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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2009

Open to Public Inspection

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

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

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

C Name of organization
COVENANT HEALTH SYSTEM

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
3615 19TH STREET

City or town, state or country, and ZIP + 4
LUBBOCK, TX 794101203

D Employer identification number
75-2765566

E Telephone number
(806) 725-1011

G Gross receipts $ 586,582,484

F Name and address of principal officer
JOHN GRIGSON
3615 19TH STREET
LUBBOCK,TX 794101203

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW COVENANTHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1998 | **M** State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	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**	5,045
6	Total number of volunteers (estimate if necessary)	**6**	250
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	**7a**	6,728,650
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	2,340,135	2,190,068
9	Program service revenue (Part VIII, line 2g)	600,662,152	575,994,529
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-5,026,801	8,397,887
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	597,975,486	586,582,484
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	34,405,998	2,736,200
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)	226,508,178	206,290,427
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)	374,619,412	345,986,732
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	635,533,588	555,013,359
19	Revenue less expenses Subtract line 18 from line 12	-37,558,102	31,569,125
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	588,720,957	579,848,539
21	Total liabilities (Part X, line 26)	271,505,498	238,741,447
22	Net assets or fund balances Subtract line 21 from line 20	317,215,459	341,107,092

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2011-05-12

JOHN GRIGSON CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-empolyed ▶☐ | Preparer's identifying number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG US LLP
TWO NORTH CENTRAL AVENUE STE 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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

SEE SCHEDULE O

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 479,817,321 including grants of $ 2,736,200) (Revenue $ 569,265,879)

SEE SCHEDULE O

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

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

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 479,817,321

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	Is the organization's answer to any of the following questions "Yes"? *If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.*	11	Yes	
	● Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*			
	● Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*			
	● Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*			
	● Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*			
	● Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	● Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional*	12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17	Yes	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	396		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	5,045		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note:** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)		2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?		3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body	1a	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?				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?				No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?				No
5	Did the organization become aware during the year of a material diversion of the organization's assets?				No
6	Does the organization have members or stockholders?			Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?			Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?			Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?			Yes	
b	Each committee with authority to act on behalf of the governing body?			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				No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

SHARON CLARK
3615 19TH STREET
LUBBOCK,TX 794101203
(806) 725-5234

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

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

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

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

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

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

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

1b Total . . . . . ▶	5,635,945	4,068,407	454,441

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 ▶157

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**	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? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**	Yes	

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
ARAMARK 25271 NETWORK PLACE CHICAGO, IL 606731252	FOOD SERVICES	7,044,956
ALSCO INC 404 N UNIVERSITY AVE LUBBOCK, TX 79415	LINEN SERVICES	2,475,988
GE MEDICAL SYSTEMS PO BOX 843553 DALLAS, TX 752843553	BIOMED SERVICES	2,154,572
BOLICK INC PO BOX 64845 LUBBOCK, TX 79464	TRANSCRIPTION	2,014,823
HEALTHSMART PREFERRED CARE PO BOX 949009 DALLAS, TX 752849009	HEALTH SERVICES	1,500,063
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 ▶157		

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	2,190,068			
	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		2,190,068			
Program Service Revenue			Business Code				
	2a	PATIENT REVENUE	622,110	545,694,925	545,694,925		
	b	OUTREACH LAB SERVICES	621,511	5,987,364		5,987,364	
	c	BILLING/ MANAGEMENT FEES	541,611	11,196,703	10,455,417	741,286	
	d	CAFETERIA	722,310	2,903,803	2,903,803		
	e	MEDICAL OFFICE BUILDING	531,120	2,476,682	2,476,682		
	f	All other program service revenue		7,735,052	7,735,052		
	g	**Total.** Add lines 2a–2f		575,994,529			
	3	Investment income (including dividends, interest and other similar amounts)		8,397,887			8,397,887
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross Rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)		0			
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances a					
	b	Less cost of goods sold b					
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		0			
	12	**Total revenue.** See Instructions		586,582,484	569,265,879	6,728,650	8,397,887

Part IX Statement of Functional Expenses

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

	Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	2,736,200	2,736,200		
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	3,638,925	2,491,356	1,147,569	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)	113,874	113,874	0	
7	Other salaries and wages	139,854,297	118,859,071	20,995,226	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	10,232,475	8,697,604	1,534,871	0
9	Other employee benefits	40,884,120	34,751,502	6,132,618	0
10	Payroll taxes	11,566,736	9,831,726	1,735,010	0
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	3,037,891	2,582,207	455,684	0
c	Accounting	414,000	0	414,000	0
d	Lobbying	21,242	21,242	0	0
e	Professional fundraising *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	83,255,433	70,767,118	12,488,315	0
12	Advertising and promotion	4,641,191	3,945,012	696,179	0
13	Office expenses	112,410,792	95,549,173	16,861,619	0
14	Information technology	854,175	726,049	128,126	0
15	Royalties	0			
16	Occupancy	15,754,915	13,391,677	2,363,238	0
17	Travel	701,561	596,327	105,234	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	122,520	104,142	18,378	0
20	Interest	12,253,014	10,415,062	1,837,952	0
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	45,781,015	38,913,863	6,867,152	0
23	Insurance	5,221,185	4,438,007	783,178	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 EXPENSE	57,306,537	57,306,537	0	0
b	ALL OTHER EXPENSES	4,211,261	3,579,572	631,689	0
c					
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	555,013,359	479,817,321	75,196,038	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		0	1	18,927,189
	2	Savings and temporary cash investments		28,496,162	2	27,086,884
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		71,171,732	4	67,367,917
	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		10,709,969	8	10,289,175
	9	Prepaid expenses and deferred charges		3,619,252	9	3,322,171
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 720,545,820			
	b	Less accumulated depreciation	10b 443,314,825	312,281,379	10c	277,230,995
	11	Investments—publicly traded securities		96,629,446	11	83,314,379
	12	Investments—other securities See Part IV, line 11		22,350,709	12	12,003,105
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		195,601	14	83,829
	15	Other assets See Part IV, line 11		43,266,707	15	80,222,895
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		588,720,957	16	579,848,539
Liabilities	17	Accounts payable and accrued expenses		48,349,366	17	46,972,360
	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		3,379,918	23	3,095,771
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		219,776,214	25	188,673,316
	26	**Total liabilities.** Add lines 17 through 25		271,505,498	26	238,741,447
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		317,215,459	27	341,107,092
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		317,215,459	33	341,107,092
	34	Total liabilities and net assets/fund balances		588,720,957	34	579,848,539

Part XI Financial Statements and Reporting

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2009.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

b **33 1/3% support tests—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

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

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

Additional Data

Software ID:
Software Version:
EIN: 75-2765566
Name: COVENANT HEALTH SYSTEM

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	40	X						0	0	0
SUZANNE BLAKE BOARD MEMBER	20	X						0	0	0
JOE DEE BROOKS BOARD MEMBER	20	X						0	0	0
NAIDU CHEKURU MD BOARD MEMBER	20	X						0	0	0
MONSIGNOR DAVID CRUZ BOARD MEMBER/COMMITTEE CHAIR	40	X						0	0	0
JAMES E HARRELL MD BOARD MEMBER	20	X						0	610,024	28,217
SAM HAWTHORNE BOARD MEMBER	20	X						0	0	0
BRENT HOFFMAN BOARD MEMBER	20	X						0	0	0
MARK JOHNSON MD BOARD MEMBER	20	X						0	39,192	0
VAN MAY BOARD MEMBER/VICE CHAIR	20	X						0	0	0
JUAN SANCHEZ MUNOZ PHD BOARD MEMBER	20	X						0	0	0
DAN POPE BOARD MEMBER/CHAIR	50	X						0	0	0
JANIE RAMIREZ BOARD MEMBER/COMMITTEE CHAIR	40	X						0	0	0
MICHAEL ROBERTSON MD BOARD MEMBER	20	X						0	35,925	0
JOE RANDOLPH BOARD MEMBER	20	X						0	1,204,755	51,966
SISTER SUZANNE SASSUS CSJ BOARD MEMBER	20	X						0	0	0
DAVID SEIM BOARD MEMBER	20	X						0	0	0
SISTER MARY THERESE SWEENEY CSJ BOARD MEMBER	20	X						0	0	0
JOHN ZWIACHER BOARD MEMBER/SECRETARY/COM CHR	40	X		X				0	0	0
RICHARD PARKS PRESIDENT/CEO	470	X		X				0	0	0
MELINDA CLARK PRESIDENT/CEO (thru 10/1/09)	470	X		X				0	1,304,621	15,442
ELLIOT STERNBERG EXEC VP, MEDICAL OFFICER	20	X						0	873,890	37,835
JIM HOUSER PRESIDENT/CEO (INTERIM)	470	X		X				259,000	0	0
BRETT ESROCK COO	470			X				564,714	0	31,902
JOHN GRIGSON CFO	470			X				430,448	0	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			
STEVEN MCCAMY PRESIDENT COVENANT MEDICAL GRP	40 0				X			388,797	0	28,110
ROXIE TAYLOR VP ADMIN LAKESIDE & JACC	40 0				X			346,795	0	31,122
SUSAN NEVES VP ADMIN - CMC	40 0				X			336,790	0	25,253
SHARYN IVORY VP ADMIN POST - ACUTE SVCS	40 0				X			319,220	0	33,091
KAREN BAGGERLY VP - NURSING	40 0				X			307,436	0	32,723
SCOTT ROBINS MD VP - CHIEF MED OFFICER - CHS	38 0					X		508,234	0	25,577
JAMES WURTS VP BUSINESS DEVELP & PLAN	40 0					X		393,712	0	7,005
SHARON PRATHER PRESIDENT FOUNDATION	40 0					X		317,750	0	35,671
WILLIAM BOPP VP - STRATEGIC PLANNING	40 0					X		314,535	0	19,247
GWENDOLYN STAFFORD VP - EXTERNAL AFFAIRS	40 0					X		301,395	0	25,988
CRAIG RUCKER FORMER CFO	0 0						X	847,119	0	2,607

