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Form **990**

Department of the Treasury

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

	i levellue							Inspection
			lendar yea	r, or tax year beginning 07- C Name of organization	01-2009 and ending 06-30-20	10	D Employer id	entification number
Address change Name change Initial return			Please use IRS	FLAGSTAFF MEDICAL CENTER			86-01102:	
			label or print or	Doing Business As	E Telephone number			
			type. See Specific				(928) 779-	3366
_			Instruc-	Number and street (or P O bo POST OFFICE BOX 1268	ox if mail is not delivered to street addi	ress) Room/suite	-	s \$ 379,447,220
_	mınated		tions.					
_	ended r			City or town, state or country, FLAGSTAFF, AZ 860021268	and ZIP + 4			
Apı	olication	pending						
				me and address of principal	officer		ıs a group retur	
				AM T BRADEL N BEAVER ST		affilia	ites?	⊢Yes 🔽 Nο
			FLAGS	TAFF, AZ 86001		H(b) Are al	l affiliates inclu	ded?
		1		. –				t (see instructions)
Та	x-exem	ıpt status	 ✓ 501(c) (3) ◀ (insert no)	a)(1) or 527	H(c) Grou	ıp exemption nı	umber 🟲
W	ebsit e	:⊨ ww	W FLAGST	AFFMEDICALCENTER CO	M			
(For	n of org	ganization	Corporat	tion Trust Association O	ther 🕨	L Year of fo	rmation 1936	M State of legal domicile AZ
Pa	rt I	Sumr	nary			1	'	
				e organization's mission or				
11		FLAGST	AFF MED	ICAL CENTER WILL IMPRO	OVE THE HEALTH OF THE PEC	PLE AND COL	MMUNITIES W	'E SERVE
<u>≥</u>								
Ē								
D								
aoremanos.	2	Check t	hıs box 🛏	if the organization discon	tinued its operations or dispose	d of more than	25% of its net	assets
	3	Number	of voting i	members of the governing b	ody (Part VI, line 1a)		3	31
ACUMUES &	4	Number	ofindeper	ndent voting members of the	e governing body (Part VI, line 1	.b)	. 4	11
ב ב	5	Total nu	ımber of er	nployees (Part V, line 2a)			5	5
Ę	6	Total nu	ımber of vo	olunteers (estimate if neces	sary)		6	5 37
ť	7a	Total gr	oss unrela	ted business revenue from	Part VIII, column (C), line 12		7	'a685,41
	ь	Net unre	elated bus	iness taxable income from F	Form 990-T, line 34		7	b 32,71
						Prio	r Year	Current Year
	8	Contril	outions and	d grants (Part VIII, line 1h))		798,709	665,692
≗	9			revenue (Part VIII, line 2g		361,990,224	369,897,462	
Reven	10	Invest	ment incor	me (Part VIII. column (A). I	nes 3, 4, and 7d)		-3,801,233	4,620,525
æ	11				5, 6d, 8c, 9c, 10c, and 11e)		-812,444	1,882,242
	12				t equal Part VIII, column (A), lı	ne		
		12) .		<u> </u>	<u> </u>	:	358,175,256	377,065,921
	13	Grants	and simila	ar amounts paid (Part IX, co	olumn (A), lines 1-3)		232,035	337,801
	14	Benefit	s paid to c	or for members (Part IX, col	umn (A), line 4)		0	0
ø	15		s, other co	ompensation, employee ben	efits (Part IX, column (A), lines		142111606	152 062 112
φ. 20	16-	10)			(A)		143,111,686	152,963,112
Expenses	16a			-	nn (A), line 11e)		0	0
五	b			enses (Part IX, column (D), line 2				
	17				l1a-11d, 11f-24f)		196,084,686	189,171,985
	18				al Part IX, column (A), line 25)		339,428,407	342,472,898
(47	19	Reveni	ue less exp	penses Subtract line 18 fro	m line 12	_	18,746,849	34,593,023
met Assets of Fund Bafances							g of Current 'ear	End of Year
98. 18. 18. 18. 18. 18.	20	Totala	issate (Da	rt X line 16)			436,710,899	465,795,783
9	21						214,135,052	212,977,202
¥ #	21						222,575,847	252,818,581
	72 70 0 0		ature Bl		1	-	222,575,847	252,616,561
Га					and the return including accompanies	a schodulos and st	enterments and to	the hest of my knowledge
					ined this return, including accompanyin n of preparer (other than officer) is bas			
				. ,			·	. 9-
Sigr		<u> </u>					05-13	
Here		F Signa	ture of office	er		Date		
				VICE PRESIDENT/CFO				
		Туре	or print nam	e and title				
		Preparer'			Date	Check If	Preparer's ident	
Paid		signature	• 🗗			self- empolyed 🕨 🦵	(see instruction	S)
	arer's	Firm's na	me (or your	s k ERNST & YOUNG US LLP		, · · , ,		
Jse (Only	ıf self-en	nployed), and ZIP + 4	P	HIE STE 2200		EIN 🕨	
	-	auuless,	ana ZIP + 4	IWO NORTH CENTRAL AVEN	OL 31E 2300		Phone no 🕨 (602) 322-3000
		<u> </u>		PHOENIX, AZ 85004			1	
4								

Part III Statement of Program Service Accomplishments

Briefly describe the organization's mission

FLAGSTAFF MEDICAL CENTER WILL IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE

2				rvices during the year	which were not listed on	┌ Yes ┌ No
	If "Yes," describe the	ese new services on S	Schedule O			
3	_		-	nt changes in how it cor	,	┌ Yes ┌ No
	If "Yes," describe the	ese changes on Sche	dule O			
4	Section 501(c)(3) ar	nd 501(c)(4) organiza	ations and section		largest program services by re required to report the amo service reported	
4a	(Code SEE SCHEDULE O) (Expenses \$	299,139,928	including grants of \$	337,801) (Revenue \$	372,322,997)
4b	(Code) (Expenses \$		ıncludıng grants of \$) (Revenue \$)
4c	(Code) (Expenses \$		including grants of \$) (Revenue \$)
4d		rices (Describe in Sc		c 1) (B	
	(Expenses \$	ını	cluding grants of	t \$) (Revenue \$)
4e	Total program servi	ice expenses►\$	299,139,92	8		

Part TV	Checkl	ist of	Peguired	Schedules
	CHECK	ISL UI	reuun eu	Scheuules

			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? <i>If "Yes," complete Schedule D, Part II</i>	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 2	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 quasiendowments? If "Yes," complete Schedule D, Part V	10	Yes	
11	Is the organization's answer to any of the following questions "Yes"? If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	11	Yes	
	◆ Did the organization report an amount for land, buildings, and equipment in Part X, line10? If "Yes," complete Schedule D, Part VI.			
	◆ Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.			
	◆ Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.			
	◆ Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.			
	◆ Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.			
	◆ Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.			
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? Yes No			
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional	ļ		
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? <i>If</i> " <i>Yes,"</i> 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? <i>If</i> "Yes," complete Schedule G, Part I	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	Yes	
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	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		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)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
С	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	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
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 T	RS Filinas	and Tax	Compliance
	ota to illoito	itegai airig	,	95	and lax	Compilation

			Yes	No		
la	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable					
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0					
С	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1 c	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					
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				
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	Yes			
ь	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes			
la	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		
Ь	If "Yes," enter the name of the foreign country ▶					
ā	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	Yes			
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		Νo		
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		Νo		
а	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?					
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
,	Organizations that may receive deductible contributions under section 170(c).					
	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	Yes			
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No		
	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal	-				
	benefit contract?	7e		Νo		
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No		
	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				
3	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				
)	Sponsoring organizations maintaining donor advised funds.					
а	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				
0	Section 501(c)(7) organizations. Enter					
	Initiation fees and capital contributions included on Part VIII, line 12 10a					
Ь	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities					
.1	Section 501(c)(12) organizations. Enter					
	Gross income from members or shareholders					
Ь	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)					
.2a	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]				

914 N SAN FRANCISCO SUITE M

FLAGSTAFF, AZ 86001 (928) 214-3545

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.

Se	ection A. Governing Body and Management					
	Stone 711 Cotton mig Doug und Hamagemont		Yes	No		
1a	Enter the number of voting members of the governing body 1a 16					
b	Enter the number of voting members that are independent 1b 10					
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		Νο		
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		N o		
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was	4				
5	filed?	5		No		
6	Did the organization become aware during the year of a material diversion of the organization's assets?	6	Yes	No		
	•	-	162			
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes			
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes			
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following					
а	The governing body?	8a	Yes			
b	Each committee with authority to act on behalf of the governing body?	8b	Yes			
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		Νο		
	ction B. Policies (This Section B requests information about policies not required by the Internal					
Re	venue Code.)					
			Yes	No		
10a	Does the organization have local chapters, branches, or affiliates?	10a		Νo		
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					
_	If "Yes" to line a or b, describe the process in Schedule O (See instructions)	15b	Yes			
	(2-2					
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			
Se	ection C. Disclosure					
17	List the States with which a copy of this Form 990 is required to be filed ►AZ					
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					
10	Own website Another's website V 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 JOHN CORTESE	ne orga	ınızatıor	1 -		
	JOHN CONTESE					

Part VIII 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 i	not compen	sate any	y curi	rent	or fo	rmer	ffice	r, dırector, trustee	or key employee	
(A) Name and Title	(B) Average hours	(C) Position (check all that apply)						(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	per week	Individual trustee or director	Institutional Trustee	Highest compensated employee Key employee Officei		Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations	
See add'l data										

1b Total	. ▶ 0 4,842	,542 629,674

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization -0

			Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee			
	on line 1a? If "Yes," complete Schedule J for such individual	3		Νo
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			
	ındıvıdual	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	_		
	remarks to the organization in rest, complete senegal person in the initial in	5		Νo

Section B. Independent Contractors

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)
	Description of services	Compensation
COMPHEALTH		0.454.005
6440 S MILLROCK DR STE 175	MEDICAL SERVICES	2,451,295
SALT LAKE CITY, UT 84121		
Forest Country Anesthesia		
77 W FOREST AVE STE 207	MEDICAL SERVICES	2,341,323
FLAGSTAFF, AZ 86001		
CRITICAL CARE CONSULTANTS		
1200 N BEAVER ST	MEDICAL SERVICES	1,492,975
FLAGSTAFF, AZ 86001		
NORTHERN ARIZONA ORTHOPAEDICS		
1485 N TURQUOISE DR	MEDICAL SERVICES	1,434,994
FLAGSTAFF, AZ 86001		
SUMMIT CENTER MRI LLC		
1485 N TURQUOISE DR	MEDICAL SERVICES	1,317,644
FLAGSTAFF, ÅZ 86001		, ,
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 \(\blacktrian \)		
T = /		

Form 99								Page 9
Part V	/1111	Statement of	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
nts otc	1a	Federated cam	paigns 1a					
g Za	Ь	Membership du	ıes 1b					
ts, (am	c	Fundraising ev	ents 1c	50,212				
gii ilar	d		zations 1d					
ns, sim	e	Government grant	·					ļ
utio er:	f	All other contribute similar amounts no	ons, gifts, grants, and 1f ot included above	520,945				
ē. E	g	Noncash contr 3	ibutions included in 0.078					
Contributions, gifts, grants and other similar amounts	h	lines 1a-1f \$ _	s 1a-1f		665,692			
-	<u> </u>	Totali Add Illic.	3 14 11	Business Code	,			
anu	2a	NET PATIENT SVC	S	622,110	343,118,341	343,118,341		
еле,	ь	PHARMACY		446,110	3,736,350	3,050,466	685,884	
Se F	c	CAFETERIA		722,310	1,936,819	1,936,819	·	
Program Serwce Revenue	d	MOB/INTERCOMP	RENT	531,120	1,139,604	1,139,604		
ج چ	e	PHYSICIAN REVEN	UE	900,099	18,795,273	18,795,273		
୍ପୀୟ	f	All other progra	am service revenue		1,171,075	1,171,075		
Š	g	Total. Add line:	s 2a-2f		369,897,462			
	3		ome (including dividen		, ,			
		and other similar amounts)			4,139,019	1,346,911	-468	2,792,576
	4	Income from investment of tax-exempt bond			0			
	5	Royalties .		, , <u>, </u>	0			
	6a	Gross Rents	(ı) Real 59,860	(II) Personal				
	ь	Less rental	,					
	_c	expenses Rental income	59,860					
	d	or (loss)	me or (loss)		59,860			59,860
	<u> </u>	Traction and a	(i) Securities	(II) O ther	ŕ			· ·
	7a	Gross amount from sales of assets other than inventory	1,157,210	1,593,386				
	ь	Less cost or other basis and		2,269,090				
		sales expenses	4.457.240	675 704				
	C C	Gain or (loss)	1,157,210	-675,704 	481,506			481,506
	d 8a		ss)		101,300			101,300
Other Revenue		events (not inc \$50 of contributions	_	470.050				
Jer	Ь	Less directev	penses b	170,058 112,209				
₹	c		(loss) from fundraising		57,849			57,849
	9a		from gaming activities ne 19 a					
	b c	Net income or	penses b (loss) from gaming acti	vities	0			
	10a	Gross sales of returns and allo						
	ь		oods sold b					
	С		(loss) from sales of inv	+	0			
	112	Miscellaneou		Business Code 900,099	221,060	221,060		
		NON PATIENT		900,099	699,739	699,739		
	c	PURCHASE DI EDUCATION (900,099	301,818	301,818		
	d		ue	,	541,916	541,891		25
	e		s 11a-11d		1,764,533	, -		
	12	Total revenue.	See Instructions .	•	377,065,921	372,322,997	685,416	3,391,816 Form 990 (2009)

	990 (2009)				Page 10
Par	t IX Statement of Functional Expenses				
Δ	Section 501(c)(3) and 501(c)(4) organizations m Il other organizations must complete column (A) but are not required to			(D)	
	ot include amounts reported on lines 6b,	(A)	(B)	(C)	(D)
	b, 9b, and 10b of Part VIII.	Total expenses	Program service expenses	Management and general expenses	Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	337,801	337,801		Скрепосо
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	4,459,489	3,447,568	909,288	102,633
6	Compensation not included above, to disqualified persons (as defined under section $4958(f)(1)$) and persons described in section $4958(c)(3)(B)$	0			
7	Other salaries and wages	113,983,742	107,927,484	5,576,901	479,357
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	10,536,038	9,976,231	515,498	44,309
9	Other employee benefits	6,886,281	6,520,395	+	28,960
10	Payroll taxes	17,097,562	16,189,123	<u> </u>	71,904
11	Fees for services (non-employees)	21,722,7222		322,322	,
а	Management	518,082	518,082	0	0
b	Legal	1,112,753	0		110
c	Accounting	113,846	0	· · · · · ·	0
d	Lobbying	37,627	0	,	0
e	Professional fundraising See Part IV, line 17	0		37,027	
f	Investment management fees	55,780	0	55,780	0
g	Other	32,087,526	31,538,241	· '	279,961
12	Advertising and promotion	702,133	64,934	 	135,468
13	Office expenses	63,489,191	62,122,775	,	12,338
14	Information technology	904,006	903,625	t	0
15	Royalties	0	303,023	301	
16	Occupancy	4,626,546	4,607,346	0	19,200
17	Travel	320,126	153,244		1,583
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	133,244	103,299	1,303
19	Conferences, conventions, and meetings	256,457	256,457	0	0
20	Interest	3,793,246	0	3,793,246	0
21	Payments to affiliates	0			_
22	Depreciation, depletion, and amortization	18,803,032	11,881,100	6,909,572	12,360
23	Insurance	3,208,950	826,897		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)		,		
а	EXP REIMB TO NAH	29,819,355	14,936,000	14,883,355	0
b	BAD DEBT	26,462,520	26,462,520	0	0
c	RECRUITING	1,231,256	45,933	1,185,323	0
d	CONSULTING	727,851	295,462	432,389	0
e	EMPLOYEE RELATIONS	343,184	71,316	271,868	0
f	All other expenses	558,518	57,394	501,124	0
25	Total functional expenses. Add lines 1 through 24f	342,472,898	299,139,928	42,144,787	1,188,183
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				. ,

