY ALL ASSETS, APPOINTMENT AND REMOVAL OF TRUSTEES, ADOPTION OR AMENDMENT OF ARTICLES OR BYLAWS

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 11A	PROCESS USED BY MANAGEMENT AND/OR GOVERNING BODY TO REVIEW 990	THE FORM 990 IS PREPARED BY THE FINANCE DEPARTMENT BASED ON INFORMATION RECEIVED FROM VARIOUS DEPARTMENTS OF THE ORGANIZATION AS APPLICABLE THE FORM 990 IS THEN REVIEWED BY AN OFFICER(S) OF THE ORGANIZATION A COPY OF THE FORM 990 FILING IS THEN DISTRIBUTED TO ALL VOTING MEMBERS OF THE BOARD FOR THE APRIL 2011 MEETING DURING THE BOARD FINANCE COMMITTEE MEETING, MANAGEMENT PRESENTS AND DISCUSSES CERTAIN DISCLOSURES AND INFORMATION INCLUDED IN THE FORM 990 THE BOARD FINANCE COMMITTEE CHAIR THEN PROVIDES A SUMMARY AT THE FULL BOARD MEETING

Identifier	Return Reference	Explanation
FORM 990, PART VII, LINE 12C	DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	OFFICERS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO DISCLOSE ANNUALLY ON THE CONFLICT OF INTEREST DISCLOSURE FORM THE EXISTENCE AND NATURE OF ANY ACTUAL, APPARENT, OR POTENTIAL CONFLICTS OF INTEREST HE/SHE MAY HAVE ADDITIONALLY, DISCLOSURES SHALL BE MADE PROMPTLY ANY TIME AN ACTUAL, APPARENT OR POTENTIAL CONFLICT OF INTEREST ARISES AND BEFORE THE CONSUMMATION OF ANY CONTRACT, TRANSACTION OR ARRANGEMENT THAT IS SUBJECT OF THE POTENTIAL CONFLICT OF INTEREST WHEN A CONFLICT OF INTEREST IS IDENTIFIED, SUCH CONFLICT IS DISCLOSED TO THE CONFLICTS & COMPENSATION COMMITTEE OF COVENANT HEALTH SYSTEM IF THE CONFLICT INVOLVES A MEMBER OF THAT COMMITTEE, THE REMAINING COMMITTEE MEMBERS WILL REVIEW THE MATTER AND WILL DETERMINE WHETHER A CONFLICT OF INTEREST EXISTS THE OFFICER, TRUSTEE, OR KEY EMPLOYEE MAY NOT BE PRESENT DURING ANY MEETING IN WHICH THE COMMITTEE CONDUCTS ITS EVALUATION, EXCEPT TO ANSWER QUESTIONS AS MAY BE NECESSARY ONCE ALL NECESSARY INFORMATION HAS BEEN OBTAINED, THE COMMITTEE CONDUCTS ITS EVALUATION AND FORWARDS ITS FINDINGS AND RECOMMENDATIONS TO THE SJHS CHIEF COMPLIANCE OFFICER IF THE COMMITTEE DETERMINES AN UNRESOLVED CONFLICT OF INTEREST EXISTS, THE COMMITTEE WILL EVALUATE AND RECOMMEND CONFLICT MITIGATION STRATEGIES THE SJHS CHIEF COMPLIANCE OFFICER IN CONSULTATION WITH SJHS GENERAL COUNSEL WILL REVIEW THE COMMITTEE FINDINGS, RECOMMENDATIONS, AND MITIGATION STRATEGIES AND WILL PRESENT RECOMMENDATIONS TO THE BOARD FOR DISCUSSION AND VOTE