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
PATIENT REVENUE	622,110	545,694,925	545,694,925		
OUTREACH LAB SERVICES	621,511	5,987,364		5,987,364	
BILLING/ MANAGEMENT FEES	541,611	11,196,703	10,455,417	741,286	
CAFETERIA	722,310	2,903,803	2,903,803		
MEDICAL OFFICE BUILDING	531,120	2,476,682	2,476,682		

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

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

Name of the organization	Employer identification number
COVENANT HEALTH SYSTEM	75-2765566

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		21,242
j	Total lines 1c through 1i			21,242
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1I	PORTION OF DUES PAID TO HOSPITAL ASSOCIATIONS FOR LOBBYING ACTIVITIES	DURING THE PAST YEAR, THE ST JOSEPH HEALTH SYSTEM HAS CONDUCTED AN ADVOCACY EFFORT WHICH INCLUDED SOME LOBBYING ACTIVITY THESE INCLUDED MEETING WITH LOCAL, STATE, AND FEDERAL LEGISLATORS, THEIR STAFF AND OTHER GOVERNMENTAL OFFICIALS AND COMMUNICATIONS TO LEGISLATORS ADVOCATING POSITIONS ON LEGISLATION

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		18,349,427		18,349,427
b Buildings		390,769,412	273,899,145	387,646,010
c Leasehold improvements		20,093,954		20,093,954
d Equipment		291,333,027		291,333,027
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				717,422,418

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
BOARD DESIGNATED ASSETS	380,155
ASSETS HELD IN TRUSTS	5,155,386
LONG TERM DUE FROM AFFILIATES	67,024,904
OTHER RECEIVABLES	1,038,353
DUE FROM THIRD PARTY	4,502,860
DEFERRED FINANCING COSTS-NET	2,121,237
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	80,222,895

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
PAYABLE TO THIRD - PARTY PAYORS	8,567,841
CURRENT MATURITIES OF LT DEBT	11,750,602
LT TERM NOTES	159,557,038
OTHER LIABILITIES	8,797,835
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	188,673,316

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising activities? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Charitable contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				
	11 Net income summary Combine lines 3, column d, and line 10 ▶				

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1, column d, and line 7 ▶				

			Yes	No
9	Enter the state(s) in which the organization operates gaming activities _____			
a	Is the organization licensed to operate gaming activities in each of these states?	9a		
b	If "No," Explain			
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a		
b	If "Yes," Explain			
11	Does the organization operate gaming activities with nonmembers?	11		
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12		

			Yes	No
13	Indicate the percentage of gaming activity operated in			
a	The organization's facility	**13a**		
b	An outside facility	**13b**		
14	Enter the name and address of the person who prepares the organization's gaming/special events books and records			
	Name ▶			
	Address ▶			
15a	Does the organization have a contract with a third party from whom the organization receives gaming revenue?	**15a**		
b	If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____			
c	If "Yes," enter name and address			
	Name ▶			
	Address ▶			
16	Gaming manager information			
	Name ▶			
	Gaming manager compensation ▶ $ _____			
	Description of services provided ▶			
	☐ Director/officer ☐ Employee ☐ Independent contractor			
17	Mandatory distributions			
a	Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?	**17a**		
b	Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $			

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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
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 175 %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Does the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		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 eligibile 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)			12,077,368		12,077,368	2 440 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			66,652,014	50,123,404	16,528,610	3 340 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			3,153,109	3,072,747	80,362	0 020 %
d **Total** Charity Care and Means-Tested Government Programs			81,882,491	53,196,151	28,686,340	5 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,957,892	906,731	3,051,161	0 620 %
f Health professions education (from Worksheet 5)			13,398,382		13,398,382	2 710 %
g Subsidized health services (from Worksheet 6)			5,679		5,679	0 %
h Research (from Worksheet 7)			172,837		172,837	0 030 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			2,090,838		2,090,838	0 420 %
j **Total** Other Benefits			19,625,628	906,731	18,718,897	3 780 %
k **Total.** Add lines 7d and 7j			101,508,119	54,102,882	47,405,237	9 580 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			80,933		80,933	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			116,007		116,007	0 020 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			196,940		196,940	0 030 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	9,916,667		
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	135,083,697
6	Enter Medicare allowable costs of care relating to payments on line 5	6	448,400,963
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-313,317,266
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	COVENANT L-T CARE LP	LONG-TERM CARE	67 000 %	0 %	33 000 %
2	LUBBOCK SURG CTR LTD	HEALTHCARE	59 000 %	0 %	41 000 %
3	METHODIST DIAGNOSTIC	HEALTHCARE	60 000 %	0 %	40 000 %
4	LUBBOCK GAMMA LP	HEALTHCARE	40 000 %	0 %	60 000 %
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
COVENANT MEDICAL CENTER 3615 19TH STREET LUBBOCK,TX 794101203	X	X					X		
COVENANT HEART & VASCULAR INSTITUTE 3615 19TH STREET LUBBOCK,TX 79410		X							
JOE ARRINGTON CANCER RSCH & TRTMT CENTER 4101 22ND PLACE LUBBOCK,TX 79410		X							
ARRINGTON COMPREHENSIVE BREAST CENTER 41010 22ND PLACE LUBBOCK,TX 79410		X							
COVENANT MED CENTER - LAKESIDE CAMPUS 4000 24TH STREET LUBBOCK,TX 79410	X	X	X				X		
SOUTHWEST MEDICAL PARK 4010 22ND PLACE LUBBOCK,TX 79410		X							
FAMILY HEALTHCARE CENTER 6502 SLIDE ROAD LUBBOCK,TX 79410		X							MEDICAL CLINIC
FAMILY HEALTHCARE CENTER 416 FRANKFORD ROAD LUBBOCK,TX 79410		X							MEDICAL CLINIC
FAMILY HEALTHCARE CENTER 7601 QUAKER AVENUE LUBBOCK,TX 79410		X							MEDICAL CLINIC

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 ARE REPORTED ON SCHEDULE H, PART II, LINES 3 AND 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 communites 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: 75-2765566
Name: COVENANT HEALTH SYSTEM

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

THE MEDICARE COST REPORT WAS USED TO DETERMINE COMMUNITY BENEFIT SERVICES ALONG WITH ADDITIONAL INFORMATION PROVIDED BY THE COMMUNITY BENEFITS DEPARTMENT WORKSHEET 2 FROM THE IRS INSTRUCTIONS 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 $57,306,537 WAS 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 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

AS A CATHOLIC HEALTH CARE MINISTRY, THE ORGANIZATION FOLLOWS THE CATHOLIC HEALTH ASSOCIATION'S COMMUNITY BENEFIT REPORTING GUIDELINES AND THEREFORE DOES NOT REPORT MEDICARE AS A COMMUNITY BENEFIT THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNT REPORTED ON LINE 6 IS AS FOLLOWS THE COST-TO-CHARGE RATIO AS CALCULATED FOR FY10, BASED ON GROSS PATIENT REVENUE AND TOTAL OPERATING EXPENSES

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 ELIGIBILITY 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 INCLUDED 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