Pa	rt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			11,924,059	1	34,277,901
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			49,934,000	4	42,080,529
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	s, key	employees, and			
		Schedule L				5	
	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$ Complete Part II		n 4958(f)(1)) and			
		Schedule L				6	
Assets	7	Notes and loans receivable, net	loans receivable, net			7	4,737,754
SS	8	Inventories for sale or use	ale or use			8	6,622,319
٧	9	Prepaid expenses and deferred charges			2,476,200	9	2,400,859
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	294,540,869			
	ь	Less accumulated depreciation	10b	157,541,088	143,901,786	10c	136,999,781
	11	Investments—publicly traded securities		207,616,995	11	218,125,021	
	12	Investments—other securities See Part IV, line 11	1,763,692	12	12,521,385		
	13	Investments—program-related See Part IV, line 11		13			
	14	Intangible assets			14		
	15	Other assets See Part IV, line 11	7,860,284	15	8,030,234		
	16	Total assets. Add lines 1 through 15 (must equal line 34) .			436,710,899	16	465,795,783
	17	Accounts payable and accrued expenses .			29,666,685	17	27,364,100
	18	Grants payable				18	
	19	Deferred revenue		19			
_	20	Tax-exempt bond liabilities		132,801,614	20	130,545,305	
es es	21	Escrow or custodial account liability Complete Part IV of Schedu	le D			21	
Liabilities	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified	Payables to current and former officers, directors, trustees, key				
ä		persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties	5 .		327,517	23	325,134
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D			51,339,236	25	54,742,663
	26	Total liabilities. Add lines 17 through 25			214,135,052	26	212,977,202
Fund Balances		Organizations that follow SFAS 117, check here ► ✓ and complete through 29, and lines 33 and 34.	plete	lines 27			
anı	27	Unrestricted net assets			222,575,847	27	252,818,581
B3	28	Temporarily restricted net assets			28		
þι	29	Permanently restricted net assets			29		
Ē		Organizations that do not follow SFAS 117, check here 🕨 🦵 as	nd con	nplete			
ō		lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other for	unds			32	
Net	33	Total net assets or fund balances			222,575,847	33	252,818,581
_	34	Total liabilities and net assets/fund balances	436,710,899	34	465,795,783		

Part XI Financial Statements and Reporting

			Yes	No
L	Accounting method used to prepare the Form 990			
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			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Form **990** (2009)

OMB No 1545-0047

Inspection

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury Internal Revenue Service

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

Public Charity Status and Public Support

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

Name of the organization FLAGSTAFF MEDICAL CENTER

Employer identification number 86-0110232

									00-011023			
	rt I			olic Charity Stat						tructions		
	rganız			foundation because)			
1	<u>_</u>	A churc	h, conventio	on of churches, or as	sociation of o	churches se	ection 170(b)	(1)(A)(i).				
2		A schoo	ol described	ın section 170(b)(1)	(A)(ii). (Atta	ach Schedul	le E)					
3	<u> </u>	A hospi	tal or a coop	erative hospital serv	vice organiza	tion describ	ed in section	170(b)(1)(A	A)(iii).			
4	Γ		cal research l's name, cit	organization operate y, and state	ed in conjunc	tion with a h	nospital desci	ribed in secti	on 170(b)(1)(A)(iii). Ent	er the	
5	Γ	An orga	nızatıon ope	rated for the benefit	of a college o	or university	owned or op	erated by a g	jovernmenta	l unit describ	_ ed ın	
		section	170(b)(1)(<i>A</i>	\)(iv). (Complete Pa	rt II)							
6	Γ	A federa	al, state, or l	cal government or governmental unit described in section 170(b)(1)(A)(v).								
7	Γ	describ	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	Г			described in section)(vi) (Com	plete Part II)				
9	,			t normally receives					itions, memb	ership fees. a	nd aro	SS
	•			ties related to its ex								
		-		ss investment incom	•	-		•				
			_	anızatıon after June 3						,		
LO	Г	•		anızed and operated	•			•	•			
l 1	F	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 III c Type III - Functionally integrated d Type III - Other										
e f g	'	other th section If the or check th Since A	an foundation 509(a)(2) rganization r his box ugust 17, 2	x, I certify that the con managers and othe eceived a written de 006, has the organiz	er than one o termination f	r more publ	that it is a T	d organizatio	ns described	d in section 5	09(a)(1) or
			g persons? rson who dir	ectly or indirectly co	ntrols aithai	ralone orto	gether with n	arsons dasci	rihad in (ii)		Yes	No
				overning body of the	•			croons acser	inca iii (ii)	11g(i)	163	140
		, ,	· -	r of a person describ		_				11g(ii)		
			•	ed entity of a person	٠,		nove?			11g(iii)		_
h				g information about t						119(,	<u>' I</u>	<u></u>
				<u> </u>	T				1			
(i) Name o supporte organizati		e of (ii) (described on column		organızatı col (ı) lıst your gove	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?) tion in ganized i S ?	(vii) A mount of support?		
				(see instructions))	Yes	No	Yes	No	Yes	No	1	
	1											

ınstructions

P	Support Schedule (Complete only if yo					and 170(b)	(1)(A)(vi)
S	ection A. Public Support	a checked tile	DOX OII IIIC 3,	,, or o or rare.	÷·/		
	endar year (or fiscal year beginning	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
	ın)	(a) 2005	(b) 2006	(6) 2007	(d) 2008	(e) 2009	(I) Total
1	Gifts, grants, contributions, and						
	membership fees received (Do not						
	include any "unusual						
_	grants ") Tax revenues levied for the						
2	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) Dublic Support Subtract line F from						
6	Public Support. Subtract line 5 from line 4						
S	ection B. Total Support	1		-			
	endar year (or fiscal year beginning	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
	ın)	(a) 2005	(b) 2000	(6) 2007	(d) 2008	(e) 2009	(1) Total
7	A mounts from line 4						
8	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
9	sources Net income from unrelated						
9	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						
4.5	through 10)	/5					
12	Gross receipts from related activities	,	•			12	
13	First Five Years If the Form 990 is f	or the organizati	on's first, second	, third, fourth, or	fifth tax year as a	501(c)(3) orga	inization, ▶□
	check this box and stop here						-1
S	ection C. Computation of Pub	lic Support P	ercentage				
14	Public Support Percentage for 2009			11 column (f))		14	
15	Public Support Percentage for 2008	Schedule A . Pa	rt II. line 14			15	
	33 1/3% support test—2009. If the	•	,	v on line 13 and	line 14 is 33 1/30		k this hox
	and stop here. The organization qua	-		·	IIIIC 14 13 33 1/3/	o or more, ence	▶ □
ь	33 1/3% support test—2008. If the				5a, and line 15 is	33 1/3% or moi	
	box and stop here. The organization				,		▶
17a	10%-facts-and-circumstances test-	-2009. If the org	anızatıon dıd not	check a box on lı	ne 13, 16a, or 16	b and line 14	
	ıs 10% or more, and ıf the organizat						
	in Part IV how the organization mee	ts the "facts and	l cırcumstances"	test The organiz	ration qualifies as	a publicly supp	
L	organization	_2009 Ifthe c==	onization did net	chack a bay as li	no 12 165 164	or 17a and line	▶□
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ	_					
	Explain in Part IV how the organizat						clv
	supported organization						▶ ┌
10	Deiveta Farmdation Ifthe averages	on did not obselv	a hay an line 12	16- 16- 17-	17	hay and cas	•

▶□

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

	(Complete only if you	cnecked the	box on line 9 o	r Part I.)			
	ction A. Public Support				1	T	ı
Cale	ndar 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						
3	purpose Gross receipts from activities that				+		
3	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	A mounts included on lines 1, 2, and 3 received from disqualified						
	persons				1		
ь	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						
с	Add lines 7a and 7b						
8	Public Support (Subtract line 7c						
	from line 6)						
	ction B. Total Support		1			1	Γ
Cale	ndar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar sources						
ь	Unrelated business taxable						
	ıncome (less section 511 taxes)						
	from businesses acquired after						
_	June 30, 1975 Add lines 10a and 10b						
c 11	Net income from unrelated						
11	business activities not included						
	ın lıne 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,						
14	11 and 12) First Five Years If the Form 990 is for	or the organizat	lon's first, second	L third fourth or	l fifth tax vear as a	1 a 501(c)(3) organ	l uzation
	check this box and stop here	or the organizat		., 4,	men tax your as t	(c)(c) c.gu.	▶ ┌
	ction C. Computation of Publ						
15	Public Support Percentage for 2009	(line 8 column	(f) divided by line	13 column (f))		15	
16	Public support percentage from 200	8 Schedule A , F	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	ome Percenta	ge			
17	Investment income percentage for 2	009 (line 10c c	olumn (f) dıvıded	by line 13 columi	n (f))	17	
18	Investment income percentage from	2008 Schedule	A, Part III, line 1	L 7		18	
19a	33 1/3% support tests—2009. If the	organization di	d not check the b	ox on line 14, and	d line 15 is more	than 33 1/3% and	d line 17 is not
	more than 33 1/3%, check this box a	ind stop here. T					
L	organization 33 1/3% support tests—2008. If the	► C	d not chastes here	on line 14 amilion	100 and line 4	5 ic mara +ha= 22	1/20/2 and line
b	שר בו בע suppoit tests—zouo. If the	organization (I	и посепеска вох	OILLINE TH OLINE	= ⊥⊃a, anu nne 1(us more man 33	1/370 and ine

18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization **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

Schedule A (Form 990 or 990-EZ) 2009

DLN: 93493133059091

OMB No 1545-0047

Political Campaign and Lobbying Activities

(Form 990 or 990-EZ)

SCHEDULE C

Department of the Treasury Internal Revenue Service

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.

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

lf th		t have NOT filed Form 5768 (elections, it have NOT filed Form 5768 (elections, it have 5 to have				
Na	me of the organization	·		Employer iden	tification number	
FLA	GSTAFF MEDICAL CENTER			86-0110232		
Par	t I-A Complete if the or	ganization is exempt und	er section 501(organization.	
1	Provide a description of the ori	ganization's direct and indirect po	olitical campaign act	tivities in Part IV	_	
2	Political expenditures	gamzation 5 ander and mander pe	mercar campaign ac	Livides in Full 1	¢.	
3	Volunteer hours			•	₽	
	V Oldificer flours					
Par	t I-B Complete if the or	ganization is exempt und	er section 501(c)(3).		
1	Enter the amount of any excise	e tax incurred by the organization	under section 4955	5 •	\$	
2	Enter the amount of any excise	e tax incurred by organization ma	nagers under sectio	n 4955 🕨	\$	
3	If the organization incurred a s	ection 4955 tax, did it file Form 4	1720 for this year?		┌ Yes ┌ No	
4a	Was a correction made?				┌ Yes ┌ No	
ь	If "Yes," describe in Part IV					
Par	t I-C Complete if the or	ganization is exempt und	er section 501(c) except section 501	.(c)(3).	
1	Enter the amount directly expe	ended by the filing organization for	section 527 exem	pt 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 expendi	tures Add lines 1 and 2 Enter he	ere and on Form 112	20-POL, line 17b	¢	
4	Did the filing organization file F	Form 1120-POL for this year?			→	
5	were made For each organizat contributions received that we	nd employer identification number ion listed, enter the amount paid f re promptly and directly delivered littee (PAC) If additional space is	rom the filing organ I to a separate polit	ızatıon's funds Also enter tl ıcal organızatıon, such as a	he amount of political	
	(a) Name	(b) Address	(c) EIN	(d) A mount paid from filing organization's funds If none, enter -0-	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none, enter - 0 -	

e Grassroots ceiling amount (150% of line 2d, column (e))

f Grassroots lobbying expenditures

Pa	rt II-A Complete if the organization under section 501(h)).	is exempt under	section 501(c)(3) and file	d Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked box		d" provisions apply	,		
<u> </u>	Limits on Lobbying E (The term "expenditures" means ar	Expenditures			(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	ppinion (grass roots lob	bying)			
b	Total lobbying expenditures to influence a legisla	ative body (direct lobby	yıng)			
c	Total lobbying expenditures (add lines 1a and 18	b)				
d	Other exempt purpose expenditures					
e	Total exempt purpose expenditures (add lines 1	c and 1d)				
f	Lobbying nontaxable amount Enter the amount f	from the following table	ın both			
	If the amount on line 1e, column (a) or (b) is: Not over \$500,000 The lobbying nontaxable amount is: 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			0		
	Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000			000		
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the	excess over \$1,500,00	00		
	Over \$17,000,000 \$1,000,000					
		•				
g	Grassroots nontaxable amount (enter 25% of lin	ne 1 f)				
h	Subtract line 1g from line 1a If zero or less, enter	er -0-				
i	Subtract line 1f from line 1c If zero or less, ente	er - 0 -				
j	If there is an amount other than zero on either li section 4911 tax for this year?	ne 1h or line 1ı, did the	organization file F	orm 4720 repoi	rtıng	┌ Yes ┌ No
	(Some organizations that made a columns below. See the	he instructions fo	ection do not l r lines 2a thro	nave to com ugh 2f on pa		ne five
	Lobbying Exp	enditures During	4-Year Averag	ing Period	I	ı
	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					

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

		(a	1)	(b)
		Yes	No	A mount
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			
а	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		Νο	
c	Media advertisements?		Νo	
d	Mailings to members, legislators, or the public?		Νo	
e	Publications, or published or broadcast statements?		Νo	
f	Grants to other organizations for lobbying purposes?	Yes		37,627
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo	
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			37,627
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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).		
а	Current year	2a	
Ь	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

Dues, assessments and similar amounts from members

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

Ident if ier	Return Reference	Explanation
PART II-B, LINE 1F	LOBBYING ACTIVITY EXPLANATION	FLAGSTAFF MEDICAL CENTER PAID DUES TO THE ARIZONA HOSPITAL AND HEALTHCARE ASSOCIATION A PERCENTAGE OF THIS AMOUNT OR \$37,627 WAS ESTIMATED TO BE ATTRIBUTABLE TO LOBBYING RELATED TO HEALTH CARE ADVOCACY AT THE FEDERAL, STATE, REGIONAL AND LOCAL LEVELS FLAGSTAFF MEDICAL CENTER ALSO PARTICIPATES IN HEALTHCARE-RELATED LOBBYING ACTIVITIES THROUGH THE SOLE COMMUNITY HOSPITAL COALITION

1

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DLN: 93493133059091

OMB No 1545-0047

SCHEDULE D (Form 990)