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINES 15A AND 15B	PROCESS USED TO DETERMINE COMPENSATION	THE EXECUTIVE COMPENSATION PROCESS AT ST JOSEPH HEALTH SYSTEM IS ADMINISTERED BY A COMMITTEE OF INDEPENDENT TRUSTEES THEY FOLLOW A BOARD-APPROVED CHARTER AND OVERALL EXECUTIVE COMPENSATION PHILOSOPHY THE CHARTER EMPOWERS THE SJHS BOARD WORKFORCE COMMITTEE TO ADMINISTER THE EXECUTIVE COMPENSATION PROGRAM AND PROCESS ON BEHALF OF THE FULL BOARD OF TRUSTEES OF SJHS OVERALL, THE PHILOSOPHY IS INTENDED TO REWARD A BROAD SPECTRUM OF HIGH ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE EXPECTATIONS, AS WELL AS THE RETENTION OF KEY MANAGEMENT TALENT THE SJHS EXECUTIVE COMPENSATION PHILOSOPHY DEFINES THE MARKET FOR ADMINISTERING COMPENSATION AS A COMPARABLE SET OF NOT-FOR-PROFIT HEALTH CARE DELIVERY SYSTEMS SJHS PROVIDES COMPENSATION TO ITS SENIOR EXECUTIVES IN THE FORM OF BASE SALARY, AN ANNUAL INCENTIVE PROGRAM, AND BENEFITS TO FULFILL THEIR RESPONSIBILITY, THE COMMITTEE REGULARLY REVIEWS INFORMATION FROM MULTIPLE SOURCES OF MARKET DATA THEY USE THIS INFORMATION TO SUPPORT THEIR DECISIONS REGARDING ONGOING EFFECTIVENESS AND ADMINISTRATION OF THE PROGRAM THE WORKFORCE COMMITTEE IS COMPRISED OF SEVERAL INDEPENDENT MEMBERS OF THE BOARD THEY MEET AT LEAST 3 TIMES A YEAR AND MAKE ALL CRITICAL DECISIONS IN EXECUTIVE SESSIONS THESE DECISIONS ARE DOCUMENTED IN DETAILED MINUTES AND APPROVED IN SUBSEQUENT MEETINGS THE COMMITTEE IS EMPOWERED TO ENGAGE OUTSIDE COUNSEL AND CONSULTING SUPPORT AS NEEDED THE WORKFORCE COMMITTEE PERFORMED ITS LAST COMPENSATION REVIEW FOR ASSISTANT VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER IN JUNE 2010

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 19	AVAILABILITY OF GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND	FINANCIAL STATEMENTS TO THE GENERAL PUBLIC THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE SJHS COMMUNITY BENEFIT REPORTS, FINANCIAL REPORTS, AND PHILANTHROPY REPORTS ARE ALSO AVAILABLE ON THE SJHS INTERNET SITE

Identifier	Return Reference	Explanation
FORM 990, PART VII	HOURS DEVOTED TO RELATED ORGANIZATIONS	MELINDA CLARK SERVED AS CEO OF COVENANT CHILDREN'S HOSPITAL (CCH) AND ITS TAX-EXEMPT PARENT, COVENANT HEALTH SYSTEM (CHS) THRU 10/1/09 SHE WAS COMPENSATED BY ST JOSEPH HEALTH SYSTEM (SJHS), THE TAX-EXEMPT PARENT OF CHS SHE DEVOTED 47 HOURS PER WEEK TO CHS, 3 HOURS PER WEEK TO CCH, AND NO HOURS TO SJHS JIM HOUSER SERVED AS INTERIM CEO OF CCH AND ITS TAX-EXEMPT PARENT, CHS HIS COMPANY WAS COMPENSATED BY CHS FOR HIS SERVICES AS INTERIM CEO HE DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH RICHARD PARKS SERVED AS CEO OF COVENANT CHILDREN'S HOSPITAL (CCH) AND ITS TAX-EXEMPT PARENT, COVENANT HEALTH SYSTEM HE DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH JOE RANDOLPH SERVED ON THE BOARD OF DIRECTORS OF CCH AND WAS THE EXECUTIVE VP/COO OF ST JOSEPH HEALTH SYSTEM (SJHS) HE DEVOTED 50 HOURS PER WEEK TO SJHS AND 2 HOURS PER WEEK TO CCH JAMES E HARRELL, MD SERVED ON THE BOARD OF DIRECTORS OF CCH AND WAS COMPENSATED BY COVENANT MEDICAL GROUP (CMG) FOR MEDICAL SERVICES PROVIDED HE DEVOTED 2 HOURS PER WEEK TO CCH AND 40 HOURS PER WEEK TO CMG ELLIOTT STERNBERG SERVED ON THE BOARD OF DIRECTORS OF CCH AND IS THE EVP/CMO OF SJHS HE DEVOTED 50 HOURS PER WEEK TO SJHS AND 2 HOURS PER WEEK TO CCH JOHN GRIGSON WAS PAID BY CHS, THE TAX-EXEMPT PARENT OF CCH HE DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH BRETT ESROCK WAS PAID BY CHS, THE TAX-EXEMPT PARENT OF CCH HE DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH THE FOLLOWING KEY EMPLOYEES AND HIGHLY COMPENSATED EMPLOYEES WERE PAID BY CHS BUT DEVOTED 40 HOURS PER WEEK TO CCH AND NO HOURS TO CHS, 1) ROXIE TAYLOR 2) KAREN BRODBECK 3) LINDA DURBIN 4) KACI HILL 5) DONNA NEEL 6) AUBREY BRIDGES