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

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, HIG 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 US CENSUS LUBBOCK SERVES AS A MAJOR MEDICAL CENTER FOR THE ENTIRE SOUTH P LAINS OF TEXAS AND EASTERN NEW MEXICO REGION, CARING FOR PEOPLE WITHIN A 57-COUNTY, 80,000 SQUARE MILE RADIUS OF THE CITY THE POPULATION OF COVENANT HEALTH SYSTEM'S CORE SERVICE A REA 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 SERV ICE AREAS IT IS IMPORTANT TO FIRST MENTION SOME OF THE HEALTH CHARACTERISTICS OF TEXAS WH ICH ALSO AFFECT THE LUBBOCK AREA TEXAS HAS THE FIFTH HIGHEST POVERTY RATE AMONG THE STATE S, ONE IN SIX TEXANS IS CONSIDERED POOR TEXAS HAS THE EIGHTH HIGHEST RATE OF SENIOR CITIZ ENS LIVING IN POVERTY ONE HALF OF CHILDREN IN TEXAS LIVE IN POVERTY OR ARE ECONOMICALLY D ISADVANTAGED TEXAS CONTINUES TO BE A LOW-WAGE, LOW-BENEFIT STATE WITH THAT SAID, TEXAS H AS A CRISIS IN COVERAGE THE ECONOMIC, EDUCATIONAL, CULTURAL, AND SOCIAL STRENGTH OF TEXAS DEPENDS UPON THE HEALTH OF ITS CITIZENS, ALARMINGLY, ABOUT 24% OF ITS POPULATION IS WITHO UT INSURANCE - THE HIGHEST IN THE NATION THE INCREASING NUMBER OF UNINSURED PATIENTS PLAC ES AN EXTRAORDINARY ECONOMIC AND SERVICE BURDEN UPON HEALTHCARE PROVIDERS, HOSPITALS, AND THE COMMUNITIES THAT FUND THE HEALTHCARE SERVICES THE OVERALL HEALTH STATUS OF TEXANS IS POOR IN COMPARISON WITH OTHER STATES AND LIKELY TO DECLINE FURTHER WITHOUT INTERVENTION T HE INCREASING NUMBER OF INDIVIDUALS WITHOUT INSURANCE OR ADEQUATE COVERAGE IS A SIGNIFICAN T AND CONTINUING CONCERN FOR THE COUNTRY AND A MAJOR POLICY CHALLENGE FOR TEXAS A MILLION UNINSURED TEXANS DO NOT RECEIVE ADEQUATE CARE FOR CHRONIC DISEASES AND 2,500 DIE PREMATUR ELY EACH YEAR STUDIES INDICATE THE UNINSURED ARE LESS LIKELY TO SEEK PREVENTATIVE AND SCR EENING SERVICES THAT MINIMIZE MORE COSTLY SERVICES LATER 5 6 MILLION TEXANS ARE CONTINUOU SLY WITHOUT MEDICAL INSURANCE THROUGHOUT THE YEAR, 8 5 MILLION GO WITHOUT INSURANCE AT SOM E POINT IN THE YEAR MEDICAL EXPENSES ARE THE SINGLE LARGEST REASON FOR PERSONAL BANKRUPTC IES AMONG TEXANS LUBBOCK, TX, ESPECIALLY WITHIN SERVICE AREAS, ALSO FACES ECONOMIC AND HE ALTHCARE CHALLENGES BECAUSE OF ITS DIVERSE ECONOMY, WHICH IS GROUNDED IN AGRICULTURE, MAN UFACTURING, AND TRADE, THERE IS A SIGNIFICANT MIGRATION OF BOTH PERMANENT AND TEMPORARY DW ELLERS INTO THE AREA IT IS A YOUTHFUL POPULATION WITH A MEDIAN AGE OF 31 COMPARED TO THE STATE MEDIAN OF 33 2, WHICH IS PARTIALLY DRIVEN BY THE UNIVERSITIES' PRESENCE IN THE REGIO N HOWEVER, THE REMAINING COMMUNITIES COVENANT CARES FOR WITHIN THE CORE AND SECONDARY SER VICE 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 MA NY OF THESE COMMUNITIES ARE MEDICALLY UNDERSERVED AREAS (MUA'S) OR PERSISTENT POVERTY AREA S (PPA'S) OR BOTH SPECIFICALLY FOCUSING ON THE STATISTICS FOR THE ECONOMIC CHARACTERISTIC S OF THE LUBBOCK AREA, THE MOST RECENT INDICATORS, FROM THE UNITED WAY'S 2008 COMMUNITY ST ATUS REPORT, SHOW THAT THE PERCENTAGE OF CHILDREN LIVING IN POVERTY IN LUBBOCK COUNTY IS 2 2 4% WHICH IS A 7% DECREASE FROM THE PREVIOUS YEAR AND 21% ABOVE THE US AVERAGE THE PERCE NTAGE OF ADULTS LIVING IN POVERTY IS 18% WHICH IS A 1 7% INCREASE FROM THE PREVIOUS YEAR A ND 55% ABOVE THE US AVERAGE THE PERCENTAGE OF INDIVIDUALS WITHOUT HEALTH INSURANCE IS 24 8% COMPARED TO 23 9% FOR TEXAS IN GENERAL AND 15 1% FOR THE US AVERAGE IT IS CLEAR THAT C OVENANT'S SERVICE TO DUHN POPULATIONS IN ADDRESSING HEALTHCARE CHALLENGES IS PRIMARILY FOC USED ON ACCESS TO TIMELY, HIGH QUALITY HEALTHCARE BOTH THE CORE AND SECONDARY SERVICE ARE AS FACE MULTIPLE HEALTH PROBLEMS WHICH RANGE FROM

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

CANCER TO UNHEALTHY LIVING HABITS THE CANCER RATE FOR COVENANT (INCLUDING VARIOUS TYPES O F CANCER) IS ABOUT 931/100,000 THE DIABETES PREVALENCE FOR COVENANT'S SERVICE REGIONS IS 11 47% COMPARED TO THE NATIONAL AVERAGE OF 7 5% WITH REGARD TO HYPERTENSION, COVENANT SER VICE REGIONS REPORT 34 99% COMPARED TO THE NATIONAL AVERAGE OF 25 5% IN ADDRESSING THE RA TES OF UNHEALTHY LIVING, 15 6% OF LUBBOCK COUNTY RESIDENTS ARE SMOKERS AND 12 9% HAVE PART ICIPATED IN BINGE DRINKING IN THE PAST MONTH 71 8% OF LUBBOCK COUNTY'S ADULTS ARE OVERWEI GHT OR OBESE, AND 20 5% OF THE OVERWEIGHT OR OBESE ARE CHILDREN THE HISPANIC POPULATION I S 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 HISPA NICS 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 POPULATI ON 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

PROMOTING THE HEALTH OF THE COMMUNITY 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 CREDENTIALED THROUGH THE MEDICAL STAFF'S CREDENTIALING PROCESS AND PRACTICE IN VARIOUS DEPARTMENTS THROUGHOUT COVENANT HEALTH SYSTEM 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 HEALTHY 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, LINE 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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LUBBOCK AREA UNITED WAY1655 MAIN ST STE 101 LUBBOCK,TX 79401	750961812	501(C)(3)	30,000				CORPORATE PLEDGE FOR 2009-2010
AMERICAN CANCER SOCIETY3411 73RD STREET LUBBOCK,TX 79423	237040934	501(C)(3)	110,000				RELAY FOR LIFE AND CATTLE BARON'S BALL
SUSAN G KOMEN BREAST CANCER FOUNDATION 5121 69TH DR STE A-10A LUBBOCK,TX 79424	751835298	501(C)(3)	25,000				LUBBOCK 15TH ANNUAL RACE FOR THE CURE
FIRST UNITED METHODIST CHURCH1411 BROADWAY LUBBOCK,TX 79401		501(c)(1)	7,500				GRANT FOR FUMC TV WORSHIP SERVICE
ST JOSEPH HEALTH SYSTEM FOUNDATION500 S MAIN STREET SUITE 1000 ORANGE,CA 928684507	330143024	501(C)(3)	2,558,700				CARE FOR THE POOR

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 4

3 Enter total number of other organizations . . . . . ▶ 1

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

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

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

Identifier	Return Reference	Explanation
SCHEDULE I, PART I, LINE 2	DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	DONATIONS MADE TO OTHER ORGANIZATIONS ARE APPROVED BY MANAGEMENT TO ENSURE THEY SUPPORT THE MISSION OF COVENANT HEALTH SYSTEM NO ADDITIONAL MONITORING IS DONE

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

Part I Questions Regarding Compensation

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

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

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

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

(A) Name	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE J, PART I, LINE 3	DESCRIPTION OF CEO PAID BY EXEMPT AGENT	THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX-EXEMPT PARENT, ST JOSEPH HEALTH SYSTEM, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION SEE SCHEDULE O, PART VI, LINE 15 A FOR THE PROCESS THAT IS COMPLETED BY THE ST JOSEPH HEALTH SYSTEM
SCHEDULE J, PART I, LINE 4A	SEVERANCE PAYMENTS	MELINDA CLARK RECEIVED $577,579 FOR SEVERANCE PAID THROUGH ST JOSEPH HEALTH SYSTEM AND CRAIG RUCKER RECEIVED $136,556 FOR SERVERANCE PAID THROUGH COVENANT HEALTH SYSTEM
SCHEDULE J, PART I, LINE 4B	DESCRIPTION OF SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	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 DISTRIBUTIONS FOR THE YEAR WERE AS FOLLOWS CRAIG RUCKER - $694,694 JAMES WURTS - $309,228 SHARON PRATHER - $22,001 SHARYN IVORY - $43,751 GWENDOLYN STAFFORD - $19,531
SCHEDULE J, PART I, LINE 7	DESCRIPTION OF NON-FIXED PAYMENTS	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-2		JIM HOUSER RECEIVED COMPENSATION FOR HIS INTERIM CEO SERVICES FROM AN UNRELATED ORGANIZATION PAID BY COVENANT HEALTH SYSTEM MARK JOHNSON, M D AND MICHAEL ROBERTSON, M D RECEIVED COMPENSATION FOR MEDICAL SERVICES PROVIDED, NOT FOR BOARD MEMBER SERVICES