Department of the Treasury

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Open to Public

iai Reveilue Service	► Attach to F	orm 990. F See separate instructions.			Tiisher	LIUII
ame of the organization			Emp	oloyer identifica	tion numbe	er
2.03/// TIEDICAL CLITTER			86-	0110232		
AGSTAFF MEDICAL CENTER Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete organization answered "Yes" to Form 990, Part IV, line 6. (a) Donor advised funds (b) Funds and other accounts. Total number at end of year Aggregate contributions to (during year) Aggregate grants from (during year) Aggregate value at end of year 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? Tyes 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	te ıf th					
organization ar	nswered "Yes" to Form 99		1	(I.) F		
-		(a) Donor advised funds		(b) Funds and o	tner accou	nts
•						
• • • • • • • • • • • • • • • • • • • •	5 , ,					
	•					
-			onor adv	ısed	☐ Yes	┌ No
used only for charitable	purposes and not for the ber		•		☐ Yes	┌ No
rt III Conservation	Easements. Complete	ıf the organization answered "Yes'	' to Forr	n 990, Part IV	', lıne 7.	
Preservation of land Protection of natura Preservation of ope Complete lines 2a-2d if	d for public use (e g , recreat al habitat n space f the organization held a qual	on or pleasure) Preservation of Preservation of	a certifie	d historic struc	•	a
				Held at the	End of the	Year
Total number of conserv	ation easements		2a			
Total acreage restricted	l by conservation easements		2b			
Number of conservation	easements on a certified his	toric structure included in (a)	2c			
Number of conservation	easements included in (c) a	cquired after 8/17/06	2d			
the taxable year ►			ated by th	ne organization	during	
Does the organization h	ave a written policy regardin	g the periodic monitoring, inspection, ha	andling o	f violations, and		┌ No
Staff and volunteer hour	s devoted to monitoring, insp	pecting and enforcing conservation easo	ements d	uring the year 🖡	-	
A mount of expenses inc	urred in monitoring, inspecti	ng, and enforcing conservation easeme	nts durın	g the year 🟲 🕏 _		
		(d) above satisfy the requirements of s	ection		☐ Yes	┌ No
balance sheet, and inclu	ide, if applicable, the text of	he footnote to the organization's financ	•	•		
			s, or Ot	her Similar .	Assets.	
art, historical treasures,	, or other sımılar assets held	for public exhibition, education or rese	arch in fu			e,
historical treasures, or o	other sımılar assets held for	public exhibition, education, or researcl				
(i) Revenues included in	n Form 990, Part VIII, line 1			► \$		
(ii) Assets included in F	form 990. Part X					
If the organization recei	ved or held works of art, hist		for finar			
	orm 990, Part VIII, line 1			► \$		
	1 . aic v 111, IIIIc 1			· +		

b Assets included in Form 990, Part X

'ar	Titl Organizations Maintaining Co	<u>llections of Art</u>	, Hist	toric	<u>:al Tre</u>	asu	res, or (<u> Othe</u>	<u>er Simila</u>	r Asse	ets (co	ntınued)
3	Using the organization's accession and othe items (check all that apply)	r records, check any	of the	e follo	owing th	at ar	e a sıgnıfıc	ant ι	use of its c	ollectio	n	
а	Public exhibition		d	Γ	Loan or	excl	hange prog	rams	5			
b	Scholarly research		e	Γ	Other							
С	Preservation for future generations											
1	Provide a description of the organization's co Part XIV	ollections and expla	ın how	they	further	the c	organizatio	n's e	xempt purp	ose in		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t			,					nılar	Г	Yes	┌ No
Pai	t IV Escrow and Custodial Arrang						n answere	ed "Y	es" to Fo	rm 990	Ο,	
	Part IV, line 9, or reported an ar		•									
.a	Is the organization an agent, trustee, custoo included on Form 990, Part X?	ian or other interme	diary	for co	ntributi	ons (or other as	sets	not	Γ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI	/ and complete the 1	followi	ng ta	ble							
										A mo	unt	
C	Beginning balance							1 c				
d	Additions during the year							1d				
е	Distributions during the year							1e				
f	Ending balance							1f				
a	Did the organization include an amount on Fe	orm 990, Part X, line	21?							Γ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI\	<i>l</i>										
Pa	rt V Endowment Funds. Complete											
		(a)Current Year	(b)	Prior \		(c)T	wo Years Bac	k (d	Three Years	Back (e)Four Ye	ears Back
a	Beginning of year balance	1,706,509		1,	,227,217							
b	Contributions	521,365			734,776			_				
C	Investment earnings or losses	77,663			17,197							
d	Grants or scholarships	242,115			52,946							
е	Other expenditures for facilities and programs	67,946			173,685							
f	Administrative expenses	44,821			46,050							
g	End of year balance	1,950,655		1,	,706,509							
:	Provide the estimated percentage of the yea	r end balance held a	ıs									
а	Board designated or quasi-endowment	98.000 %										
_												
Ь	remailent endowment P											
c a	remi endowment	acion of the organiza		ha+ a	ra bald r	- nd -	dministara	. d 6 0.	. + h o			
a	Are there endowment funds not in the posse organization by	ssion of the organiza	ation t	iiat a	re neiu a	allu a	dillillistere	:u 101	tile		Yes	No
	(i) unrelated organizations									3a(i)		Νο
	(ii) related organizations									3a(ii)		Νo
b	If "Yes" to 3a(II), are the related organization									3b		
	Describe in Part XIV the intended uses of th											
a i	t VI Investments—Land, Buildings	s, and Equipme	nt. Se	ee Fo	orm 990	0, Pa	art X, line	10.				
	Description of investment				Cost or oth (Investme		(b)Cost or o basis (othe		(c) Accumi deprecia		(d) Boo	k value
а	Land						4,18	0,677				1,180,677
b	Buildings		. [166,62	4,233	74,7	43,561	9:	1,880,672
c	Leasehold improvements		. [1,04	3,860	4	88,866		554,994
d	Equipment		. [118,47	8,659	80,4	52,097	38	3,026,562
e	Other		.				4,21	3,440	1,8	56,564		2,356,876

136,999,781

Investments—Other Securities. See	Form 990, Part X, line 12 T	
(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		Social and or year market raise
Closely-held equity interests Other		
Other		
Total. (Column (b) should equal Form 990. Part X. col (B) line 12)		
		12
Part VIII Investments—Program Related. See	e Form 990, Part X, line . T	
(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
-		Sost of end of year market value
	_	
Total. (Column (b) should equal Form 990. Part X. col (B) line 1.3)		
Part IX Other Assets. See Form 990, Part X, col (B) line 13)		
(a) Descrip		(b) Book value
(4) 5 5 5 6 1		(2) Book Funds
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1	E)	
Part X Other Liabilities. See Form 990, Part X (a) Description of Liability		
1 (a) Description of Liability	(b) A mount	
Federal Income Taxes	0	
UNEMPLOYMENT	45,663	
IBNR HEALTHCARE EMPLOYEE CLAIMS	2,266,808	
BIO-MED RESERVE	140,539	
WORKMAN'S COMP LIABILITY	1,083,183	
CBO PEROT RESERVE	476,733	
OTHER CURRENT LIABILITIES	631,971	
GEN/PROFLIAB INSURANCE RESERVE	3,276,754	
ADDTL MINIMUM PENSION LIABILITY	46,821,012	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ▶	54,742,663	

Pai	t XI Reconciliation of Change in Net Assets from Form 990 to Financial Stateme	ents	
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	
Par	t XII Reconciliation of Revenue per Audited Financial Statements With Revenue	per Reti	ırn
1	Total revenue, gains, and other support per audited financial statements	1	
2	A mounts included on line 1 but not on Form 990, Part VIII, line 12		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
c	Recoveries of prior year grants		
d	Other (Describe in Part XIV)		
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	A mounts included on Form 990, Part VIII, line 12, but not on line 1		
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a	」	
b	Other (Describe in Part XIV)	_	
С	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	
	Reconciliation of Expenses per Audited Financial Statements With Expense	s per Re	eturn
1	Total expenses and losses per audited financial statements	1 1	
2	A mounts included on line 1 but not on Form 990, Part IX, line 25		
а	Donated services and use of facilities		
b	Prior year adjustments		
c	Other losses		
d	Other (Describe in Part XIV)		
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	A mounts included on Form 990, Part IX, line 25, but not on line 1:		
а	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	
Pai	t XIV Supplemental Information		
Con	nplete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, $^\circ$	Part IV , lın	es 1b and 2b,

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

Ident if ier	Return Reference	Explanation
SCHEDULE D, PART V, LINE 4	FUNDS	MOST OF THE CURRENT ENDOWMENTS ARE BOARD DESIGNATED CURRENTLY 5% OF THESE FUNDS ARE DESIGNATED FOR DISTRIBUTION BY THE FLAGSTAFF MEDICAL CENTER FOUNDATION COMMITTEE SUCH DISTRIBUTIONS SHOULD ADDRESS 1) COMMUNITY HEALTH CARE NEEDS, 2) ADHERE TO THE CORE MISSION OF THE HOSPITAL, 3) OR REFLECT PROJECTS THAT ARE DEEMED IN THE BEST INTEREST OF THE HOSPITAL
SCHEDULE D, PART X, LINE 2	UNDER FIN 48	MANAGEMENT HAS REVIEWED ALL OPEN TAX YEARS AND HAS DETERMINED THAT THE CORPORATION HAS NO SIGNIFICANT UNCERTAIN TAX POSITIONS

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DLN: 93493133059091

OMB No. 1545-0047

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury

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.

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

Internal Revenue Service Name of the organization

FLAGSTAFF MEDICAL CENTER

Employer identification number

86-0110232

	FORM 990-EZ IIIe	ers are not require	ed to com	piete th	is part.		
1	Indicate whether the orga	nization raised fund:	s through a	any of the	following activities Ch	eck all that apply	
а	Mail solicitations			e	Solicitation of no	n-government grants	
ь	Internet and e-mail s	olicitations			☐ Solicitation of go		
c	Phone solicitations				Special fundraisi	-	
d	In-person solicitation	ıs					
2a	Did the organization have	a writton or oral agr	oomont w	th any in	dividual (including office	are directors trustees	
Za	or key employees listed i	_		-	•		Г _{Yes} Г _{No}
b	If "Yes," list the ten highe to be compensated at lea						
	(i) Name of individual or entity (fundraiser)	(ii) Activity	(iii) fundrais custo contr contribi	er have dy or rol of	(iv) Gross receipts from activity	(v) A mount paid to (or retained by) fundraiser listed in col (i)	(vi) A mount paid to (or retained by) organization
			Yes	No			
Tota3	List all states in which t	he organization is re	gıstered o	r licensed	d to solicit funds or has	been notified it is exem	pt from registration or

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, II more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5							eport	:ed
			(a) Event #1 Turquoise Ball (event type)	(b) Event #2 Golf Tournament (event type)	(c) O ther Events 4 (total number)	(d) Tot (Add col		
Ψ	1	Gross receipts	116,367	56,510	47,393		22	0,270
Reveilue	2	Less Charitable contributions	25,016	17,821	7,375		5	0,212
	3	Gross income (line 1 minus line 2)	91,351	38,689	40,018		17	0,058
	4	Cash prizes	0	0	0			0
မွာ	5	Non-cash prizes	7,536	11,497	0		1	9,033
Expenses	6	Rent/facility costs	1,500	12,446	7,520		2	1,466
ă	7	Food and beverages	25,016	5,385	4,133		3	4,534
Direct	8	Entertainment	5,728	0	0			5,728
莅	9	Other direct expenses .	12,445	2,209	16,794		3	1,448
	10	Direct expense summary Add lin	es 4 through 9 ın column	(d)			11	2,209
	11	Net income summary Combine III	nes 3, column d, and line	10			5	7,849
Par	t III	Gaming. Complete if the or \$15,000 on Form 990-EZ, lir		'Yes" to Form 990, Pa	rt IV, line 19, or repo	rted more	e thar	1
Revenue	1	Gross revenue	(a) Bingo	(b) Pull tabs/Instant pingo/progressive bingo	(c) O ther gaming	(d) Tot (Add col col		
		Cash prizes						
Expenses		·						
<u>원</u> 浙	3	Non-cash prizes						
Direct 1	4	Rent/facility costs						
<u></u>	5	Other direct expenses						
	6	Volunteer labor	Г Yes	Г Yes	∀es			
		Direct expense summary Add lines Net gaming income summary Com						
9 a b	Is t	er the state(s) in which the organiza he organization licensed to operate No," Explain				· 9a	Yes	No
10a b		re any of the organization's gaming Yes," Explain	licenses revoked, suspen	ded or terminated during	the tax year?	10a		
11 12	Is t	es the organization operate gaming a he organization a grantor, beneficia ned to administer charitable gaming	ry or trustee of a trust or	a member of a partnershi	p or other entity	11 12	F7\ 20	
					Schedule & (1 Oill 9	-U UI 33U-	, 20	-

		Yes	No
13	Indicate the percentage of gaming activity operated in		
а	The organization's facility		
b	An outside facility		
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?	,	
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			
16	Gaming manager information		
	Name 🟲		
	Name F		
	Gaming manager compensation 🕨 \$		
	Description of services provided -		
	Director/officer Employee Independent contractor		
	I Director/officer I Employee I Independent contractor		
.7	Mandatory distributions		
а	Is the organization required under state law to make charitable distributions from the gaming proceeds to		
	retain the state gaming license?	<u> </u>	
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 ▶ \$	1	

OMB No 1545-0047

Open to Public **Inspection**

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization FLAGSTAFF MEDICAL CENTER

Employer identification number

						0110232			
Pa	rt I Charity Care and	Certain O	ther Comi	munity Benefits a	t Cost				
1a	Does the organization have a	charity care	policy? If "N	o." skip to question 6a			4.	Yes	No
	If "Yes," is it a written policy						1a 1b	Yes	
2	If the organization has multip		of the charity	TD	Yes				
_	care policy to the various hos		marcate wine	_		or the ename,			
	Applied uniformly to all ho Generally tailored to indiv		ls	Applied uniformly	to most hospitals				
3	Answer the following based or organization's patients	n the charity	care eligibilit	ty criteria that applies	to the largest number o	of the			
а	Does the organization use Fe income individuals? If "Yes,"			• •			3a	Yes	
		F 20	00% ~	O ther	175 %			1.00	
b	Does the organization use FP "Yes," indicate which of the fo			. •		dıvıduals? If	26	V	
	□ 200% □ 250%			350%			3b	Yes	
c	If the organization does not u determining eligibility for free test or other threshold, regard	or discounte	d care Inclu	ide in the description w	hether the organization				
4	Does the organization's polic	y provide free	ordiscount	ed care to the "medica	lly indigent"?		4	Yes	
5a	Does the organization budget	amounts for	free or disco	unted care provided un	der its charity care po	lıcy?	5a	Yes	
b	If "Yes," did the organization	's charity car	e expenses e	exceed the budgeted ar	mount?		5b	Yes	
c	If "Yes" to line 5b, as a resul care to a patient who was elig	_			•		5c		No
6a	Does the organization prepare	e an annual c	ommunity be	nefit report?			6a	Yes	
6b	If "Yes," does the organization	n make it ava	allable to the	public?			6b	Yes	
	Complete the following table worksheets with the Schedule		ksheets prov	rided in the Schedule H	instructions Do not s	ubmit these			
7	Charity Care and Certain O	ther Commu	nity Benefits	at Cost					
ľ	Charity Care and leans-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 b expense	enefit	(f) Pero total ex	
а	Charity care at cost (from Worksheets 1 and 2)			579,255		57	9,255	0	180 %
b	Unreimbursed Medicaid (from Worksheet 3, column a)			84,840,287	37,222,000	47,61	8,287	15	070 %
c	Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)								
d ·	Fotal Charity Care and Means-Tested Government Programs			85,419,542	37,222,000	48,19	7,542	15	250 %
	Other Benefits Community health improvement services and community benefit operations (from (Worksheet 4)			508,170		50	8,170	n	160 %
	Health professions education			,					
g	(from Worksheet 5) Subsidized health services			467,552	7 126 171		7,552		150 %
h	(from Worksheet 6) Research (from Worksheet 7)			7,889,177	7,126,174	76	3,003 849	0	240 %
	Cash and in-kind contributions to community groups (from Worksheet 8)			337,801		33	7,801	0	110 %
-	otal Other Benefits			9,203,549	7,126,174		7,375		660 %
k 7	intal Add lines 7d and 7i	l	I	94 623 091	44 348 174	I 50 27	4 917	15	910 %

Schedule H	Schedule H (Form 990) 2009 Pa												
Part II Community Building Activities Complete this table if the organization conducted any communactivities.													
		(a) Number of activities or	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense						

	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			22,228		22,228	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy			315,592		315,592	0 100 %
8	Workforce development						
9	Other						
10	Total			337,820		337,820	0 110 %
Pa	tt III Bad Debt, Medicar	e, & Collec	tion Practic	·		,	