Identifier	Return Reference	Explanation
FORM 990, PART XI, LINE 2C	OVERSIGHT OR SELECTION PROCESS	THE ST JOSEPH HEALTH SYSTEM BOARD APPROVES THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT

Identifier	Return Reference	Explanation
SCHEDULE R, PART V, LINE 2	TRANSACTION WITH RELATED ORGANIZATIONS	THE AMOUNTS REPORTED ON SCHEDULE R, PART V, LINE 2 ARE DETERMINED USING THE ACCRUAL METHOD OF ACCOUNTING

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
METHODIST CHILDREN'S HOSPITAL

Employer identification number
75-2428911

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
See Additional Data Table					

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No
LUBBOCK SURGERY CTR 4000 24TH ST LUBBOCK, TX79410 75-2177401	HEALTHCARE SVCS	TX	CHS	RELATED	0	0		No	0		No
CHS HOLDING LP 4000 25TH ST LUBBOCK, TX79410 20-5477251	HEALTHCARE SVCS	TX	CHS	RELATED	0	0		No	0		No

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
LUBBOCK METHODIST HOSPITAL SERVICES INC PO BOX 1201 LUBBOCK, TX79410 75-2118585	HEALTHCARE SVCS	TX	CHS	C CORP	0	0	0 %
LUBBOCK METHODIST HOSPITAL PRACTICE MGMT 2107 OXFORD STREET SUITE 300 LUBBOCK, TX79410 75-2578995	INACTIVE	TX	CHS	C CORP	0	0	0 %

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

No

1r

No

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

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

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

[illegible]

Software ID:

Software Version:

EIN: 75-2428911

Name: METHODIST CHILDREN'S HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity
COVENANT HEALTH SYSTEM 3615 19TH STREET LUBBOCK, TX794101203 75-2765566	HEALTHCARE	TX	501(c)(3)	3	NA
COVENANT HEALTH PARTNERS INC 3615 19TH STREET LUBBOCK, TX79410 61-1573313	HEALTHCARE	TX	501(c)(3)	11, I	CHS
ST JOSEPH HEALTH SYSTEM 500 S MAIN STREET SUITE 700 ORANGE, CA92868 95-3589356	HEALTHCARE	CA	501(c)(3)	11, I	NA
COVENANT MEDICAL GROUP 3420 22ND PLACE LUBBOCK, TX79410 75-2743883	HEALTHCARE	TX	501(c)(3)	3	CHS
HOSPICE OF LUBBOCK 1102 SLIDE ROAD LUBBOCK, TX79414 75-2133781	HOSPICE CARE	TX	501(c)(3)	9	CHS
METHODIST HOSPITAL LEVELLAND 1900 COLLEGE AVENUE LEVELLAND, TX79336 75-2246348	HEALTHCARE	TX	501(c)(3)	3	CHS
METHODIST HOSPITAL PLAINVIEW 2601 DIMMITT ROAD LUBBOCK, TX79072 75-2426010	HEALTHCARE	TX	501(c)(3)	3	CHS
COVENANT HEALTH SYSTEM FOUNDATION 4000 24TH STREET LUBBOCK, TX794101894 75-2897026	FOUNDATION	TX	501(c)(3)	7	CHS
ST MARY OF THE PLAINS HOSPITAL FDN 4000 24TH STREET LUBBOCK, TX79410 75-1653181	FOUNDATION	TX	501(c)(3)	11, I	CHS
LUBBOCK METHODIST HOSPITAL FOUNDATION 3615 19TH STREET LUBBOCK, TX79410 75-2220963	FOUNDATION	TX	501(c)(3)	7	CHS
ST JOSEPH HEALTH MINISTRY 500 S MAIN STREET 400 ORANGE, CA92686 27-1666576	RELIGIOUS ORG	CA	501(C)(3)	1	NA
SISTERS OF ST JOSEPH OF ORANGE 480 S BATAVIA ORANGE, CA92868 95-1643383	RELIGIOUS ORG	CA	501(C)(3)	1	NA