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 75-2765566
Name: COVENANT HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
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)	-307	0	847,426	0	2,607	849,726	694,694
	(II)	0	0	0	0	0	0	0
BRETT ESROCK	(I)	380,001	51,087	133,626	8,727	23,176	596,617	0
	(II)	0	0	0	0	0	0	0
JOHN GRIGSON	(I)	343,712	18,812	67,925	3,391	19,294	453,133	0
	(II)	0	0	0	0	0	0	0
SCOTT ROBINS MD	(I)	372,936	24,096	111,201	19,593	5,984	533,811	0
	(II)	0	0	0	0	0	0	0
STEVEN MCCAMY	(I)	306,253	20,327	62,218	6,191	21,920	416,908	0
	(II)	0	0	0	0	0	0	0
JAMES WURTS	(I)	29,933	0	363,779	5,853	1,152	400,717	309,228
	(II)	0	0	0	0	0	0	0
ROXIE TAYLOR	(I)	245,915	16,115	84,765	19,586	11,537	377,918	0
	(II)	0	0	0	0	0	0	0
SUSAN NEVES	(I)	249,197	16,115	71,478	19,425	5,827	362,042	0
	(II)	0	0	0	0	0	0	0
SHARON PRATHER	(I)	219,235	14,386	84,130	24,296	11,375	353,421	22,001
	(II)	0	0	0	0	0	0	0
SHARYN IVORY	(I)	203,943	13,331	101,945	25,037	8,054	352,311	43,751
	(II)	0	0	0	0	0	0	0
KAREN BAGGERLY	(I)	231,985	15,010	60,441	26,798	5,925	340,159	0
	(II)	0	0	0	0	0	0	0
WILLIAM BOPP	(I)	177,727	14,018	122,789	9,054	10,193	333,782	0
	(II)	0	0	0	0	0	0	0
GWENDOLYN STAFFORD	(I)	207,885	13,985	79,526	9,491	16,497	327,383	19,531
	(II)	0	0	0	0	0	0	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)	259,000	0	0	0	0	259,000	0
	(II)	0	0	0	0	0	0	0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) No
LUBBOCK POWER LIGHT	JOHN ZWIACHER/BD MEMBER	2,249,736	UTILITIES		No
PULMONARY ASSOCIATES	CHEKURU/JOHNSON/PARTNERS	398,380	MEDICAL SERVICES		No
MARTY HARRELL	SPOUSE OF BOARD MEMBER	113,874	EMPLOYEE OF CHS		No

Additional Data

Software ID:
Software Version:
EIN: 75-2765566
Name: COVENANT HEALTH SYSTEM

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SCHEDULE O (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization	Employer identification number
COVENANT HEALTH SYSTEM	75-2765566

Identifier	Return Reference	Explanation
FORM 990, PART I, LINE 1 & PART III, LINE 1	DESCRIBE ORGANIZATION'S MISSION	AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), COVENANT HEALTH SYSTEM 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	GROUNDED IN OUR COMMITMENT TO COMMUNITY AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), COVENANT HEALTH SYSTEM 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 HEALTH SYSTEM AND THE LESSONS TO SERVE OUR DEAR NEIGHBORS DATE BACK TO THE YEAR 1650 WHEN THE SISTERS' FIRST CONGREGATION WAS FORMED IN LE PUY, 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 AND 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 HEALTH SYSTEM (CHS) IS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM, SPONSORED BY THE ST JOSEPH HEALTH MINISTRY, AND IS ONE OF THE LARGEST NON-PROFIT HEALTHCARE ORGANIZATIONS IN THE WEST TEXAS/EASTERN NEW MEXICO REGION, SERVING A 62 COUNTY AREA WE CONSIST OF 977 LICENSED BEDS, APPROXIMATELY 5,000 EMPLOYEES, AND OVER 600 ADMITTING PHYSICIANS COVENANT HEALTH SYSTEM HAS AN AVERAGE DAILY CENSUS OF 400, OVER 33,000 ANNUAL PATIENT DISCHARGES, AND MORE THAN 100,000 ANNUAL EMERGENCY ROOM VISITS THREE MISSION OUTCOMES AS A MINISTRY OF THE ST JOSEPH HEALTH SYSTEM WE ARE COMMITTED TO THREE SYSTEMWIDE MISSION OUTCOMES - MAKING EVERY ENCOUNTER WITH OUR COMMUNITY A SACRED ENCOUNTER, - PROVIDING TO OUR PATIENTS IN THE COMMUNITY WITH PERFECT CARE, AND - MAKING THE COMMUNITY WE SERVE AMONG THE HEALTHIEST COMMUNITIES IN THE U S COVENANT HEALTH SYSTEM IS A HOSPITAL AND HEALTH SYSTEM, SERVING THE SOUTH PLAINS REGION DURING FISCAL YEAR 2010, WE INVESTED A TOTAL OF $47,405,238 (8 58% 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 IN ADDITION, OUR UNPAID COST OF MEDICARE PROGRAMS TOTALED $118,821,542 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 IN FY10, COVENANT HEALTH SYSTEM (LUBBOCK HOSPITALS AND COVENANT MEDICAL GROUP), PROVIDED $23,592,000 CHARITY CARE TO 17,078 PERSONS ORGANIZATIONAL COMMITMENT AS A VALUES BASED ORGANIZATION, COVENANT HEALTH SYSTEM HAS A LONG-STANDING COMMITMENT TO THE COMMUNITY FY10 COMMUNITY BENEFIT INITIATIVES AND/OR PROGRAMS NAME OF INITIATIVE OR PROGRAM ADULT DENTAL GOAL TO PROVIDE A "DENTAL HOME" FOR ADULTS AND PREVENTATIVE DENTAL TREATMENT FY10 ACCOMPLISHMENTS THE ADULT DENTAL STAFF IS CONSCIOUS OF THE NEED TO ESTABLISH RELATIONSHIPS WITH THE PATIENTS WHO ARE SERVED BY OUR PROGRAM EACH DENTAL PATIENT PARTICIPATING IN THE ADULT DENTAL PROGRAM HAS AN INDIVIDUALIZED TREATMENT PLAN THAT IS DISCUSSED WITH THE PATIENT AND REFERRED TO AT EACH APPOINTMENT AS PROGRESS IS MADE TOWARDS COMPLETION OF THE PLAN THE PLAN REQUIRES NUMEROUS APPOINTMENTS (ENCOUNTERS) WITH THE DENTIST AFTER EACH ENCOUNTER THE PATIENTS ARE GIVEN A PATIENT SATISFACTION SURVEY THE COMMENTS RECEIVED ON THE SURVEYS VALIDATE THAT THESE RELATIONSHIPS HAVE BEEN ESTABLISHED A SAMPLING OF COMMENTS FOLLOWS "THIS IS A VERY ESSENTIAL AND NEEDED SERVICE WHICH WE APPRECIATED VERY MUCH WE THANK YOU FOR THIS SERVICE " "ALL OF YOUR EMPLOYEES ARE WONDERFUL!" "ALL SERVICES I HAVE RECEIVED HAVE BEEN EXCEPTIONAL THIS IS A VERY WELL-RUN PROGRAM AND HAS PROVIDED ME WITH EXCELLENT DENTAL HEALTHCARE THANKS " "I AM REALLY EXCITED AND THANKFUL THAT I WILL BE ABLE TO RECEIVE THE DENTAL WORK I HAVE NEEDED FOR YEARS " "I WAS VERY IMPRESSED WITH THE DENTIST AND ASSISTANT THEY MADE YOU FEEL AT EASE THEY TOOK TIME TO EXPLAIN WHAT THEY WOULD DO TO TAKE CARE OF MY TEETH "THANK GOD FOR PEOPLE WHO CARE " IN ADDITION TO HELPING PATIENTS AT THE COVENANT DENTAL FACILITIES, OUR DENTISTS AND THEIR ASSISTANTS FURTHER PROMOTED COVENANT'S MISSION BY PARTICIPATING ALONG WITH APPROXIMATELY 100 DENTISTS IN LUBBOCK'S FIRST "TEXAS MISSION OF MERCY," A TWO-DAY EVENT IN NOVEMBER 2009 THIS FREE DENTAL CARE PROJECT, IN COOPERATION WITH THE SOUTH PLAINS DISTRICT DENTAL SOCIETY, SERVED OVER 1,000 COMMUNITY MEMBERS IN NEED OF DENTAL CARE BY PROVIDING CLEANINGS, TOOTH EXTRACTIONS, IMPRESSIONS, AND ROOT CANALS NAME OF INITIATIVE OR PROGRAM COMMUNITY HEALTH SCREENINGS GOAL REDUCE HEALTH RISKS THROUGH PREVENTATIVE SERVICES AND EDUCATION FY10 ACCOMPLISHMENTS TWO ADULT HEALTH SCREENINGS WERE HELD IN SEPTEMBER AND MARCH A TOTAL OF 716 PEOPLE FROM LUBBOCK AND 35 SURROUNDING TOWNS PARTICIPATED IN THE ADULT HEALTH SCREENING POST CARDS WERE MAILED TO EACH HOUSEHOLD WITHIN THE 6 IDENTIFIED DISPROPORTIONATE UNMET HEALTH NEED (DUHN) POPULATIONS IN LUBBOCK AND WITHIN A SIXTY MILE RADIUS TO ADVERTISE THE SERVICES OFFERED AT THE SCREENINGS FOR THE WOMEN'S SCREENING, 473 WOMEN RECEIVED PAP SMEARS, HPV TESTING, AND CLINICAL BREAST EXAMS THE MEN'S SCREENING PROVIDED 151 MEN WITH DIGITAL RECTAL EXAMS, PSAS, AND TESTICULAR EXAMS ALL THOSE ATTENDING THE ADULT HEALTH SCREENING WERE PROVIDED WITH A BLOOD PRESSURE TEST, HEIGHT/WEIGHT AND BMI CHECKS, FECAL OCCULT HOME TEST KITS, SKIN CANCER SCREENINGS, GLUCOSE FINGER STICKS, AND HEALTH EDUCATION MATERIALS THE CHILDREN'S HEALTH SCREENINGS DONE IN PREVIOUS YEARS WERE DISCONTINUED IN FY10 BECAUSE THE IMMUNIZATION SERVICES PROVIDED ARE NOW BEING OFFERED BY THE SCHOOLS IN THE COMMUNITY