Sect	ion 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 9,773,000			
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			
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			
Sect	ion B. Medicare			
5	Enter total revenue received from Medicare (including DSH and IME) 5 74,880,100			
6	Enter Medicare allowable costs of care relating to payments on line 5 6 82,592,195			
7	Subtract line 6 from line 5 This is the surplus or (shortfall)			
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			
Sect	ion 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	

(d) Officers, directors, trustees, or key employees' profit % or stock ownership% (c) Organization's profit % or stock ownership % (e) Physicians' profit % or stock ownership % **(b)** Description of primary activity of entity (a) Name of entity 1 SURGI-CENTER AT FMC OUTPATIENT SURGERY SERVICES 67 000 % 33 000 % 2 _ 3 4 5 6 7 8 9 10 11 12 13 14

Part V Facility Information									
Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Ortical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
FLAGSTAFF MEDICAL CENTER 1200 N BEAVER ST	x	Х					х		
FLAGSTAFF, AZ 86001	,,								

DLN: 93493133059091

OMB No 1545-0047

Schedule I (Form 990)

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

Department of the Treasury Internal Revenue Service **Inspection** Name of the organization Employer identification number FLAGSTAFF MEDICAL CENTER 86-0110232 Part I General Information on Grants and Assistance Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and ☐ No 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 (c) IRC Code (e) A mount of non-(a) Name and address of **(b)** EIN (d) A mount of cash (f) Method of (g) Description of (h) Purpose of grant organization section valuation non-cash assistance or assistance grant cash or aovernment ıf applicable assistance (book, FMV, appraisal, other) COCONINO 860686666 501(c)(3) 100,000 FUNDING FOR COMMUNITY COLLEGE NURSING PROGRAM 2800 LONETREE RD FLAGSTAFF, AZ 86001 NORTH COUNTRY 860663432 501(c)(3) 60,000 CAPITAL CAMPAIGN -COMMUNITY 5TH PAYMENT OF 5 HEALTHCAREPO BOX YR PLEDGE 3630 FLAGSTAFF, AZ 86003 NACASA NORTH 860663432 501(c)(3) 18,825 4 PAYMENTS COUNTRY COMMUNITY (\$4706 25 EACH) TO SUPPORT NACASA -HEALTHCAREPO BOX IN O R FLAGSTAFF, AZ 86003 2ND INSTALLMENT FLAGSTAFF FAMILY 860096799 501(c)(3) 10,000 YMCA2800 S LONETREE TOWARD CAPITAL CAMPAIGN RD FLAGSTAFF, AZ 86001 UNITED WAY1515 E 860211666 25,000 COMPANY MATCHING 501(c)(3) CEDAR STE D-1 ON EMPLOYEE FLAGSTAFF, AZ 86004 CONTRIBUTIONS FETAL ALCOHOL CONTRIBUTION 270766117 6.000 501(c)(3) SPECTRUM DISORDERS OF N AZ2080 W FRESH AIRE ST FLAGSTAFF, AZ 86001 8,000 COCONINO COUNTY 866000441 GOVT CONTRIBUTION - FOR JUVENILE DETENTION ON-CALL EMERGENCY CENTER2625 N KING ST NURSING FOR FLAGSTAFF, AZ 86004 JUVENILE COURT UNITED WAY OF 860211666 501(c)(3) 70,000 SUPPORT OF SERIAL INEBRIANT NORTHERN ARIZONA 1515 E CEDAR STE D-1 PROPOSAL FLAGSTAFF, AZ 86004 AMERICAN CANCER CLIMB THE 841316555 501(c)(3) 7.325 SOCIETY2724 LAKIN MOUNTAIN SUPPORT SUITE 9 FLAGSTAFF, AZ 86004 BIG BROTHERS OF 237170086 501(c)(3) 8,000 CONTRIBUTION/FUNDRAISING FLAGSTAFFPO BOX 1701 SUPPORT FLAGSTAFF, AZ 86002 FLAGSTAFF DOWNTOWN 861033923 501(C)(6) 10,000 COMMUNITY SUPPORT-**BUSINESS ALLIANCEPO** SPONSORSHIP BOX 1546 FLAGSTAFF, AZ 86002

10

Ident if ier

Return Reference

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)A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
	I .		<u> </u>	L	

SCHEDULE I, PART I,
LINE 2

DESCRIPTION OF
ORGANIZATION'S
PROCEDURES FOR
MONITORING THE USE OF
GRANTS

OF THESE FUNDS 3) WRITTEN REQUESTS ARE REVIEWED BY THE FOUNDATION SPECIALIST FOR OPERATIONS TO
VERIFY AVAILABLE FUND BALANCES AND PROPER ACCOUNT NUMBERS 4) THE FOUNDATION SPECIALIST FOR
GRANTS THEN INITIALS THE DOCUMENTS AFTER VERIFYING THE CRITERIA FOR DISBURSEMENT 5) THE VICE
PRESIDENT OF DEVELOPMENT AUTHORIZES THE DISBURSEMENT OF FUNDS BY SIGNATURE 6) THE FOUNDATION

SCANS ALL DOCUMENTS AND SAVES THEM DIGITALLY ON A SECURE SERVER 7) ALL ORIGINAL DOCUMENTS ARE SUBMITTED TO ACCOUNTS PAYABLE FOR FINAL RECORDING AND PAYMENT 8) ORIGINAL DOCUMENTS ARE FILED AND ARCHIVED IN A SECURE LOCATION FOR THE REQUIRED LENGTH OF TIME FMC RELIES ON THE GOVERNANCE

PRACTICES OF THE RECIPIENT ORGANIZATION TO USE THE FUNDS FOR THE INTENDED PURPOSE

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

Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

DLN: 93493133059091

OMB No 1545-0047

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.

Open to Public Inspection

Name	of	t he	orga	nizat	t ion
LAGST	AFF	MED	DICAL	CENT	ER

Employer identification number

86-0110232

Pa	Questions Regarding Compensation				
				Yes	Νo
1a	Check the appropriate box(es) if the organization provided an 990, Part VII, Section A, line 1a Complete Part III to prov	, ,			
	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 reimbursement orprovision of all the expenses described ab		1b		Νο
2	Did the organization require substantiation prior to reimburs officers, directors, trustees, and the CEO/Executive Directors		2		Νο
3	Indicate which, if any, of the following the organization uses organization's CEO/Executive Director Check all that apply	y			
	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 or a related organization	I, Section A, line 1a with respect to the filing organization			
а	Receive a severance payment or change-of-control paymen	nt?	4a		Νo
b	Participate in, or receive payment from, a supplemental non	qualified retirement plan?	4b		Νo
С	Participate in, or receive payment from, an equity-based co	mpensation arrangement?	4c		Νo
	If "Yes" to any of lines 4a-c, list the persons and provide th	ie applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must comp	plete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, compensation contingent on the revenues of	did the organization pay or accrue any			
а	The organization?		5a		Νo
ь	Any related organization?		5b		Νo
	If "Yes," to line 5a or 5b, describe in Part III				
6	For persons listed in form 990, Part VII, Section A, line 1a, compensation contingent on the net earnings of	did the organization pay or accrue any			
а	The organization?		6a		Νo
ь	Any related organization?		6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III				
7	For persons listed in Form 990, Part VII, Section A, line 1a payments not described in lines 5 and 6? If "Yes," describe		7		Νo
8	Were any amounts reported in Form 990, Part VII, paid or a subject to the initial contract exception described in Regs.				
	ın Part III		8		Νo
9	If "Yes" to line 8, did the organization also follow the rebutta section 53 4958-6(c)?	able presumption procedure described in Regulations	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-MIS	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form 990 or Form 990-EZ	
		(i) Base (ii) Bonus & incentive compensation		(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)		
WILLIAM T BRADEL	(I) (II)	0 404,546	0 90,630	0 20,185	0 9,800	0 20,462	0 545,623	(
STEVEN W LEWIS MD	(I) (II)	0 351,388	0 47,372	0 2,894	0 9,800	0 18,193	0 429,647	(
ROGER S SCHULER	(1) (11)	0 210,128	0 27,224	0	0 114,419	0 13,308	0 365,079		
MARILYNN P BELCHER	(I) (II)	0 201,479	0 26,840	0 637	0 8,689	0 13,000	0 250,645	(
RICHARD A SMITH	(I) (II)	0 179,928	0 28,757	0 771	0 7,898	0 7,361	0 224,715		
BARBARA S DEMBER AS OF 12309	(I) (II)	0 211,417	0 18,073	0 26,480	0 8,942	0 25,207	0 290,119		
ALICE GAGNAIRE THRU 1232009	(I) (II)	0 82,061	0 10,000	0 1,608	0 105,787	0 933	0 200,389		
ERIC D COHEN MD	(ı) (ıı)	0 675,000	0	0 3,270	0 9,800	0 22,066	0 710,136	(
STEVEN M PETERSON MD	(I) (II)	0 571,147	0 79,873	0	0 9,800	0 19,170	0 679,990	(
OMARR WANI MD	(I) (II)	0 392,318	0 30,000	0 9,308	0 9,123	0 30,192	0 470,941	(
JOHN J MOUGIN MD	(I) (II)	0 274,540	0 62,198	0	0 9,800	0 16,220	0 362,758	(
MARK C FOSTER MD	(ı) (ıı)	0 282,227	0 35,681	0	0 9,800	0 15,655	0 343,363	(
GREGORY KUZMA	(I) (II)	0 313,870	0 42,828	0 26,355	0 97,679	0 16,570	0 497,302	(

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

Ident if ier	Ret urn Ref erence	Explanation
	PART I	LINE 1A BOARD MEMBER AND OFFICER BUSINESS TRAVEL EXPENSES, SUCH AS AIRLINE AND MEALS, FOR SPOUSES WERE PAID AND INFORMATION GATHERED FOR W-2 AND 1099 REPORTING GROSS UP OF TAXES IS DONE ON ALL EMPLOYEE GIFT CERTIFICATES CURRENTLY, THERE IS NO WRITTEN POLICY FOR THESE ITEMS IN PRACTICE, THE BOARD MEMBER AND OFFICER BUSINESS TRAVEL EXPENSES ARE APPROVED BY NEXT HIGHEST LEVEL LINE 3 CEO COMPENSATION IS DERIVED BY A RELATED ENTITY - NORTHERN AZ HEALTHCARE - BY THE FOLLOWING METHODS COMPENSATION COMMITTEE, WRITTEN CONTRACT, INDEPENDENT CONSULTANT, COMPENSATION SURVEY, RECOMMENDATION OF COMPENSATION COMMITTEE TO BOARD FOR APPROVAL

Schedule J (Form 990) 2009

DLN: 93493133059091

Schedule K (Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

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

Open to Public Inspect ion

Name of the organization FLAGSTAFF MEDICAL CENTER

Part I Bond Issues

Department of the Treasury

Internal Revenue Service

Employer identification number

86-0110232

176	bond issues													
	(a) Issuer Name	(b) Issuer EIN (c) CUSIP #		(d) Date Issued		(e) Issue	(e) Issue Price		(f) Description of Purpose			(g) Defeased		On alf of uer
													Yes	No
A	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY	86-0376099		07-25-2008		45,	45,703,133		SEE SCHEDULE O			x		x
В	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY	86-0376099	985900BT5	01-08-2009		20,	20,326,075		ULE O			×		Х
Pa	TEII Proceeds			·										
					A	_	В	_	С		<u> </u>		E	
1	Total proceeds of issue			4	5,703,133	3 2	20,378,64	2						
2	Gross proceeds in reserve funds				(0						
3	Proceeds in refunding or defeasan	ce escrows		0			(
4	Other unspent proceeds			O										
5	Issuance costs from proceeds			5,440			257,56		5					
6	Working capital expenditures from	proceeds		C)		0						
7	Capital expenditures from proceed	ds		(10,126,00		0						
8	Year of substantial completion					•				•				
				Yes	No	Yes	No	Yes	No	Yes	No	Ye	:s	No
9	Were the bonds issued as part of a	a current refunding is:	sue?	Х		Х								
10	Were the bonds issued as part of a	an advance refunding	ıssue?		х		х							
11	Has the final allocation of proceed	ls been made?		Х		х								
12				Х		Х								
Par	t IIII Private Business Use							1						
				<u> </u>	<u> </u>	E				D			E	
				Yes	No	Yes	No	Yes	No	Yes	No	Ye	s	No
1	Was the organization a partner in a which owned property financed by		ember of an LLC,		X		X							
A re there any lease arrangements with respect to the financed property which may result in private business use?				Х		х								
For F	Privacy Act and Paperwork Reduction Ac	ct Notice, see the Instr	uctions for Form 990.			Cat No 50	0193E				Schedule	K (Form	990) 20	09

Schedule K (Form 990) 2009

Part III Private Business Use (Continued)

		4	A		3		С	1	D		E
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?	Х		Х							
3b	Are there any research agreements with respect to the financed property which may result in private business use?		Х		х						
3с	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	Х		х							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		0 %		0 %		•				
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		0 %		0 %						
6	Total of lines 4 and 5		0 %		0 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	Х		Х							
Dai	rt IV Arbitrage					<u> </u>	<u> </u>	<u> </u>			

Part IV Arbitrage

			A		В	1	С	ı	D		E
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		x		х						
2	Is the bond issue a variable rate issue?	Х		Х							
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X		х						
b	Name of provider						•				
С	Term of hedge										
4a	Were gross proceeds invested in a GIC?		Х		Х						
b	Name of provider						-				
С	Term of GIC										
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5	Were any gross proceeds invested beyond an available temporary period?	х		х							
6	Did the bond issue qualify for an exception to rebate?	Х			х						
									Cahadul	o V /Form 00/	3) 2000

DLN: 93493133059091

OMB No 1545-0047

Inspection

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury

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.