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)
(1)	COVENANT HEALTH PARTNERS INC		0
(2)	LUBBOCK METHODIST HOSPITAL SYSTEM		0
(3)	COVENANT MEDICAL GROUP		0
(4)	HOSPICE OF LUBBOCK		0
(5)	METHODIST HOSPITAL LEVELLAND		0
(6)	METHODIST HOSPITAL PLAINVIEW		0
(7)	COVENANT HEALTH SYSTEM FOUNDATION		0
(8)	ST MARY OF THE PLAINS HOSPITAL FOUNDATION		0
(9)	LUBBOCK METHODIST HOSPITAL FOUNDATION		0
(10)	LUBBOCK SURGERY CENTER LTD		0
(11)	CHS HOLDING LP		0
(12)	LUBBOCK METHODIST HOSPITAL PRACTICE MGMT		0
(13)	LUBBOCK METHODIST HOSPITAL SERVICES INC		0

Additional Data

Software ID:

Software Version:

EIN: 75-2428911

Name: METHODIST CHILDREN'S HOSPITAL

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOHN C ANDERSON BOARD MEMBER/COMMITTEE CHAIR	4 0	X						0	0	0
SUZANNE BLAKE BOARD MEMBER	2 0	X						0	0	0
JOE DEE BROOKS BOARD MEMBER	2 0	X						0	0	0
NAIDU CHEKURU MD BOARD MEMBER	2 0	X						0	0	0
MONSIGNOR DAVID CRUZ BOARD MEMBER/COMMITTEE CHAIR	4 0	X						0	0	0
JAMES E HARRELL MD BOARD MEMBER	2 0	X						0	610,024	28,217
SAM HAWTHORNE BOARD MEMBER	2 0	X						0	0	0
BRENT HOFFMAN BOARD MEMBER	2 0	X						0	0	0
MARK JOHNSON MD BOARD MEMBER	2 0	X						0	39,192	0
VAN MAY BOARD MEMBER/VICE CHAIR	2 0	X						0	0	0
JUAN SANCHEZ MUNOZ PHD BOARD MEMBER	2 0	X						0	0	0
DAN POPE BOARD MEMBER/CHAIR	5 0	X						0	0	0
JANIE RAMIREZ BOARD MEMBER/COMMITTEE CHAIR	4 0	X						0	0	0
MICHAEL ROBERTSON MD BOARD MEMBER	2 0	X						0	35,925	0
JOE RANDOLPH BOARD MEMBER	2 0	X						0	1,204,755	51,966
SISTER SUZANNE SASSUS CSJ BOARD MEMBER	2 0	X						0	0	0
DAVID SEIM BOARD MEMBER	2 0	X						0	0	0
SISTER MARY THERESE SWEENEY CSJ BOARD MEMBER	2 0	X						0	0	0
JOHN ZWIACHER BOARD MEMBER/SECRETARY/COM CHR	4 0	X		X				0	0	0
RICHARD PARKS PRESIDENT/CEO	3 0	X		X				0	0	0
MELINDA CLARK PRESIDENT/CEO (UNTIL 10/1/09)	3 0	X		X				0	1,304,621	15,442
ELLIOT STERNBERG BOARD MEMBER	2 0	X						0	873,890	37,836
JIM HOUSER PRESIDENT/CEO (INTERIM)	3 0	X		X				0	259,000	0
BRETT ESROCK COO	3 0			X				0	564,714	31,903
JOHN GRIGSON CFO	3 0			X				0	430,449	22,685

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROXIE TAYLOR VP ADMIN LAKESIDE & JACC	40 0				X			0	346,795	31,123
DONNA NEEL MGR NURSING	40 0					X		75,238	35,789	34,922
KAREN BRODBECK CLINICAL PHARMACIST	40 0					X		74,756	35,794	31,966
AUBREY BRIDGES STAFF RN II	40 0					X		83,893	39,138	18,695
LINDA DURBIN STAFF RN IV	40 0					X		72,616	43,613	19,879
KACI HILL CLINICAL PHARMACIST	40 0					X		79,785	40,024	13,783
CRAIG RUCKER FORMER CFO	0 0						X	0	847,119	2,607