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4 (Continued)		NAME OF INITIATIVE OR PROGRAM MOBILE MAMMOGRAPHY GOAL TO PROVIDE A PREVENTIVE MAMMOGRAM SCREENING TO WOMEN 40 YEARS OLD AND OLDER FY10 ACCOMPLISHMENTS THIS PROGRAM CONTINUES TO PROVIDE A MUCH-NEEDED SERVICE (SCREENING MAMMOGRAM) TO THE WOMEN OF WEST TEXAS, ESPECIALLY THOSE WITH FINANCIAL OR GEOGRAPHIC BARRIERS THE LUBBOCK AFFILIATE OF SUSAN G KOMEN FOR THE CURE COMPLETED AN EXHAUSTED NEEDS ASSESSMENT THAT INCLUDED GRASSROOTS-LEVEL INPUT TO IDENTIFY PARTNERS IN EACH OF THE COUNTIES AS A RESULT, COUNTY EXTENSION AGENCIES WERE RECOMMENDED AS LIAISONS BECAUSE THEY "KNOW" WHAT MAKES THEIR COMMUNITIES "TICK," AND HAVE THE SKILLS AND CONTACTS NEEDED TO ARRANGE AND PUBLICIZE THE EVENTS COVENANT'S MOBILE MAMMOGRAPHY IS THE ONLY MOBILE SERVICE IN THE REGION PRELIMINARY CONTACTS WITH EXTENSION AGENCIES HAVE BEEN MADE MAINTAIN CURRENT LEVELS OF SERVICE IN FY10, THE MOBILE MAMMOGRAPHY UNIT PERFORMED 1,640 SCREENING MAMMOGRAMS AT 43 DIFFERENT SITES THIS IS A 7% DECREASE FROM FY09, WHICH IS DUE TO NOT ENOUGH PATIENTS ON THE SCHEDULE TO WARRANT DRIVING THE DISTANCE TO A SITE, AND ALSO INCLEMENT WEATHER DAYS PROVIDE EDUCATIONAL BROCHURES ON BREAST HEALTH AWARENESS THE STAFF ON THE MOBILE MAMMOGRAPHY UNIT PRESENTED THREE DIFFERENT TYPES OF EDUCATIONAL BROCHURES TO PATIENTS ON BREAST HEALTH AWARENESS, INCLUDING A TAKE-HOME SHOWER CARD WHICH EXPLAINED HOW TO PERFORM A SELF-BREAST EXAM CULTURALLY APPROPRIATE BREAST MODELS WERE ALSO USED TO TEACH BREAST SELF-EXAMINATIONS ALL PATIENTS WERE OFFERED EDUCATIONAL MATERIALS, AND AN EDUCATIONAL DVD RAN IN THE WAITING ROOM TO ENSURE THAT SOME FORM OF BREAST HEALTH EDUCATION WAS GIVEN TO 100% OF THE PATIENTS NAME OF INITIATIVE OR PROGRAM HEALTH AND NUTRITION EDUCATION GOAL TO EDUCATE LOW INCOME ADULTS AND CHILDREN ON HIGH RISK HEALTH ISSUES FY10 ACCOMPLISHMENTS 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 HYPOGLYCEMIA 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 FY2010, 164 PEOPLE WERE EDUCATED THROUGH THIS PROGRAM, WHICH IS AN 80% INCREASE IN PARTICIPANTS FROM FY09 A HISPANIC MALE IN HIS EARLY THIRTIES PRESENTED A BLOOD SUGAR READING OF OVER 500 AT A LOCAL CLINIC HE WAS REFERRED TO OUR DIABETES MANAGEMENT CLASS FROM THE PHYSICIAN AT PREMIER HEALTH CLINIC HE ATTENDED TWO CLASSES BEFORE HE BROUGHT HIS WIFE, WHO HAD BEEN DIAGNOSED WITH HYPOGLYCEMIA, TO COMPLETE THE LAST TWO SESSIONS THE COUPLE, WHO BOTH APPEARED HEALTHY BUT HAD A FAMILY HISTORY OF DIABETES, LIVED NEARLY 20 MILES AWAY AND HAD FOUR CHILDREN THROUGH THE DIABETES MANAGEMENT EDUCATION CLASS, THEY REALIZED THE IMPORTANCE OF DIET AND NUTRITION AS A COMPONENT OF THEIR FAMILY'S HEALTH AND THEIR DIAGNOSES INCREASE REFERRAL SOURCE BY DISTRIBUTING FLIERS, POSTERS, AND INTRODUCING OUR PROGRAM TO LOCAL AGENCIES THE HEALTH EDUCATION PROGRAM STAFF DISTRIBUTED FLIERS AND POSTERS TO LOCAL AGENCIES TO MARKET THE FREE DIABETES MANAGEMENT EDUCATION PROGRAM THE PARTICIPANTS WHO WERE SURVEYED SELF-REPORTED A 73% INCREASE ON NEW REFERRAL SOURCES PARTICIPATE IN COVENANT COUNSELING CENTER'S COMMUNITY PRESENTATIONS AS A RESOURCE FOR NUTRITION AND EXERCISE THIS STRATEGY WAS NOT IMPLEMENTED DUE TO UNEXPECTED BUDGET CONSTRAINTS AND A DECREASE IN STAFFING NAME OF INITIATIVE OR PROGRAM COUNSELING CENTER GOAL PROVIDE PSYCHOEDUCATION TO INDIVIDUALS IN GROUP SETTINGS TO ASSIST THEM IN MAKING HEALTHY LIFESTYLE CHANGES FY10 ACCOMPLISHMENTS FACILITATE PSYCHOEDUCATION GROUPS IN COUNSELING CENTER SETTING THIS STRATEGY WAS NOT IMPLEMENTED DUE TO UNEXPECTED BUDGET CONSTRAINTS AND A DECREASE IN STAFFING 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 PROGRAM'S (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)		CANCER COUNSELING SERVICES PROVIDED IN THE COMMUNITY INDIVIDUAL, COUPLES, AND FAMILY COUNSELING SESSIONS WERE PROVIDED TO PATIENTS AND THEIR FAMILIES OF COVENANT HEALTH SYSTEM'S JOE ARRINGTON CANCER CENTER (JACC) IN THE CANCER CENTER SETTING TO ELIMINATE THE NECESSITY FOR THOSE PATIENTS TO TRAVEL TO AN ADDITIONAL OFF-SITE APPOINTMENT THERE WERE 44 CLIENTS ASSISTED THROUGH THIS UNIQUE SERVICE CLIENTS ATTENDING THESE CONFIDENTIAL COUNSELING SESSIONS WERE SERVED BY A LICENSED PROFESSIONAL COUNSELOR (LPC) AFTER BEING REFERRED BY PHYSICIANS, NURSES, SOCIAL WORKERS, CHAPLAINS, OR OTHER EMPLOYEES OF JACC RANDY TUNGATE, ONE OF THE COUNSELORS AT COVENANT COUNSELING CENTER, RECEIVED A "VALUES IN ACTION AWARD" IN FY2010 FOR HIS WORK WITH THESE CANCER PATIENTS AND THEIR FAMILIES ONE OF HIS STORIES INVOLVED THE FAMILY OF A WOMAN DYING OF PANCREATIC CANCER RANDY COUNSELED THE FAMILY FROM FEBRUARY TO JUNE AS THEIR MOTHER BATTLED THE DISEASE, ULTIMATELY DYING IN THE SPRING THE WOMAN'S TEENAGE DAUGHTER, WHO HAD ALSO LOST HER FATHER SEVERAL YEARS AGO, MET FOR SEVERAL INDIVIDUAL COUNSELING SESSIONS IN WORKING THROUGH HER INITIAL GRIEVING AND THE ADJUSTMENTS THAT FOLLOWED THE SUPPORT PROVIDED BY THESE COUNSELING SERVICES PROVIDED THIS FAMILY WITH FACE-TO-FACE ENCOURAGEMENT AND ASSISTANCE IN NAVIGATING THE HUMAN SIDE OF CANCER, INCLUDING THE LOSS OF A LOVED ONE NAME OF INITIATIVE OR PROGRAM COMMUNITY OUTREACH - CHILDREN'S DENTAL CLINICS GOAL TO PROVIDE A "DENTAL HOME" FOR CHILDREN AND OFFER PREVENTATIVE DENTAL TREATMENT FY10 ACCOMPLISHMENTS 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 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 A DENTIST AND AN ASSISTANT ALSO PROVIDED SEALANT CLINICS TO 9 TITLE-1 ELEMENTARY SCHOOLS IN LUBBOCK, FLOYD, AND HALE COUNTIES IN FY 10 A TOTAL OF 769 CHILDREN, AGES KINDERGARTEN THROUGH FOURTH GRADE, WERE SCREENED AND 27% RECEIVED PREVENTATIVE SEALANTS ONLY ONE SEALANT CLINIC WAS PROVIDED IN FY 09 ONE FAMILY'S EXPERIENCE EXEMPLIFIES THE DEEP APPRECIATION THAT THESE CHILDREN'S DENTAL PROGRAMS BRING TO THOSE WHO ARE PATIENTS OF THE PROGRAMS ONE CHILD, AN 11-YEAR OLD BOY, WAS REFERRED TO THE CHILDREN'S CLINIC BY COVENANT'S JOE ARRINGTON CANCER CENTER (JACC) THE BOY'S FATHER WAS SEEKING CANCER TREATMENT AT JACC WHEN THE BOY WAS REFERRED BECAUSE HE WAS MISSING SCHOOL DUE TO INFECTIONS IN HIS MOUTH CAUSED BY THE PRESENCE OF 6 CAVITIES THEY WERE NOT U S CITIZENS, AND BECAUSE OF THIS, NO ONE WOULD TREAT THE CHILD OUR CHILDREN'S DENTAL CLINIC WAS ABLE TO QUALIFY THE CHILD FOR OUR FINANCIAL ASSISTANCE PROGRAM, SINCE MEDICAID WAS NOT AVAILABLE TO HIM THE CHILD'S INFECTIONS WERE SO SEVERE THAT HE WAS FIRST PUT ON ANTIBIOTICS BEFORE TREATMENT ON HIS CAVITIES AFTER 5 APPOINTMENTS, THE CHILD'S INFECTIONS HAD BEEN TREATED AND HIS CAVITIES WERE FILLED THE PARENTS WERE OVERJOYED AT THE SERVICES WE WERE ABLE TO PROVIDE THEM DESPITE THEIR CITIZENSHIP STATUS PROVIDING COMPREHENSIVE DENTAL PLANS 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 OUTSIDE REFERRAL SOURCES THE MEMORANDUM OF UNDERSTANDING WITH THE COMBEST CENTER WAS IMPLEMENTED THE CHILDREN'S DENTAL CLINIC RECEIVES REFERRALS FROM OUTSIDE DENTAL CLINICS IN THE COMMUNITY THAT CANNOT PROVIDE SPECIALTY SERVICES THAT WE ARE ABLE TO PROVIDE TO THEIR CLIENTS THE CLINIC CONTINUES TO CULTIVATE A RELATIONSHIP WITH THE COMBEST CENTER, BUCKNER'S CHILDREN'S HOME, AND LUBBOCK CHILDREN'S HOME THE MEDICAID PROVIDER WEBSITE ALSO SERVES AS A REFERRAL SOURCE FOR OUR CLINIC NAME OF INITIATIVE OR PROGRAM COVENANT BODY MIND INITIATIVE GOAL LUBBOCK, TX THIS PILOT PROGRAM WILL TARGET THE MIDDLE SCHOOLS OF SCHOOL FOR YOUNG WOMEN LEADERS AND CHRIST THE KING CATHEDRAL MIDDLE SCHOOL FY10 ACCOMPLISHMENTS 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 THERE ARE SEVERAL ENHANCEMENT ACTIVITIES WITHIN THE CBMI CURRICULUM THAT ADDRESS HEALTH, WELLNESS, AND RESILIENCY FOR THE STUDENTS ONE EXAMPLE OF THE ENHANCEMENT ACTIVITIES IS "MEET ME AT THE MARKET" WHICH TOOK PLACE AT UNITED MARKET STREET WHERE THE STUDENTS WENT ON A GROCERY STORE TOUR WITH THE UNITED SUPERMARKET'S DIETICIANS AND ALSO PARTICIPATED IN ACTIVITIES RELATED TO NUTRITION SUCH AS BRAND VS GENERIC PRODUCTS, AND MAKING NUTRITIOUS MEALS ON A BUDGET ANOTHER ENHANCEMENT ACTIVITY, "EXPRESS YOURSELF", TAUGHT EXPRESSION TO THE 8TH GRADE STUDENTS THROUGH ART AND WRITING THESE ACTIVITIES WERE ADDED TO THE ALREADY POPULAR "WE FIT", "BE YOUR OWN TOP CHEF", AND "THE INNER BEAUTY PAGEANT" THE COVENANT BODYMIND INITIATIVE SPONSORED THE FIT4FUN KID'S TRIATHLON, PARTNERING WITH TEXAS TECH UNIVERSITY, AS A COMMUNITY OUTREACH ACTIVITY THERE WERE 129 PARTICIPANTS AGES 7-14 FOLLOWING THE TRIATHLON, CBMI SPONSORED THE TEXAS TECH LEISURE POOL FOR THE ATHLETES AND THEIR FAMILIES TO ENJOY TIME TOGETHER