Internal Revenue Service Name of the organization

Employer identification number FLAGSTAFF MEDICAL CENTER 86-0110232 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 (c) Corrected? (a) Name of disqualified person 1 (b) Description of transaction 2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . 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 (f) (b) Loan to (e) In Approved (g)Written or from the (a) Name of interested person and (c)Original default? by board or agreement? (d)Balance due organization? purpose principal amount committee? Τо From Yes No Yes Yes No Part III Grants or Assistance Benefitting Interested Persons. Complete if the organization answered "Yes" on Form 990, Part IV, line 27. (b) Relationship between interested person (a) Name of interested person (c)A mount of grant or type of assistance and the organization Part IV Business Transactions Involving Interested Persons. Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c. (e) Sharing of (b) Relationship between interested (c) A mount of organization's (a) Name of interested person (d) Description of transaction revenues? person and the transaction organization No See Additional Data Table

OMB No 1545-0047

Open to Public Inspection

SCHEDULE M (Form 990)

Department of the Treasury Internal Revenue Service

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

NonCash Contributions

Name of the organization FLAGSTAFF MEDICAL CENTER

Employer identification number

					86-0110232			
Pa	rt I Types of Property							
		(a) Check If applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of do reven	etermı	nıng	
1	Art—Works of art			-				
2	Art—Historical treasures .							
3	Art—Fractional interests							
4	Books and publications	Х		1,794	replacement cost			
5	Clothing and household goods	×		12,037	replacement cost			
6	Cars and other vehicles							
7	Boats and planes							
8	Intellectual property							
9	Securities—Publicly traded .							
10	Securities—Closely held stock .							
11	Securities—Partnership, LLC,							
	or trust interests							
12	Securities—Miscellaneous							
13	Qualified conservation contribution—Historic structures							
14	Qualified conservation contribution—Other							
15	Real estate—Residential .							
16	Real estate—Commercial							
17	Real estate—Other							
18	Collectibles	X	8	872	other			
19	Food inventory	X	24	4,362	replacement cost			
20	Drugs and medical supplies .			,	'			
21	Taxidermy							
22	Historical artifacts							
23	Scientific specimens							
24	Archeological artifacts							
	Other ► (
ENT	ERTAINMENT/TRAVEL)	X	21	8,211	соѕт			
	SERVICES /							
26	HAIR Other►(SALON)	×	11	2 002	COST			
27	Other ► (<u>SALON</u>)	<u> </u>	11	2,002	C031			
28	Other ()							
29	Number of Forms 8283 received	L hy the ora	I anization during the tay ve:	r for contributions				
	for which the organization compl				29			0
							Yes	No
30a	During the year, did the organiza	ition receiv	e by contribution any prope	rty reported in Part I, lines	1-28 that it			
	must hold for at least three year	s from the o	date of the initial contributi	on, and which is not require	d to be used			
	for exempt purposes for the enti	re holding p	period?			30a		No
t	If "Yes," describe the arrangeme	ent in Part 1	II					
31	Does the organization have a gif					31	Yes	
32a	Does the organization hire or us	e third part	ies or related organizations	to solicit, process, or sell	non-cash			
	contributions?					32a		No
	If "Yes," describe in Part II							
33	If the organization did not report describe in Part II	revenuesı	n column (c) for a type of p	roperty for which column (a) is checked,			

Page 2

Part II

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

Identifier Return Reference Explanation

Schedule M (Form 990) 2009

Additional Data

SCHEDULE O

Identifier

990, PART

Identifier

FORM 990, PART VI,

Return

Reference

DESCRIPTION OF

CLASSES OF

PERSONS AND

THEIR RIGHTS

THE NATURE OF

Return Reference

REVIEW OF THE FORM

Return Reference

PROCESS TO MONITOR

CONFLICTS OF INTEREST

Return

Reference

COMPENSATION

Return Reference

CERTAIN DOCUMENTS

Return Reference

RELATED ORGANIZATIONS

Return Reference

BEFORE MAY 17, 2006")

TRANSACTIONS WITH RELATED

ORGANIZATIONS

HOURS DEVOTED TO

AVAILABILITY OF

TO THE GENERAL

PUBLIC

Return

Reference

SUPPLEMENTAL

Return

Reference

PROHIBITED TAX

TRANSACTION

PARTY TO

SHELTER

Return

Reference THE DUDDIE

PARTNERSHIP

FAMILY

LIMITED

INFORMATION

Identifier

FORM 990, SCHEDULE R,

PART V, LINE 2

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PART V,

LINE 5A

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VI, QUESTION

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QUESTION 19

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K, PART I

VII / SCHEDULE J-2

FORM 990,

PART VI,

15A & 15B

PART VI,

12C

PART VI,

11A

PART VI,

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III, LINE 4

FORM

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Return Reference

PROGRAM SERVICE

ACCOMPLISHMENTS

DESCRIPTION OF

Software Version: **EIN:** 86-0110232 Name: FLAGSTAFF MEDICAL CENTER As Filed Data -

Software ID:

Supplemental Information to Form 990

er identification number

(Form 990) Complete to provide information for responses to specific questions on Department of the Treasury Form 990 or to provide any additional information. Internal Revenue Service ► Attach to Form 990. Name of the organization FLAGSTAFF MEDICAL CENTER

Expla

Identifier Return Reference FORM 990, **VOLUNTEERS** FMC VOLUNTEERS PROVIDE CLERICAL ASSISTANCE PART I, RESPONSIBILITIES SERVICES SUCH AS WHEELCHAIR ASSISTANCE ANI LINE 6

10232 MENTS AND SUPPORT

S AND FAMILIES WHO ENTER

DLN: 93493133059091

OMB No 1545-0047

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DELIVERIES OF GIFTS, READING MATERIALS AND MAIL TO PATIENT ROOMS THEY PROVIDE LOBBY MUSIC, NAVAJO AND SPANISH INTERPRETATION, SPIRITUAL CARE, AND CARING CANINE AND CARING CLOWN VISITS TO PATIENTS THEY ROCK BABIES IN THE SPECIAL CARE NURSERY, PROVIDE MENDED HEARTS PATIENT AND FAMILY SUPPORT, AND ASSIST IN THE FOUNDATION AND AT SPECIAL EVENTS VOLUNTEERS ASSIST IN OTHER DEPARTMENTS SUCH AS THE CANCER CENTER, BIOMEDICAL ENGINEERING, MAIL ROOM, NUTRITION SERVICES, PHARMACY, WOMEN AND INFANTS' CENTER, PHY SICAL THERAPY, FIT KIDS, BARIATRIC CLINIC, EMERGENCY AND SURGICAL SERVICES AND THE **Explanation** ONE OF THE NICEST THINGS ABOUT LIVING IN NORTHERN ARIZONA IS YOU DON'T HAVE TO TRAVEL TO GET EXCELLENT HEALTHCARE SINCE 1936, FLAGSTAFF MEDICAL CENTER (FMC), A MEMBER OF NORTHERN ARIZONA HEALTHCARE, HAS PROVIDED HIGH QUALITY HEALTHCARE SERVICES TO RESIDENTS AND VISITORS TO NORTHERN ARIZONA WE ARE DEDICATED TO PATIENT-CENTERED CARE WITH A PERSONAL TOUCH FMC IS LICENSED BY MEDICARE AND THE STATE OF ARIZONA FOUNDED BY

DR CHARLES SECHRIST AS FLAGSTAFF HOSPITAL, THE 25-BED HOSPITAL WAS DONATED TO THE COMMUNITY OF FLAGSTAFF IN 1955 TODAY, FLAGSTAFF MEDICAL CENTER REMAINS A NOT-FOR-PROFIT HOSPITAL, GOVERNED BY A VOLUNTEER BOARD OF DIRECTORS. WE TREAT EVERY PATIENT, REGARDLESS OF THEIR ABILITY TO PAY EVERY YEAR, FLAGSTAFF MEDICAL CENTER INVESTS IN YOUR COMMUNITY HOSPITAL TO ENSURE WE ARE PROVIDING THE BEST, SAFEST CARE, CLOSE TO HOME WE PROVIDE KEY SERVICES TO NORTHERN ARIZONA RESIDENTS AND VISITORS, INCLUDING A REGIONAL TRAUMA CENTER, OPEN-HEART SURGERY, HIGH-TECH IMAGING, A CANCER CENTER, SURGICAL SERVICES, ORTHOPEDIC SERVICES, WOMEN, INFANTS' AND CHILDREN'S SERVICES, AND MORE FMC CURRENTLY HAS - 271 INPATIENT BEDS - 137 PHYSICIANS ON OUR ACTIVE MEDICAL STAFF

- 14,203 ANNUAL INPATIENT HOSPITAL ADMISSIONS - 64,232 INPATIENT DAYS - 96,111 ANNUAL OUTPATIENT HOSPITAL VISITS - 40,055 ANNUAL EMERGENCY DEPARTMENT VISITS - 1,326 BABIES BORN THIS YEAR AT FMC FLAGSTAFF MEDICAL CENTER'S MISSION AND VISION ------

THOSE WE SERVE BY - DEVELOPING QUALITY HEALTHCARE SERVICES USING ADVANCED TECHNOLOGY TO IMPROVE THE HEALTH STATUS AND TO MEET THE GROWING NEEDS OF THE

RECRUITING AND RETAINING HIGHLY QUALIFIED COLLEAGUES AND PHYSICIANS - ENSURING EXCEPTIONAL VALUE FOR OUR PATIENTS AND FINANCIAL STRENGTH FOR OUR INSTITUTIONS

WE EMBRACE THE DIVERSITY OF OUR PEOPLE, PATIENTS AND THE COMMUNITIES WE SERVE

Explanation

THE FLAGSTAFF MEDICAL CENTER (FMC) GOVERNANCE COMMITTEE NOMINATES FOR POSITIONS ON THE FMC BOARD OF DIRECTORS DIRECTORS ARE ELECTED BY THE BOARD OF DIRECTORS OF THE SOLE

CORPORATE MEMBER FROM THE NOMINATIONS THAT HAVE BEEN PROVIDED THE SOLE CORPORATE

DISAPPROVE THOSE ACTS OR POWERS AS SET FORTH IN THE "RESERVED POWERS CHART" THAT IS

THE FORM 990 IS PREPARED BY AN ACCOUNTING FIRM BASED ON DATA GATHERED BY THE

HELD PRIOR TO THE MAY 15 DUE DATE FOR THE FORM 990 A REPRESENTATIVE FROM THE

DRAFT IS DISTRIBUTED TO THE GOVERNING BODY PRIOR TO FILING

Explanation

CONTROLLER AND THE ORGANIZATION'S FINANCIAL OPERATIONS GROUP THE CFO REVIEWS THE

FORM 990 IS PROVIDED TO THE BOARD OF DIRECTORS AND KEY OFFICERS AT A BOARD MEETING

ACCOUNTING FIRM ATTENDS THE MEETING AND EXPLAINS SOME OF THE SIGNIFICANT DISCLOSURES IN THE FORM 990 ANY ADDITIONAL COMMENTS SUGGESTED BY THE GOVERNING BODY ARE THEN INCORPORATED INTO THE FINAL VERSION OF THE FORM 990 TO BE FILED WITH THE IRS BY THE FINAL DUE DATE IF ANY SUGGESTED CHANGES ARE MATERIAL OR SIGNIFICANT, AN ADDITIONAL

Explanation

THE ORGANIZATION REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT

Explanation

THE PROCESS FOR DETERMINING COMPENSATION OF THE ORGANIZATION'S CEO AND OTHER

OFFICERS INCLUDES THE PREPARATION OF COMPARABLE DATA BY TOWERS WATSON, AN

GOVERNANCE COMMITTEE OF THE BOARD AND IS DOCUMENTED IN BOARD MINUTES. THE MOST

THE ORGANIZATION'S FINANCIAL STATEMENTS ARE AVAILABLE THROUGH THE ARIZONA

DEPARTMENT OF HEALTH SERVICES IN ADDITION, THEY ARE AVAILABLE THROUGH THE ELECTRONIC MUNICIPAL MARKET ACCESS (EMMA) AS PART OF THE ORGANIZATION'S

THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS OR ITS CONFLICT OF

Explanation

HEALTHCARE SYSTEM) SERIES 2008A THIS ISSUE REFUNDS BONDS FROM 12/12/96 AND 10/31/02 TOTAL

Explanation

FLAGSTAFF MEDICAL CENTER IS FILING FOUR FORMS 8886, REPORTABLE TRANSACTION DISCLOSURE

PARTNERSHIPS LC ENTERPRISES LP, JORDAN FAMILY INVESTMENTS LP, NAAM ENTERPRISES LP, AND GKC ENTERPRISES LP FLAGSTAFF MEDICAL CENTER IS FILING ONE FORM 8886 TO REPORT ITS INTEREST

IN DUDDIE FAMILY LIMITED PARTNERSHIP FLAGSTAFF MEDICAL CENTER IS NOT REQUIRED TO DISCLOSE THE DUDDIE FAMILY LP ON FORM 8886-T, DISCLOSURE BY TAX-EXEMPT ENTITY REGARDING PROHIBITED TAX SHELTER TRANSACTION, BECAUSE IT RECEIVED THE DONATED LIMITED PARTNERSHIP INTEREST PRIOR TO MAY 17, 2006 TREAS REG 1 6033-5(D)(4)("[D]ISCLOSURE IS NOT REQUIRED WITH RESPECT TO ANY PROHIBITED TAX SHELTER TRANSACTION ENTERED INTO BY A TAX-EXEMPT ENTITY ON OR

Explanation

LINE 5D TAXPAYER RECEIVED THE SCHEDULE K-1 FROM THE ENTITY ON OR ABOUT THE TIME THE FORM 1065

YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC WAS LIMITED TO RECENT ADVICE

PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886 THE SERVICES PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSURE AND

SHUGHART PC FOR SUCH SERVICES WILL EQUAL APPROXIMATELY \$12,000 ANY FEES PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC WILL RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE DUDDIE FAMILY LIMITED PARTNERSHIP LINE 7B THE PARTIES TO THIS TRANSACTION ARE (1) THE FOUNDATION FOR FLAGSTAFF MEDICAL CENTER ("FOUNDATION"), (2) THE DUDDIE FAMILY LIMITED PARTNERSHIP ("PARTNERSHIP"), (3) TIMOTHY G DUDDIE, SHERYL P DUDDIE, AND BRIAN T DUDDIE (COLLECTIVELY, "DONORS"), (4) THE DUDDIE CHILDREN'S TRUST DATED DECEMBER 25, 1990 ("TRUST #1"), AND (5) THE PETERSON GRANDCHILDREN'S TRUST (TRUST #2") DONORS AND FOUNDATION ENTERED INTO THE TRANSACTION, THE PARTNERSHIP, ON OR

ABOUT DECEMBER 31, 1990 ON OR ABOUT NOVEMBER 1, 2000, FOUNDATION, EIN 94-2540279, WAS

ITS DISSOLUTION FLAGSTAFF IS THE SUCESSOR ENTITY TO FOUNDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENTLY, FLAGSTAFF MEDICAL CENTER, INC IS THE ENTITY RESPONSIBLE FOR

INTERESTS PER FOUNDATION'S 2009 SCHEDULE K-1 PROVIDED TO FLAGSTAFF BY PARTNERSHIP, FOUNDATION IS ALLOCATED 19 4% OF THE PROFIT, LOSS AND CAPITAL OF PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TERMS OF THE AGREEMENT, THE GENERAL PARTNERS HAVE FULL CONTROL OVER THE TIMING AND AMOUNT OF DISTRIBUTIONS FROM THE PARTNERSHIP FLAGSTAFF, IN ITS CAPACITY AS LIMITED PARTNER IN THE PARTNERSHIP, GENERALLY MAY NOT DEMAND DISTRIBUTIONS OR

PARTAKE IN THE MANAGEMENT OF THE PARTNERSHIP FLAGSTAFF MAY NOT TRANSFER ITS LIMITED PARTNERSHIP INTEREST WITHOUT SATISFY ING CERTAIN CONDITIONS, INCLUDING RIGHTS OF FIRST REFUSAL HELD BY THE GENERAL PARTNERS AND THE LIMITED PARTNERS UNDER THE TERMS OF THE AGREEMENT. THE OPTION AGREEMENT (THE "OPTION"), EFFECTIVE DECEMBER 31, 1990, WAS ENTERED INTO BY TRUST #1 AND FOUNDATION THE OPTION PROVIDES FOUNDATION THE RIGHT TO REQUIRE TRUST #1 TO PURCHASE ITS INTEREST IN PARTNERSHIP, AT THE GREATER OF FAIR MARKET VALUE OR THE ORIGINAL GIFT VALUE OF FOUNDATION'S LIMITED PARTNERSHIP INTEREST, WHICH WAS ESTABLISHED WHEN FOUNDATION RECEIVED ITS INTEREST IN THE PARTNERSHIP THE RIGHT TO EXERCISE THE OPTION RUNS FOR 60 DAYS AFTER THE DATE OF

DEATH OF THE LAST TO DIE OF "THE INSURED GENERAL PARTNERS OR GRANTORS, IF THE GENERAL

LISTED TRANSACTION IS NOT TREATED AS A REPORTABLE TRANSACTION IF IT HAS AFFECTED THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY AS REPORTED ON ANY TAX RETURN FILED ON OR BEFORE FEBRUARY 28, 2000 BECAUSE FLAGSTAFF IS A TAX-EXEMPT I R C SECTION 501(C)(3) ENTITY, FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP WAS NOT EXPECTED TO REDUCE ITS TAX LIABILITY AT ALL. THEREFORE, UNDER TEMP TREAS REG SECTION 1 6011-4T, FLAGSTAFF MAY NOT HAVE A DISCLOSURE REQUIREMENT WITH RESPECT TO ITS INVESTMENT IN THE PARTNERSHIP PRIOR TO FEBRUARY 28, 2000 * * SINCE 2001, TEMP TREAS REG SECTION 1 6011-4T HAS BEEN MODIFIED A NUMBER OF TIMES BEFORE BEING FINALIZED IN 2003