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4 (Continued)		REDUCTION IN THE PREVALENCE OF CHILDHOOD OBESITY AND WEIGHT-RELATED PROBLEMS 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 (3 75%) 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 OVERALL IMPROVEMENT IN HEALTH AND WELLNESS OF PROJECT PARTICIPANTS 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 FY 10 COVENANT HEALTH SYSTEM CONTRIBUTED OVER $47,405,238 IN UNSPONSORED QUANTIFIABLE COMMUNITY BENEFIT TRADITIONAL CHARITY CARE $12,077,368 UNREIMBURSED MEDICAID $16,528,610 UNREIMBURSED COSTS - OTHER MEANS TESTED GOVERNMENT PROGRAMS COMMUNITY SERVICES FOR THE LOW-INCOME $80,362 COMMUNITY SERVICES FOR THE BROADER COMMUNITY $18,718,897 *IN ALIGNMENT WITH CATHOLIC HEALTH ASSOCIATION COMMUNITY BENEFIT REPORTING GUIDELINES UNPAID COST FOR MEDICARE PATIENTS $118,821,542 FOR MORE INFORMATION ON COVENANT HEALTH SYSTEM 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	ST JOSEPH HEALTH SYSTEM AND LUBBOCK METHODIST HOSPITAL SYSTEM ARE THE CORPORATE MEMBERS OF COVENANT HEALTH SYSTEM FORM 990, PART VI, LINE 7A DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS COVENANT HEALTH SYSTEM HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE COVENANT HEALTH SYSTEM BOARD ALL TRUSTEE APPOINTMENTS THAT COME FROM THE COVENANT HEALTH SYSTEM BOARD AS NOMINATIONS MUST BE APPROVED BY THE ST JOSEPH HEALTH SYSTEM, AS THE CORPORATE MEMBER, AND THE ST JOSEPH HEALTH MINISTRY, AS THE ORGANIZATIONAL SPONSOR THE ST JOSEPH HEALTH SYSTEM MEMBER APPROVES 50% OF THE BOARD NOMINATIONS, PLUS THE VOTING CEO THE LUBBOCK METHODIST HEALTH SYSTEM MEMBER APPROVES THE OTHER 50% OF BOARD NOMINATIONS