BASED ON THE VARIOUS EFFECTIVE DATES FOR THE DIFFERENT SECTIONS THAT HAVE CHANGED, IT APPEARS THAT THE FEBRUARY 28, 2000 INITIAL TEMP TREAS REG SECTION 1 6011-4T IN T D 8877 MAY GOVERN THE DISCLOSURE OBLIGATIONS OF FLAGSTAFF WITH RESPECT TO ITS PARTICIPATION IN THE PARTNERSHIP THROUGH ITS LIMITED PARTNERSHIP INTEREST THAT WAS OBTAINED PRIOR TO FEBRUARY 28, 2000, ON OCTOBER 5, 1995 FLAGSTAFF HAS NOT, NOR DOES NOT, EXPECT ANY TAX BENEFIT FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX

CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I R C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS LIMITED PARTNER

Explanation

LINE 5D TAXPAYER RECEIVED THE SCHEDULE K-1 FROM THE ENTITY ON OR ABOUT THE TIME THE FORM 1065

YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC WAS LIMITED TO RECENT ADVICE

PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886 THE SERVICES PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSURE AND RELATED OBLIGATIONS THE FEES PAID BY THE TAXPAYER TO ERNST & YOUNG LLP AND FENNEMORE CRAIG, P.C. RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM GKC ENTERPRISES LIMITED PARTNERSHIP AS OF THE DATE OF FILING THIS FORM 8886 WITH THE IRS, THE TAXPAYER HAS NOT BEEN BILLED BY, NOR PAID FEES TO, POLSINELLI SHUGHART PC, WITH RESPECT TO SERVICES PROVIDED BY IT AS OF THE DATE OF FILING THIS FORM 8886 IN CONNECTION WITH THE SUBJECT TRANSACTION, IT IS EXPECTED THAT FEES TO BE PAID BY THE TAXPAYER TO POLSINELLI

SHUGHART PC FOR SUCH SERVICES WILL EQUAL APPROXIMATELY \$3,000 ANY FEES PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC WILL RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE GKC ENTERPRISES LIMITED PARTNERSHIP LINE 7B THE PARTIES TO THE TRANSACTION ARE (1) THE FOUNDATION FOR FLAGSTAFF MEDICAL CENTER ("FOUNDATION"), (2) GKC ENTERPRISES LIMITED PARTNERSHIP ("PARTNERSHIP"), AND (3) GARY S CHRISTENSEN, ROLLIN G CHRISTENSEN, AND GLADYS S CHRISTENSEN (COLLECTIVELY, "DONORS") DONORS ENTERED INTO THE TRANSACTION, THE PARTNERSHIP, ON OR ABOUT DECEMBER 1, 1990 ON OR ABOUT DECEMBER 31, 1990, 66% OF GARY S CHRISTENSEN'S OWNERSHIP, AS A LIMITED PARTNER, WAS TRANSFERRED TO THE FOUNDATION SOME TIME AFTER THE TRANSACTION WAS ENTERED INTO, THE BOY SCOUTS OF AMERICA, MONTANA COUNCIL, WERE ADMITTED TO THE PARTNERSHIP AS A LIMITED PARTNER ON OR ABOUT NOVEMBER 1, 2000, FOUNDATION, EIN 94-2540279, WAS ADMINSTRATIVELY DISSOLVED AND FLAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN 86-0100232, THE THEN SOLE MEMBER OF THE FOUNDATION, SUCCEEDED TO THE INTERESTS OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION UPON ITS DISSOLUTION FLAGSTAFF IS THE SUCCESSOR ENTITY TO FOUNDATION FOR FEDERAL INCOME TAX PURPOSES

CONSEQUENTLY, FLAGSTAFF MEDICAL CENTER, INC IS THE ENTITY RESPONSIBLE FOR DISCLOSING THIS TRANSACTION UNDER TREAS REG SECTION 1 6011-4, ET SEQ GKC ENTERPRISES LIMITED PARTNERSHIP AGREEMENT, DATED DECEMBER 1, 1990, (THE "AGREEMENT") DESCRIBES DONORS AS HAVING CONTRIBUTED \$100 TO THE PARTNERSHIP AS AN INITIAL CAPITAL CONTRIBUTION PER FOUNDATION'S 2009 SCHEDULE K-1 PROVIDED TO FLAGSTAFF BY PARTNERSHIP, FOUNDATION IS ALLOCATED 36 6% OF THE PROFIT, LOSS AND

CAPITAL OF PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TERMS OF THE AGREEMENT, THE GENERAL PARTNERS HAVE FULL CONTROL OVER THE TIMING AND AMOUNT OF DISTRIBUTIONS FROM THE PARTNERSHIP FLAGSTAFF, IN ITS CAPACITY AS LIMITED PARTNER IN THE PARTNERSHIP, GENERALLY MAY NOT DEMAND DISTRIBUTIONS OR PARTAKE IN THE MANAGEMENT OF THE PARTNERSHIP FLAGSTAFF MAY NOT TRANSFER ITS LIMITED PARTNERSHIP INTEREST WITHOUT SATISFYING CERTAIN CONDITIONS, INCLUDING RIGHTS OF FIRST REFUSAL HELD BY THE GENERAL PARTNERS AND THE LIMITED PARTNERS UNDER THE TERMS OF THE AGREEMENT IT IS UNKNOWN IF AN OPTION AGREEMENT EXISTS, WHICH WOULD ALLOW A THIRD PARTY TO PURCHASE FOUNDATION'S INTEREST IN PARTNERSHIP UPON THE DEATH OF THE GENERAL PARTNER ON OR ABOUT AUGUST 10, 2010 FLAGSTAFF FIRST BECAME AWARE THAT PARTNERSHIP MIGHT BE VIEWED AS SUBSTANTIALLY SIMILAR TO THE NOTICE 2004-30 TRANSACTION, AND THEREFORE MAY HAVE PARTICIPATED IN A LISTED TRANSACTION WITHIN THE MEANING OF TREAS REG SECTION 1 6011-4, ET SEQ CONSEQUENTLY, FLAGSTAFF'S INITIAL DISCLOSURE OF PARTNERSHIP IS FILED WITH THE 2009 FORM 990 WITH RESPECT TO FLAGSTAFF'S TAXABLE YEAR ENDED JUNE 30, 2010 FLAGSTAFF HAS RETAINED LEGAL COUNSEL AND IS NEGOTIATING WITHDRAWAL FROM THE PARTNERSHIP FLAGSTAFF MAY SEEK A JUDICIAL REMEDY IF NECESSARY FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I R C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS A LIMITED PARTNER THEREFORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DISCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING INTO THE PARTNERSHIP SOLELY PRIOR TO FEBRUARY 28, 2000 THE ORIGINAL TEMP TREAS REGS ISSUED FEBRUARY 28, 2000 UNDER TREAS REG SECTION 1 6011-4T MAY GOVERN FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE

ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR

THRESHOLDS (THE "PROJECTED TAX EFFECT TEST") THE PROJECTED TAX EFFECT TEST, AS DESCRIBED IN THESE REGULATIONS, REQUIRE A TRANSACTION TO BE REPORTED WHERE IT IS EXPECTED TO REDUCE THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY BY MORE THAN \$1 MILLION IN ANY SINGLE TAXABLE YEAR OR BY A TOTAL OF \$2 MILLION FOR ANY COMBINATION OF TAXABLE YEARS HOWEVER, A LISTED TRANSACTION IS NOT TREATED AS A REPORTABLE TRANSACTION IF IT HAS AFFECTED THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY AS REPORTED ON ANY TAX RETURN FILED ON OR BEFORE FEBRUARY 28, 2000 BECAUSE FLAGSTAFF IS A TAX-EXEMPT IRC SECTION 501(C)(3) ENTITY, FLAGSTAFF'S PARTICIPATION IN THE

PARTNERSHIP WAS NOT EXPECTED TO REDUCE ITS TAX LIABILITY AT ALL. THEREFORE, UNDER TEMP TREAS REG SECTION 1 6011-4T, FLAGSTAFF MAY NOT HAVE A DISCLOSURE REQUIREMENT WITH RESPECT TO ITS INVESTMENT IN THE PARTNERSHIP PRIOR TO FEBRUARY 28, 2000 ** SINCE 2001, TEMP TREAS REG SECTION

1 6011-4T HAS BEEN MODIFIED A NUMBER OF TIMES BEFORE BEING FINALIZED IN 2003 BASED ON THE VARIOUS EFFECTIVE DATES FOR THE DIFFERENT SECTIONS THAT HAVE CHANGED, IT APPEARS THAT THE FEBRUARY 28, 2000 INITIAL TEMP TREAS REG SECTION 1 6011-4T IN T D 8877 MAY GOVERN THE DISCLOSURE OBLIGATIONS OF FLAGSTAFF WITH RESPECT TO ITS PARTICIPATION IN THE PARTNERSHIP THROUGH ITS LIMITED PARTNERSHIP INTEREST THAT WAS OBTAINED PRIOR TO FEBRUARY 28, 2000, ON OR ABOUT DECEMBER 31, 1990 FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFIT FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX

CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I R C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS LIMITED PARTNER

Explanation

LINE 5D TAXPAYER RECEIVED THE SCHEDULE K-1 FROM THE ENTITY ON OR ABOUT THE TIME THE FORM 1065

YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC WAS LIMITED TO RECENT ADVICE

PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886 THE SERVICES PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSURE AND RELATED OBLIGATIONS THE FEES PAID BY THE TAXPAYER TO ERNST & YOUNG LLP AND FENNEMORE CRAIG, P.C. RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM LC ENTERPRISES LIMITED PARTNERSHIP AS OF THE DATE OF FILING THIS FORM 8886 WITH THE IRS, THE TAXPAYER HAS NOT BEEN BILLED BY, NOR PAID FEES TO, POLSINELLI SHUGHART PC, WITH RESPECT TO SERVICES PROVIDED BY IT AS OF THE DATE OF FILING THIS FORM 8886 IN CONNECTION WITH THE

SUBJECT TRANSACTION, IT IS EXPECTED THAT FEES TO BE PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC FOR SUCH SERVICES WILL EQUAL APPROXIMATELY \$6,000 ANY FEES PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC WILL RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE LC ENTERPRISES LIMITED PARTNERSHIP LINE 7B THE PARTIES TO THE TRANSACTION ARE (1) THE FOUNDATION FOR FLAGSTAFF MEDICAL CENTER ("FOUNDATION"), (2) LC ENTERPRISES LIMITED PARTNERSHIP ("PARTNERSHIP"), AND (3) LLOYD V CASTLETON, NILDA CASTLETON, AND KAYLE V CASTLETON (COLLECTIVELY "DONORS") ON OR ABOUT DECEMBER 31, 1990, 87 5% OF LLOYD V CASTLETON'S OWNERSHIP INTEREST, IN HIS CAPACITY AS A LIMITED PARTNER, WAS TRANSFERRED TO THE FOUNDATION DONORS ENTERED INTO THE TRANSACTION, THE PARTNERSHIP, ON OR ABOUT DECEMBER 1, 1990 ON OR ABOUT NOVEMBER 1, 2000, FOUNDATION, EIN 94-2540279, WAS ADMINISTRATIVELY DISSOLVED AND FLAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN

86-0110232, THE THEN SOLE MEMBER OF THE FOUNDATION, SUCCEEDED TO THE INTERESTS OF THE

PARTAKE IN THE MANAGEMENT OF THE PARTNERSHIP FLAGSTAFF MAY NOT TRANSFER ITS LIMITED

GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF

LISTED TRANSACTION IS NOT TREATED AS A REPORTABLE TRANSACTION IF IT HAS AFFECTED THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY AS REPORTED ON ANY TAX RETURN FILED ON OR BEFORE FEBRUARY 28, 2000 BECAUSE FLAGSTAFF IS A TAX-EXEMPT I R C SECTION 501(C)(3) ENTITY, FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP WAS NOT EXPECTED TO REDUCE ITS TAX LIABILITY AT ALL THEREFORE, UNDER TEMP TREAS REG SECTION 1 6011-4T, FLAGSTAFF MAY NOT HAVE A DISCLOSURE REQUIREMENT WITH RESPECT TO ITS INVESTMENT IN THE PARTNERSHIP PRIOR TO FEBRUARY 28, 2000 * * SINCE 2001, TEMP TREAS REG SECTION 1 6011-4T HAS BEEN MODIFIED A NUMBER OF TIMES BEFORE BEING FINALIZED IN 2003

BASED ON THE VARIOUS EFFECTIVE DATES FOR THE DIFFERENT SECTIONS THAT HAVE CHANGED, IT APPEARS THAT THE FEBRUARY 28, 2000 INITIAL TEMP TREAS REG SECTION 1 6011-4T IN T D 8877 MAY GOVERN THE DISCLOSURE OBLIGATIONS OF FLAGSTAFF WITH RESPECT TO ITS PARTICIPATION IN THE PARTNERSHIP THROUGH ITS LIMITED PARTNERSHIP INTEREST THAT WAS OBTAINED PRIOR TO FEBRUARY 28, 2000, ON OR ABOUT DECEMBER 31, 1990 FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFIT FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER IR C SECTION 501 (C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS LIMITED

Explanation

LINE 5D TAXPAYER RECEIVED THE SCHEDULE K-1 FROM THE ENTITY ON OR ABOUT THE TIME THE FORM 1065

YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC WAS LIMITED TO RECENT ADVICE PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886 THE SERVICES

PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSURE AND RELATED OBLIGATIONS THE FEES PAID BY THE TAXPAYER TO ERNST & YOUNG LLP AND FENNEMORE CRAIG, P.C. RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE JORDAN FAMILY INVESTMENTS LIMITED PARTNERSHIP AS OF THE DATE OF FILING THIS FORM 8886 WITH THE IRS, THE TAXPAYER HAS NOT BEEN BILLED BY, NOR PAID FEES TO, POLSINELLI SHUGHART PC, WITH RESPECT TO SERVICES PROVIDED BY IT AS OF THE DATE OF FILING THIS FORM 8886 IN CONNECTION WITH THE SUBJECT TRANSACTION, IT IS EXPECTED THAT FEES TO BE PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC FOR SUCH SERVICES WILL EQUAL APPROXIMATELY \$3,000 ANY FEES PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC WILL RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE JORDAN FAMILY INVESTMENTS LIMITED PARTNERSHIP LINE 7B THE PARTIES TO THE TRANSACTION ARE (1) THE FOUNDATION FOR FLAGSTAFF MEDICAL CENTER ("FOUNDATION"), (2) JORDAN FAMILY INVESTMENTS LIMITED PARTNERSHIP ("PARTNERSHIP"), AND (3) MICHAEL E JORDAN, BRIDGET M JORDAN, DAVID E JORDAN, AND JOHN E SAVOY AS CUSTODIAN FOR JOHN S JORDAN, WILLIAM J JORDAN AND ELIZABETH C JORDAN, (COLLECTIVELY, "DONORS") AT AN UNKNOWN DATE, MICHAEL E JORDAN, AS A LIMITED PARTNER, TRANSFERRED A

WAS FILED WITH THE INTERNAL REVENUE SERVICE LINE 6 A-C NOTE THE TAX ADVICE PROVIDED BY ERNST &

PERCENTAGE OF HIS OWNERSHIP INTEREST TO THE FOUNDATION DONORS ENTERED INTO THE TRANSACTION, THE PARTNERSHIP, ON OR ABOUT DECEMBER 1, 1990 SOME TIME AFTER THE TRANSACTION WAS ENTERED INTO THE BOY SCOUTS OF AMERICA, MONTANA COUNCIL, WERE ADMITTED TO THE PARTNERSHIP AS A LIMITED PARTNER ON OR ABOUT NOVEMBER 1, 2000 FOUNDATION, EIN 94-2540279, WAS ADMINISTRATIVELY DISSOLVED AND FLAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN 86-0110232, THE THEN SOLE MEMBER OF THE FOUNDATION, SUCCEEDED TO THE INTERESTS OF THE FOUNDATION IN THE REMAINING ASSETS OF THE

FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION UPON ITS DISSOLUTION FLAGSTAFF IS THE SUCCESSOR ENTITY TO FOUNDATION FOR FEDERAL INCOME TAX PURPOSES

HAVE FULL CONTROL OVER THE TIMING AND AMOUNT OF DISTRIBUTIONS FROM THE PARTNERSHIP FLAGSTAFF, IN ITS CAPACITY AS LIMITED PARTNER IN THE PARTNERSHIP, GENERALLY MAY NOT DEMAND DISTRIBUTIONS OR PARTAKE IN THE MANAGEMENT OF THE PARTNERSHIP FLAGSTAFF MAY NOT TRANSFER ITS LIMITED PARTNERSHIP INTEREST WITHOUT SATISFYING CERTAIN CONDITIONS, INCLUDING RIGHTS OF FIRST

REFUSAL HELD BY THE GENERAL PARTNERS AND THE LIMITED PARTNERS UNDER THE TERMS OF THE AGREEMENT IT IS UNKNOWN IF AN OPTION AGREEMENT EXISTS, WHICH ALLOWS A THIRD PARTY TO PURCHASE FOUNDATION'S INTEREST IN PARTNERSHIP UPON THE DEATH OF THE GENERAL PARTNER ON OR ABOUT AUGUST 10, 2010 FLAGSTAFF FIRST BECAME AWARE THAT PARTNERSHIP MIGHT BE VIEWED AS SUBSTANTIALLY SIMILAR TO THE NOTICE 2004-30 TRANSACTION, AND THEREFORE MAY HAVE PARTICIPATED IN A LISTED TRANSACTION WITHIN THE MEANING OF TREAS REG SECTION 1 6011-4, ET SEQ CONSEQUENTLY, FLAGSTAFF'S INITIAL DISCLOSURE OF PARTNERSHIP IS FILED WITH THE 2009 FORM 990 WITH RESPECT TO FLAGSTAFF'S TAXABLE YEAR ENDED JUNE 30, 2010 FLAGSTAFF HAS RETAINED LEGAL COUNSEL AND IS NEGOTIATING WITHDRAWAL FROM THE PARTNERSHIP FLAGSTAFF MAY SEEK A JUDICIAL REMEDY IF NECESSARY FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER IRC SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS A LIMITED PARTNER THEREFORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DISCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING INTO THE PARTNERSHIP SOLELY PRIOR TO FEBRUARY 28, 2000 THE ORIGINAL TEMP TREAS REGS ISSUED FEBRUARY

28, 2000 UNDER TREAS REG SECTION 1 6011-4T MAY GOVERN FLAGSTAFF'S PARTICIPATION IN THE

ENTITY, FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP WAS NOT EXPECTED TO REDUCE ITS TAX

CAPACITY AS LIMITED PARTNER

Identifier

FORM

OF 5

8886, 5

Return

Reference

ENTERPRISES

NAAM

LIMITED **PARTNERSHIP** LIABILITY AT ALL THEREFORE, UNDER TEMP TREAS REG SECTION 1 6011-4T, FLAGSTAFF MAY NOT HAVE A DISCLOSURE REQUIREMENT WITH RESPECT TO ITS INVESTMENT IN THE PARTNERSHIP PRIOR TO FEBRUARY 28, 2000 * * SINCE 2001, TEMP TREAS REG SECTION 1 6011-4T HAS BEEN MODIFIED A NUMBER OF TIMES BEFORE BEING FINALIZED IN 2003 BASED ON THE VARIOUS EFFECTIVE DATES FOR THE DIFFERENT SECTIONS THAT HAVE CHANGED, IT APPEARS THAT THE FEBRUARY 28, 2000 INITIAL TEMP TREAS REG SECTION 1 6011-4T IN T D 8877 MAY GOVERN THE DISCLOSURE OBLIGATIONS OF FLAGSTAFF WITH RESPECT TO ITS PARTICIPATION IN THE PARTNERSHIP THROUGH ITS LIMITED PARTNERSHIP INTEREST THAT WAS OBTAINED PRIOR TO FEBRUARY 28, 2000, ON OR ABOUT DECEMBER 31, 1990 FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFIT FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I R C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS

Explanation

LINE 5D TAXPAYER RECEIVED THE SCHEDULE K-1 FROM THE ENTITY ON OR ABOUT THE TIME THE FORM 1065

YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC WAS LIMITED TO RECENT ADVICE

PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886 THE SERVICES PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI SHUGHART PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSURE AND RELATED OBLIGATIONS THE FEES PAID BY THE TAXPAYER TO ERNST & YOUNG LLP AND FENNEMORE CRAIG, P.C. RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM NAAM ENTERPRISES LIMITED PARTNERSHIP AS OF THE DATE OF FILING THIS FORM 8886 WITH THE IRS, THE TAXPAYER HAS NOT BEEN BILLED BY, NOR PAID FEES TO, POLSINELLI SHUGHART PC, WITH RESPECT TO SERVICES PROVIDED BY IT AS OF THE DATE OF FILING THIS FORM 8886 IN CONNECTION WITH THE SUBJECT TRANSACTION, IT IS EXPECTED THAT FEES TO BE PAID BY THE TAXPAYER TO POLSINELLI

SHUGHART PC FOR SUCH SERVICES WILL EQUAL APPROXIMATELY \$3,000 ANY FEES PAID BY THE TAXPAYER TO POLSINELLI SHUGHART PC WILL RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE NAAM ENTERPRISES LIMITED PARTNERSHIP LINE 7B THE PARTIES TO THE TRANSACTION ARE (1) THE FOUNDATION FOR FLAGSTAFF MEDICAL CENTER ("FOUNDATION"), (2) NAAM ENTERPRISES LIMITED PARTNERSHIP ("PARTNERSHIP"), AND (3) HARIBHAJAN SINGH KHALSA, HARIBHAJAN KAUR KHALSA, AND DR JODHA S KHALSA AS CUSTODIAN FOR SATSANGEET KHALSA (COLLECTIVELY, "DONORS") AT AN UNKNOWN DATE, HARI BHAJAN SINGH KHALSA AND HARI BHAJAN KAUR KHALSA, IN THEIR CAPACITY AS LIMITED PARTNERS, TRANSFERRED A PERCENTAGE OF THEIR OWNERSHIP INTEREST TO THE FOUNDATION DONORS ENTERED INTO THE TRANSACTION, THE PARTNERSHIP, ON OR ABOUT DECEMBER 1, 1990 ON OR ABOUT NOVEMBER 1, 2000, FOUNDATION, EIN 94-2540279, WAS ADMINISTRATIVELY DISSOLVED AND FLAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN

86-0110232, THE THEN SOLE MEMBER OF THE FOUNDATION, SUCCEEDED TO THE INTERESTS OF THE

TO THE PARTNERSHIP AS AN INITIAL CAPITAL CONTRIBUTION PER FOUNDATION'S 2009 SCHEDULE K-1 PROVIDED TO FLAGSTAFF BY PARTNERSHIP, FOUNDATION IS ALLOCATED 22% OF THE PROFIT, LOSS AND CAPITAL OF PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TERMS OF THE AGREEMENT, THE GENERAL PARTNERS HAVE FULL CONTROL OVER THE TIMING AND AMOUNT OF DISTRIBUTIONS FROM THE PARTNERSHIP FLAGSTAFF, IN ITS CAPACITY AS LIMITED PARTNER IN THE PARTNERSHIP, GENERALLY MAY NOT DEMAND DISTRIBUTIONS OR PARTAKE IN THE MANAGEMENT OF THE PARTNERSHIP FLAGSTAFF MAY NOT TRANSFER ITS LIMITED PARTNERSHIP INTEREST WITHOUT SATISFYING CERTAIN CONDITIONS, INCLUDING RIGHTS OF FIRST REFUSAL HELD BY THE GENERAL PARTNERS AND THE LIMITED PARTNERS UNDER THE TERMS OF THE AGREEMENT IT IS UNKNOWN IF AN OPTION AGREEMENT EXISTS, WHICH ALLOWS A THIRD PARTY TO PURCHASE FOUNDATION'S INTEREST IN PARTNERSHIP UPON THE DEATH OF THE GENERAL PARTNER ON OR ABOUT AUGUST 10, 2010 FLAGSTAFF FIRST BECAME AWARE THAT PARTNERSHIP MIGHT BE VIEWED AS SUBSTANTIALLY SIMILAR TO THE NOTICE 2004-30 TRANSACTION, AND THEREFORE MAY HAVE PARTICIPATED IN A LISTED TRANSACTION WITHIN THE MEANING OF TREAS REG SECTION 1 6011-4, ET SEQ CONSEQUENTLY, FLAGSTAFF'S INITIAL DISCLOSURE OF PARTNERSHIP IS FILED WITH THE 2009 FORM 990 WITH RESPECT TO FLAGSTAFF'S TAXABLE YEAR ENDED JUNE 30, 2010 FLAGSTAFF HAS RETAINED LEGAL COUNSEL AND IS NEGOTIATING WITHDRAWAL FROM THE PARTNERSHIP FLAGSTAFF MAY SEEK A JUDICIAL REMEDY IF NECESSARY FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I R C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS A LIMITED PARTNER THEREFORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DISCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING INTO THE PARTNERSHIP SOLELY PRIOR TO FEBRUARY 28, 2000 THE ORIGINAL TEMP TREAS REGS ISSUED FEBRUARY 28, 2000 UNDER TREAS REG SECTION 1 6011-4T MAY GOVERN FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE

ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR

THRESHOLDS (THE "PROJECTED TAX EFFECT TEST") THE PROJECTED TAX EFFECT TEST, AS DESCRIBED IN THESE REGULATIONS, REQUIRE A TRANSACTION TO BE REPORTED WHERE IT IS EXPECTED TO REDUCE THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY BY MORE THAN \$1 MILLION IN ANY SINGLE TAXABLE YEAR OR BY A TOTAL OF \$2 MILLION FOR ANY COMBINATION OF TAXABLE YEARS HOWEVER, A LISTED TRANSACTION IS NOT TREATED AS A REPORTABLE TRANSACTION IF IT HAS AFFECTED THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY AS REPORTED ON ANY TAX RETURN FILED ON OR BEFORE FEBRUARY 28, 2000 BECAUSE FLAGSTAFF IS A TAX-EXEMPT IRC SECTION 501(C)(3) ENTITY, FLAGSTAFF'S PARTICIPATION IN THE

PARTNERSHIP WAS NOT EXPECTED TO REDUCE ITS TAX LIABILITY AT ALL. THEREFORE, UNDER TEMP TREAS REG SECTION 1 6011-4T, FLAGSTAFF MAY NOT HAVE A DISCLOSURE REQUIREMENT WITH RESPECT TO ITS INVESTMENT IN THE PARTNERSHIP PRIOR TO FEBRUARY 28, 2000 ** SINCE 2001, TEMP TREAS REG SECTION 1 6011-4T HAS BEEN MODIFIED A NUMBER OF TIMES BEFORE BEING FINALIZED IN 2003 BASED ON THE VARIOUS EFFECTIVE DATES FOR THE DIFFERENT SECTIONS THAT HAVE CHANGED, IT APPEARS THAT THE FEBRUARY 28, 2000 INITIAL TEMP TREAS REG SECTION 1 6011-4T IN T D 8877 MAY GOVERN THE DISCLOSURE OBLIGATIONS OF FLAGSTAFF WITH RESPECT TO ITS PARTICIPATION IN THE PARTNERSHIP THROUGH ITS LIMITED PARTNERSHIP INTEREST THAT WAS OBTAINED PRIOR TO FEBRUARY 28, 2000, ON OR ABOUT DECEMBER 31, 1990 FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFIT FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX

CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER LR C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS LIMITED PARTNER

FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION UPON ITS DISSOLUTION FLAGSTAFF IS THE SUCCESSOR ENTITY TO FOUNDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENTLY, FLAGSTAFF MEDICAL CENTER, INC IS THE ENTITY RESPONSIBLE FOR DISCLOSING THIS TRANSACTION UNDER TREAS REG SECTION 1 6011-4, ET SEQ NAAM ENTERPRISES LIMITED PARTNERSHIP AGREEMENT (THE "AGREEMENT") DESCRIBES DONORS AS HAVING CONTRIBUTED \$100

WAS FILED WITH THE INTERNAL REVENUE SERVICE LINE 6 A-C NOTE THE TAX ADVICE PROVIDED BY ERNST &

PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR THRESHOLDS (THE "PROJECTED TAX EFFECT TEST") THE PROJECTED TAX EFFECT TEST, AS DESCRIBED IN THESE REGULATIONS, REQUIRE A TRANSACTION TO BE REPORTED WHERE IT IS EXPECTED TO REDUCE THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY BY MORE THAN \$1 MILLION IN ANY SINGLE TAXABLE YEAR OR BY A TOTAL OF \$2 MILLION FOR ANY COMBINATION OF TAXABLE YEARS HOWEVER, A LISTED TRANSACTION IS NOT TREATED AS A REPORTABLE TRANSACTION IF IT HAS AFFECTED THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY AS REPORTED ON ANY TAX RETURN FILED ON OR BEFORE FEBRUARY 28, 2000 BECAUSE FLAGSTAFF IS A TAX-EXEMPT I R C SECTION 501(C)(3)

CONSEQUENTLY, FLAGSTAFF MEDICAL CENTER, INC IS THE ENTITY RESPONSIBLE FOR DISCLOSING THIS TRANSACTION UNDER TREAS REG SECTION 1 6011-4, ET SEQ THE JORDAN FAMILY INVESTMENTS LIMITED PARTNERSHIP AGREEMENT, DATED DECEMBER 1, 1990, (THE "AGREEMENT") DESCRIBES DONORS AS HAVING CONTRIBUTED \$100 TO THE PARTNERSHIP AS AN INITIAL CAPITAL CONTRIBUTION THE INITIAL PARTNERSHIP AGREEMENT LISTS MICHAEL E JORDAN AS THE GENERAL PARTNER ACCORDING TO THE PARTNERSHIPS 2009 K-1, THE GENERAL PARTNER IS NOW WILLIAM J JORDAN CLIFFORD JORDAN AND THERESA JORDAN BECAME LIMITED PARTNERS PRIOR TO 2008 PER FOUNDATION'S 2009 SCHEDULE K-1 PROVIDED TO FLAGSTAFF BY PARTNERSHIP, FOUNDATION IS ALLOCATED 42 1% OF THE PROFIT, LOSS AND CAPITAL OF PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TERMS OF THE AGREEMENT, THE GENERAL PARTNERS

PARTNER

Identifier

FORM

OF 5

8886, 4

Return

Reference

INVESTMENT

JORDAN

FAMILY

LIMITED **PARTNERSHIP**

ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER IR C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS A LIMITED PARTNER THEREFORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DISCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING INTO THE PARTNERSHIP SOLELY PRIOR TO FEBRUARY 28, 2000 THE ORIGINAL TEMP TREAS REGS ISSUED FEBRUARY 28, 2000 UNDER TREAS REG SECTION 1 6011-4T MAY GOVERN FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR THRESHOLDS (THE "PROJECTED TAX EFFECT TEST") THE PROJECTED TAX EFFECT TEST, AS DESCRIBED IN THESE REGULATIONS, REQUIRE A TRANSACTION TO BE REPORTED WHERE IT IS EXPECTED TO REDUCE THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY BY MORE THAN \$1 MILLION IN ANY SINGLE TAXABLE YEAR OR BY A TOTAL OF \$2 MILLION FOR ANY COMBINATION OF TAXABLE YEARS HOWEVER, A