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 ST JOSEPH HEALTH SYSTEM AND LUBBOCK METHODIST HOSPITAL SYSTEM MEMBERS 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 VI, 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 CONFLICT OF INTEREST HE/SHE MAY HAVE ADDITIONALLY, DISCLOSURES SHALL BE MADE PROMPTLY ANYTIME 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 IF THE CONFLICT INVOLVES A MEMBER OF THAT COMMITTEE, THE REMAINING COMMITTEE MEMBERS WILL REVIEW THE MATTER AND 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 WORKLIFE 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 WORKLIFE 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 SESSION 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 WORKLIFE 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 / SCHEDULE J-2	HOURS DEVOTED TO RELATED ORGANIZATIONS	MELINDA CLARK (THRU 10/1/09) SERVED AS CEO OF COVENANT HEALTH SYSTEM AND WAS COMPENSATED BY ST JOSEPH HEALTH SYSTEM (SJHS), THE TAX-EXEMPT PARENT SHE DEVOTED 47 HOURS PER WEEK TO CHS, 3 HOURS PER WEEK TO COVENANT CHILDREN'S HOSPITAL (CCH) AND NO HOURS TO SJHS RICHARD PARKS SERVED ON THE BOARD OF HOSPICE OF LUBBOCK (HOL) AND WAS THE CEO OF COVENANT HEALTH SYSTEM (CHS) HE DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH JOE RANDOLPH SERVED ON THE BOARD OF CHS 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 CHS JAMES E HARRELL, M D SERVED ON THE BOARD OF DIRECTORS OF CHS AND WAS COMPENSATED BY COVENANT MEDICAL GROUP (CMG) FOR MEDICAL SERVICES PROVIDED HE DEVOTED 2 HOURS PER WEEK TO CHS AND 40 HOURS PER WEEK TO CMG ELLIOT STERNBERG SERVED ON THE BOARD OF DIRECTORS OF CHS AND IS THE EVP/CMO OF SJHS HE DEVOTED 50 HOURS PER WEEK TO SJHS AND 2 HOURS PER WEEK TO CHS BRETT ESROCK DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH JOHN GRIGSON DEVOTED 47 HOURS PER WEEK TO CHS AND 3 HOURS PER WEEK TO CCH

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
FORM 990, SCHEDULE R, PART V, LINE 2	TRANSACTIONS WITH RELATED ORGANIZATIONS	THE AMOUNTS REPORTED ON SCHEDULE R, PART V, LINE 2 ARE DETERMINED USING THE ACCRUAL METHOD OF ACCOUNTING

Identifier	Return Reference	Explanation
SECTION 409A RELIEF UNDER SECTION V D OF IRS NOTICE 2008-113	OPERATIONAL DEFECTS	(A) NAME AND SOCIAL SECURITY NUMBERS OF AFFECTED PARTICIPANTS NOT APPLICABLE (B) THE SECTION 409A FAILURE OCCURRED WITH RESPECT TO THE ST JOSEPH HEALTH SYSTEM 457(F) PLAN ("PLAN") (C) OPERATIONAL DEFECT (1) IN FEBRUARY 2010 IT WAS DISCOVERED THAT THE PLAN FAILED TO COMPLY WITH SECTION 409A BECAUSE IT PROVIDED FOR IMPERMISSIBLE ALTERNATIVE PAYMENT SCHEDULES FOR VOLUNTARY AND INVOLUNTARY SEPARATIONS FROM SERVICE AND DID NOT SPECIFY THAT PAYMENT WILL BE MADE ON THE 60TH DAY FOLLOWING VOLUNTARY SEPARATION FROM SERVICE PROVIDED THE PARTICIPANT RETURNS BY THIS DEADLINE A SIGNED NON-COMPETE AGREEMENT IN ACCORDANCE WITH SECTIONS VI B, VII C AND XI A OF NOTICE 2010-6, THE PLAN WAS AMENDED EFFECTIVE AS OF JANUARY 1, 2009 TO APPLY THE TIMING RULE APPLICABLE TO INVOLUNTARY TERMINATIONS TO VOLUNTARY TERMINATIONS AND TO PROVIDE THAT PAYMENT WILL BE MADE ON THE 60TH DAY FOLLOWING VOLUNTARY SEPARATION FROM SERVICE PROVIDED THE PARTICIPANT RETURNS BY THIS DEADLINE A SIGNED NON-COMPETE AGREEMENT THIS AMENDMENT WAS SIGNED BY THE EMPLOYER ON OCTOBER 6, 2010 THEREFORE, THE DATE ON WHICH THE FAILURE OCCURRED WAS THE 60TH DAY FOLLOWING THE SEPARATION FROM SERVICE DATE FOR PARTICIPANTS WHO VOLUNTARILY TERMINATED ON OR AFTER JANUARY 1, 2009 AND ON OR BEFORE DECEMBER 31, 2009 THE PLAN COVERS ELIGIBLE EMPLOYEES OF PARTICIPATING EMPLOYERS COVENANT HEALTH SYSTEM PARTICIPATES IN THE PLAN AND HAD ONE EMPLOYEE WHO VOLUNTARILY TERMINATED IN 2009 (BECAUSE THE FORM 990 IS OPEN TO PUBLIC INSPECTION AND THE THREAT OF IDENTITY THEFT, SSNS WILL BE PROVIDED UPON REQUEST) NAME/SOCIAL SECURITY NUMBER JAMES WURTS DATE OF WHEN THE FAILURE OCCURRED 07/02/2009 12/31/2009 ACCOUNT BALANCE $109,322 PAYMENT DATE 12/17/2010 GROSS AMOUNT DISTRIBUTED* $109,322 *DISTRIBUTIONS DID NOT INCLUDE ANY INTEREST EARNED AFTER DECEMBER 31, 2009 FOR PARTICIPANTS WHO TERMINATED IN 2009 OPERATIONAL DEFECT (2) IN 2010 IT WAS DISCOVERED THAT 3 PARTICIPANTS, EMPLOYED BY OTHER PARTICIPATING EMPLOYERS, WERE NOT TIMELY PAID THEIR PLAN ACCOUNTS FOLLOWING INVOLUNTARY TERMINATIONS IN 2009, AS REQUIRED BY THE PLAN USUALLY, SUCH DISTRIBUTIONS ARE MADE WITHIN 30 DAYS FOLLOWING THE INVOLUNTARY TERMINATION DATE THEREFORE, THE DATE ON WHICH THE FAILURE OCCURRED WAS THE 30TH DAY FOLLOWING THE INVOLUNTARY TERMINATION DATE THE PLAN'S ADMINISTRATIVE PROCEDURES HAVE BEEN REVIEWED TO ASSURE THAT IN THE FUTURE PLAN BENEFITS ARE PAID PROMPTLY AFTER ALL INVOLUNTARY TERMINATIONS COVENANT HEALTH SYSTEM DID NOT HAVE ANY EMPLOYEES WHO WERE INVOLUNTARILY TERMINATED AND NOT TIMELY PAID THEIR PLAN BENEFIT (D) THE PLAN QUALIFIED FOR RELIEF UNDER SECTIONS VI B, VII C AND XI A OF IRS NOTICE 2010-6 AND ON OCTOBER 6, 2010, A PLAN AMENDMENT WAS SIGNED THE AMENDMENT PROVIDES THAT EFFECTIVE AS OF JANUARY 1, 2009, ALL BENEFITS WILL BE PAID IMMEDIATELY UPON AN INVOLUNTARY SEPARATION FROM SERVICE (CURRENTLY THE STATUS QUO) AND ON THE 60TH DAY FOLLOWING VOLUNTARY SEPARATION FROM SERVICE PROVIDED THE PARTICIPANT RETURNS BY THIS DEADLINE A SIGNED NON COMPETE AGREEMENT ANY PARTICIPANT WHO VOLUNTARILY SEPARATED FROM SERVICE ON OR AFTER JANUARY 1, 2009 AND ON OR BEFORE DECEMBER 31, 2009 WAS PAID HIS CURRENT PLAN ACCOUNT BALANCE AFTER THE DATE THE AMENDMENT WAS SIGNED, BUT REDUCED FOR ANY INTEREST EARNED IN 2010 (IF ANY) AS ALLOWED BY NOTICE 2010-80, THE EMPLOYER SIGNED AN AMENDMENT ON DECEMBER 20, 2010 TO PROVIDE THAT PAYMENT WILL NO LONGER BE REQUIRED ON THE 60TH DAY FOLLOWING INVOLUNTARY SEPARATION FROM SERVICE, BUT WITHIN 60 DAYS FOLLOWING SEPARATION FROM SERVICE HOWEVER, IF THE 60TH DAY FALLS IN THE SECOND TAX YEAR, PAYMENT WILL BE MADE IN THE SECOND TAX YEAR THE PLAN'S ADMINISTRATIVE PROCEDURES HAVE BEEN CHANGED TO PAY PLAN ACCOUNTS IMMEDIATELY FOLLOWING A PARTICIPANT'S INVOLUNTARY SEPARATION FROM SERVICE (CURRENTLY THE STATUS QUO) AND WITHIN 60 DAYS FOLLOWING A VOLUNTARY SEPARATION FROM SERVICE PROVIDED THE PARTICIPANT RETURNS BY THIS DEADLINE A SIGNED NON-COMPETE AGREEMENT AND SUBJECT TO THE REQUIREMENT THAT IF THE 60TH DAY FALLS IN THE SECOND TAX YEAR THEN PAYMENT WILL BE MADE IN THE SECOND TAX YEAR (E) THESE OPERATIONAL FAILURES ARE ELIGIBLE FOR THE CORRECTION UNDER THE TERMS OF IRS NOTICE 2008-113 AND THE EMPLOYER HAS TAKEN ALL ACTIONS REQUIRED, AND OTHERWISE MET ALL REQUIREMENTS, FOR SUCH CORRECTION

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
COVENANT HEALTH SYSTEM

Employer identification number
75-2765566

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
CHS HOLDING GP LLC 4000 24TH STREET LUBBOCK, TX 79410 20-5477307	HEALTHCARE	TX	0	0	
COVENANT LTC-GP LLC 4000 24TH STREET LUBBOCK, TX 79410 20-5477333	HEALTHCARE	TX	0	0	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No
LUBBOCK SURGERY CTR 4000 24TH ST LUBBOCK, TX79410 75-2177401	HEALTHCARE SVCS	TX	CHS	RELATED	0	0		No	0		No
CHS HOLDING LP 4000 24TH ST LUBBOCK, TX79410 20-5477251	HEALTHCARE SVCS	TX	CHS	RELATED	0	0		No	0		No
SHA LLC (DBA FIRSTCARE) PO BOX 1201 LUBBOCK, TX79410 75-2569094	HEALTHCARE SVCS	TX	LMHSI	RELATED	0	0		No	0		No
METHODIST DIAG IMAG 4005 24TH ST LUBBOCK, TX79410 75-2343261	HEALTHCARE SVCS	TX	LMHSI	RELATED	0	0		No	0		No
COVENANT L-T CARE 4000 24TH ST LUBBOCK, TX79410 20-5033419	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
ST JOSEPH PROF SRVS ENTERPRISES INC 500 S MAIN STREET SUITE 700 ORANGE, CA92868 33-0155323	HEALTHCARE SVCS	CA	SJHS	C CORP	0	0	0 %
ST JOSEPH DIVERSIFIED VENTURES INC 500 S MAIN STREET SUITE 700 ORANGE, CA92868 33-0148989	HEALTHCARE SVCS	CA	SJHS	C-CORP	0	0	0 %
AMERICA UNITY GROUP LTD 58 PAR LA-VILLA RD HAMILTON HX BD	CAPTIVE INSURANCE	BD	SJHS	C-CORP	0	0	0 %
LUBBOCK METHODIST HOSPITAL SERVICES INC PO BOX 1201 LUBBOCK, TX79410 75-2118585	HEALTHCARE SVCS	TX	CHS	C CORP	-4,757,528	38,796,415	100 000 %
LUBBOCK METHODIST HOSPITAL PRACTICE MGMT 2107 OXFORD STREET SUITE 300 LUBBOCK, TX79410 75-2578995	INACTIVE	TX	CHS	C CORP	0	0	100 000 %

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

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

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

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

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

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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 75-2765566
Name: COVENANT HEALTH SYSTEM

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
ST JOSEPH HEALTH SYSTEM 500 S MAIN STREET SUITE 700 ORANGE, CA928684507 95-3589356	HEALTHCARE	CA	501(C)(3)	11,I	NA
QUEEN OF THE VALLEY MEDICAL CENTER 1000 TRANCAS STREET NAPA, CA94558 94-1243669	HEALTHCARE	CA	501(C)(3)	3	SJHS
SANTA ROSA MEMORIAL HOSPITAL 1165 MONTGOMERY DRIVE SANTA ROSA, CA95405 94-1231005	HEALTHCARE	CA	501(C)(3)	3	SJHS
ST JOSEPH HOSPITAL OF EUREKA 2700 DOLBEER STREET EUREKA, CA95501 94-1156596	HEALTHCARE	CA	501(C)(3)	3	SJHS
ST JOSEPH HOSPITAL OF ORANGE 1100 WEST STEWART DRIVE ORANGE, CA92868 95-1643359	HEALTHCARE	CA	501(C)(3)	3	SJHS
MISSION HOSPITAL REGIONAL MEDICAL CENTER 27700 MEDICAL CENTER ROAD MISSION VIEJO, CA92691 95-1643360	HEALTHCARE	CA	501(C)(3)	3	SJHS
ST MARY MEDICAL CENTER 18300 HIGHWAY 18 APPLE VALLEY, CA92307 95-1914489	HEALTHCARE	CA	501(C)(3)	3	SJHS
ST JUDE MEDICAL CENTER 101 EAST VALENCIA MESA DRIVE FULLERTON, CA92835 95-1643325	HEALTHCARE	CA	501(C)(3)	3	SJHS
ST JOSEPH HEALTH SYSTEM FOUNDATION 500 S MAIN STREET SUITE 1000 ORANGE, CA928684507 33-0143024	HEALTHCARE	CA	501(c)(3)	7	SJHS
METHODIST CHILDREN'S HOSPITAL 3610 21ST STREET LUBBOCK, TX79410 75-2428911	HEALTHCARE	TX	501(C)(3)	3	CHS
METHODIST HOSPITAL PLAINVIEW 2601 DIMMITT ROAD PLAINVIEW, TX79072 75-2426010	HEALTHCARE	TX	501(C)(3)	3	CHS
METHODIST HOSPITAL LEVELLAND 1900 COLLEGE AVENUE LEVELLAND, TX79336 75-2246348	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
COVENANT HEALTH SYSTEM FOUNDATION 4000 24TH STREET LUBBOCK, TX79410 75-2897026	FOUNDATION	TX	501(c)(3)	7	CHS
LUBBOCK METHODIST HOSPITAL FOUNDATION 3615 19TH STREET LUBBOCK, TX79410 75-2220963	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
COVENANT MEDICAL GROUP 3420 22ND PLACE LUBBOCK, TX79410 75-2743883	HEALTHCARE	TX	501(C)(3)	3	CHS
COVENANT HEALTH PARTNERS INC 3615 19TH STREET LUBBOCK, TX79410 61-1573313	HEALTHCARE	TX	501(C)(3)	11,I	NA
REDWOOD MEMORIAL HOSPITAL 3300 RENNER DRIVE FORTUNA, CA95540 94-1384665	HEALTHCARE	CA	501(C)(3)	3	SJHS
ST JOSEPH HEALTH MINISTRY 500 S MAIN ST 400 ORANGE, CA92868 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)	ST JOSEPH HEALTH SYSTEM FOUNDATION	C	1,592,569
(2)	ST JOSEPH HEALTH SYSTEM FOUNDATION	B	2,558,700
(3)	COVENANT HEALTH SYSTEM FOUNDATION	C	597,499
(4)	HOSPICE OF LUBBOCK	P	794,513
(5)	COVENANT MEDICAL GROUP	L	24,527,627
(6)	METHODIST HOSPITAL PLAINVIEW	P	4,088,863
(7)	METHODIST HOSPITAL LEVELLAND	P	2,497,087
(8)	QUEEN OF THE VALLEY MEDICAL CENTER		0
(9)	SANTA ROSA MEMORIAL HOSPITAL		0
(10)	ST JOSEPH HOSPITAL OF EUREKA		0
(11)	ST JOSEPH HOSPITAL OF ORANGE		0
(12)	MISSION HOSPITAL REGIONAL MEDICAL CENTER		0
(13)	ST MARY MEDICAL CENTER		0
(14)	ST JUDE MEDICAL CENTER		0
(15)	METHODIST CHILDREN'S HOSPITAL		0
(16)	LUBBOCK METHODIST HOSPITAL FOUNDATION		0
(17)	ST MARY OF THE PLAINS HOSPITAL FOUNDATION		0
(18)	COVENANT HEALTH PARTNERS		0
(19)	REDWOOD MEMORIAL HOSPITAL		0
(20)	LUBBOCK SURGERY CENTER LTD		0
(21)	CHS HOLDING LP		0
(22)	SHA LLC		0
(23)	METHODIST DIAGNOSTIC IMAGING		0
(24)	COVENANT LONG-TERM CARE LP		0
(25)	ST JOSEPH PROF SRVS ENTERPRISES INC		0
(26)	ST JOSEPH DIVERSIFIED VENTURES INC		0
(27)	AMERICAN UNITY GROUP LTD		0
(28)	LUBBOCK METHODIST HOSPITAL SERVICES INC		0
(29)	LUBBOCK METHODIST HOSPITAL PRACTICE MGMT		0