PARTNERSHIP INTEREST WITHOUT SATISFY ING CERTAIN CONDITIONS, INCLUDING RIGHTS OF FIRST REFUSAL HELD BY THE GENERAL PARTNERS AND THE LIMITED PARTNERS UNDER THE TERMS OF THE AGREEMENT IT IS UNKNOWN IF AN OPTION A GREEMENT EXISTS, WHICH ALLOWS A THIRD PARTY TO PURCHASE FOUNDATION'S INTEREST IN PARTNERSHIP UPON THE DEATH OF THE GENERAL PARTNER ON OR ABOUT AUGUST 10, 2010 FLAGSTAFF FIRST BECAME AWARE THAT PARTNERSHIP MIGHT BE VIEWED AS SUBSTANTIALLY SIMILAR TO THE NOTICE 2004-30 TRANSACTION, AND THEREFORE MAY HAVE PARTICIPATED IN A LISTED TRANSACTION WITHIN THE MEANING OF TREAS REG SECTION 1 6011-4, ET SEQ CONSEQUENTLY, FLAGSTAFF'S INITIAL DISCLOSURE OF PARTNERSHIP IS FILED WITH THE 2009 FORM 990 WITH RESPECT TO FLAGSTAFF'S TAXABLE YEAR ENDED JUNE 30, 2010 FLAGSTAFF HAS RETAINED LEGAL COUNSEL AND IS SEEKING DISSOLUTION OF THE PARTNERSHIP FLAGSTAFF MAY SEEK A JUDICIAL REMEDY IF NECESSARY FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM

FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION UPON ITS DISSOLUTION FLAGSTAFF IS THE SUCCESSOR ENTITY TO FOUNDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENTLY, FLAGSTAFF MEDICIAL CENTER, INC IS THE ENTITY RESPONSIBLE FOR DISCLOSING THIS TRANSACTION UNDER TREAS REG SECTION 1 6011-4, ET SEQ LC ENTERPRISES LIMITED PARTNERSHIP AGREEMENT, DATED DECEMBER 1, 1990, (THE "AGREEMENT") DESCRIBES DONORS AS HAVING CONTRIBUTED \$100 TO THE PARTNERSHIP AS AN INITIAL CAPITAL CONTRIBUTION THE AGREEMENT WAS EFFECTIVELY AMENDED ON JANUARY 1, 1991 FOR THE ADDITION OF CLIEF L CASTLETON AS A LIMITED PARTNER LLOYD V CASTLETON, IN HIS CAPACITY AS A LIMITED PARTNER, GIFTED 1% OF HIS OWNERSHIP INTEREST TO CLIEF L CASTLETON LLOYD V CASTLETON DIED IN 2008 FOUNDATION'S CURRENT OWNERSHIP PERCENTAGE IS UNKNOWN PURSUANT TO THE TERMS OF THE AGREEMENT, THE GENERAL PARTNERS HAVE FULL CONTROL OVER THE TIMING AND AMOUNT OF DISTRIBUTIONS FROM THE PARTNERSHIP FLAGSTAFF, IN ITS CAPACITY AS LIMITED PARTNER IN THE PARTNERSHIP, GENERALLY MAY NOT DEMAND DISTRIBUTIONS OR

WAS FILED WITH THE INTERNAL REVENUE SERVICE LINE 6 A-C NOTE THE TAX ADVICE PROVIDED BY ERNST &

WAS FILED WITH THE INTERNAL REVENUE SERVICE LINE 6 A-C NOTE THE TAX ADVICE PROVIDED BY ERNST &

PARTNERS ARE REVOCABLE FAMILY TRUSTS "THE OPTION ALSO PROVIDES THAT TRUST #1 "HAS OR WILL PROCURE LIFE INSURANCE ON THE LIVES OF THE GENERAL PARTNERS "FLAGSTAFF DOES NOT POSESS ENOUGH INFORMATION TO DETERMINE TO WHAT EXTENT, IF ANY, TRUST #2 HAS PARTICIPATED IN THE PARTNERSHIP WITHIN THE MEANING OF TREAS REG SECTION 1 6011-4, ET SEQ PARTNERSHIP PROVIDED A 2009 SCHEDULE K-1 TO FLAGSTAFF INDICATING THAT TRUST #2 OWNS A 1 54% OF THE PROFIT, LOSS AND CAPITAL OF PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES ON OR ABOUT OCTOBER 25, 2010 FLAGSTAFF FIRST BECAME AWARE THAT PARTNERSHIP MIGHT BE VIEWED AS SUBSTANTIALLY SIMILAR TO THE NOTICE 2004-30 TRANSACTION, AND THEREFORE MAY HAVE PARTICIPATED IN A LISTED TRANSACTION WITHIN THE MEANING OF TREAS REG SECTION 1 6011-4, ET SEQ CONSEQUENTLY, FLAGSTAFF'S INITIAL DISCLOSURE OF PARTNERSHIP IS FILED WITH THE 2009 FORM 990 WITH RESPECT TO FLAGSTAFF'S TAXABLE YEAR ENDED JUNE 30, 2010 FLAGSTAFF HAS RETAINED LEGAL COUNSEL AND IS NEGOTIATING WITHDRAWAL FROM THE PARTNERSHIP FLAGSTAFF MAY SEEK A JUDICIAL REMEDY IF NECESSARY FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER IR C SECTION 501(C)(3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS A LIMITED PARTNER THEREFORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DISCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING INTO THE PARTNERSHIP SOLELY PRIOR TO FEBRUARY 28, 2000 THE ORIGINAL TEMP TREAS REGS ISSUED FEBRUARY 28, 2000 UNDER TREAS REG SECTION 1 6011-4T MAY GOVERN FLAGSTAFF'S PARTICIPATION IN THE PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR THRESHOLDS (THE "PROJECTED TAX EFFECT TEST") THE PROJECTED TAX EFFECT TEST, AS DESCRIBED IN THESE REGULATIONS, REQUIRE A TRANSACTION TO BE REPORTED WHERE IT IS EXPECTED TO REDUCE THE TAXPAYER'S FEDERAL INCOME TAX LIABILITY BY MORE THAN \$1 MILLION IN ANY SINGLE TAXABLE YEAR OR BY A TOTAL OF \$2 MILLION FOR ANY COMBINATION OF TAXABLE YEARS HOWEVER, A

ADMINISTRATIVELY DISSOLVED AND FLAGSTAFF MEDICAL CENTER INC ("FLAGSTAFF"), EIN 86-0100232, THE THEN SOLE MEMBER OF THE FOUNDATION, SUCCEEDED TO THE INTERESTS OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION UPON

DISCLOSING THIS TRANSACTION UNDER TREAS REG SECTION 1 6011-4, ET SEQ THE DUDDIE FAMILY LIMITED PARTNERSHIP AGREEMENT (THE "AGREEMENT") DESCRIBES DONORS HAVING CONTRIBUTED \$800,000 TO THE PARTNERSHIP AS AN INITIAL CAPITAL CONTRIBUTION THE AGREEMENT FURTHER DECRIBES TIMOTHY G DUDDIE AND SHERYL P DUDDIE CONTRIBUTING AN ADDITIONAL \$200,000 TO THE PARTNERSHIP "ON BEHALF OF" FOUNDATION, RESULTING IN FOUNDATION OWNING APPROXIMATELY 20% OF THE LIMITED PARTNERSHIP

WAS FILED WITH THE INTERNAL REVENUE SERVICE LINE 6 A-C NOTE THE TAX ADVICE PROVIDED BY ERNST &

RELATED OBLIGATIONS THE FEES PAID BY THE TAXPAYER TO ERNST & YOUNG LLP AND FENNEMORE CRAIG, P C RELATE ONLY TO POST-TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE DUDDIE FAMILY LIMITED PARTNERSHIP AS OF THE DATE OF FILING THIS FORM 8886 WITH THE IRS, THE TAXPAYER HAS NOT BEEN BILLED BY, NOR PAID FEES TO, POLSINELLI SHUGHART PC, WITH RESPECT TO SERVICES PROVIDED BY IT AS OF THE DATE OF FILING THIS FORM 8886 IN CONNECTION WITH THE SUBJECT TRANSACTION, IT IS EXPECTED THAT FEES TO BE PAID BY THE TAXPAYER TO POLSINELLI

STATEMENT, ON A PROTECTIVE BASIS TO REPORT ITS INTERESTS IN THE FOLLOWING LIMITED

LINE A - THE NAME OF THE ISSUE IS HOSPITAL REVENUE REFUNDING BONDS (NORTHERN ARIZONA

ISSUANCE PRICE WAS \$57,096,705 WHICH WAS ALLOCATED \$45,703,133 TO FLAGSTAFF MEDICAL CENTER AND \$11,393,572 TO VERDE VALLEY MEDICAL CENTER LINE B - THE NAME OF THE ISSUE IS \$52,795,000 HOSPITAL REVENUE BONDS (NORTHERN ARIZONA HEALTHCARE SYSTEM) SERIES 2008B THIS ISSUE REFUNDS BONDS FROM 1/27/05 TOTAL ISSUANCE PRICE WAS \$52,795,000 WHICH WAS ALLOCATED \$20,326,075 TO FLAGSTAFF MEDICAL CENTER AND \$32,468,925 TO VERDE VALLEY MEDICAL CENTER THE 2008B BONDS WERE ALSO USED, IN PART, TO FINANCE "NEW MONEY" PROJECTS

Explanation

CONTINUING DISCLOSURE DOCUMENTS THAT ARE REQUIRED BY ITS PUBLIC DEBT REQUIREMENTS

Explanation

Explanation

THE AMOUNTS REPORTED ON SCHEDULE R, PART V, LINE 2 ARE

DETERMINED USING THE ACCRUAL METHOD OF ACCOUNTING

GREG KUZMA SERVED AS VP/CFO FOR FLAGSTAFF MEDICAL CENTER (FMC) HE DEVOTED 28 HOURS PER WEEK FOR FMC HE ALSO DEVOTED 11 HOURS PER WEEK

INDEPENDENT CONSULTING FIRM IN ADDITION THIS INFORMATION IS REVIEWED BY THE

RECENT REVIEW WAS PERFORMED IN JANUARY 2010

INTEREST POLICY AVAILABLE TO THE PUBLIC

FOR VERDE VALLEY MEDICAL CENTER

\$10,073,432 20 WAS USED FOR BUILDINGS AND LONG LIVED EQUIPMENT

OF INTEREST POLICY (BOARD POLICY 6 1) THIS IS ACCOMPLISHED BY A NUMBER OF

GOVERNANCE COMMITTEE OF THE BOARD AS PART OF THE QUESTIONNAIRE, SELF-DISCLOSURE IS REQUIRED BY BOARD MEMBERS IN ADDITION INDIVIDUAL DISCLOSURE BY BOARD MEMBERS OCCURS AT BOARD MEETINGS WHEN NECESSARY (I.E. A BOARD MEMBER WILL EXCLUDE HIMSELF FROM VOTING ON AN ISSUE IN WHICH HE MAY HAVE A CONFLICT OF

MECHANISMS FIRST THE CONFLICT OF INTEREST QUESTIONNAIRE IS REVIEWED BY THE

DRAFT FORM 990 AND PROVIDES ADDITIONAL COMMENTS THE FINAL DRAFT VERSION OF THE

CORPORATE MEMBER BY A SUPER MAJORITY VOTE DETERMINES THAT A NOMINEE'S ELECTION WOULD BE DETRIMENTAL TO THE BEST INTERESTS OF FMC OR THE SOLE CORPORATE MEMBER FORM 990, PART

MEMBER ELECTS THOSE PERSONS NOMINATED UNLESS THE BOARD OF DIRECTORS OF THE SOLE

VI, LINE 7B DECISIONS REQUIRING APPROVAL & TYPE OF VOTING RIGHTS AS SOLE CORPORATE MEMBER, NORTHERN ARIZONA HEALTHCARE CORPORATION APPROVES THE BOARD OF DIRECTORS THAT ARE ELECTED BY THIS ENTITY ALSO AS SOLE CORPORATE MEMBER, NORTHERN ARIZONA HEALTHCARE CORPORATION HAS RESERVED THE RIGHT AND AUTHORITY TO APPROVE OR

Explanation

NORTHERN ARIZONA HEALTHCARE CORPORATION IS THE SOLE

CORPORATE MEMBER OF FLAGSTAFF MEDICAL CENTER

------ VISION - NORTHERN ARIZONA HEALTHCARE, IN PARTNERSHIP WITH OUR COLLEAGUES AND PHY SICIANS, WILL BE THE HIGHEST QUALITY, COST-EFFECTIVE, PREFERRED HEALTHCARE DELIVERY SYSTEM IN NORTHERN AND CENTRAL ARIZONA WE WILL EXCEED THE EXPECTATIONS OF

COMMUNITIES WE SERVE - FOSTERING AN ORGANIZATIONAL CULTURE THAT ACTS AS A MAGNET FOR

DEVELOPING STRATEGIC ALLIANCES AND PARTNERSHIPS WITH PROVIDERS AND ORGANIZATIONS TO ENSURE COMPREHENSIVE SERVICES FOR OUR PATIENTS VALUES - WE ARE COMMITTED TO MEETING THE NEEDS AND EXCEEDING THE EXPECTATIONS OF OUR PATIENTS - COLLEAGUES - WE WILL CREATE AN ORGANIZATIONAL CULTURE WHERE COLLEAGUES FEEL VALUED AND TAKE A SENSE OF PRIDE IN THEIR WORK - QUALITY - WE CONTINUOUSLY STRIVE TO ACHIEVE EXCELLENCE AT ALL LEVELS IN THE ORGANIZATION - SAFETY - WE ARE COMMITTED TO MAINTAINING A SAFE ENVIRONMENT FOR OUR PATIENTS, VISITORS AND COLLEAGUES - LEADERSHIP - WE PROMOTE LEADERSHIP AS AN ATTITUDE, NOT A POSITION, PUTTING VALUE ON BOTH PEOPLE AND THE WORK THEY DO - TEAMWORK - WE ARE COLLEAGUES WORKING TOGETHER, SHARING KNOWLEDGE, TALENTS, AND SKILLS TO ACHIEVE COMMON GOALS - INTEGRITY - WE WILL BE FORTHRIGHT, HONEST AND RESPECTFUL - DIVERSITY -

TAYLOR HOUSE

Return Reference

PART OF THE BYLAWS

INTEREST)

DESCRIPTION OF THE MEMBERS OF THE

ORGANIZATION AND THEIR RIGHTS

AT THE MAIN ENTRY THEY VOLUNTEER AT THE INFORMATION DESK AND GIFT SHOP AND MAKE

DLN: 93493133059091

SCHEDULE R (Form 990)

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.

2009

Open to Public Inspection

Department of the Treasury Internal Revenue Service

ACSTAFF MEDICAL CENTER Second Control of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.) Name, address, and EIN of disregarded entity Primary activity Control of the primary activity				cation number	
BIOSPATI TIEDEAE CENTER				86-0110232	
Part I Identification of Disregarded Entities (Comp	lete 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 End	(e) d-of-year assets	Direct controlling
Part II Identification of Related Tax-Exempt Organ or more related tax-exempt organizations during		the organization ans	swered "Yes" on Fo	orm 990, Part IV	, line 34 because it had one
(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
NORTHERN ARIZONA HEALTHCARE					
POST OFFICE BOX 1268 FLAGSTAFF, AZ 860021268	HEALTHCARE	AZ	501(C)3		9 NONE
74-2410946 VERDE VALLEY MEDICAL CENTER					
86-0100882	HEALTHCARE	AZ	501(C)3		3 NAH

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 Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene mana part	ral or agıng
							Yes	No		Yes	No
ALLIANCE MED LAB PO BOX 1268 FLAGSTAFF, AZ86002 20-0584165	LAB SERVICES	AZ	NA	RELATED	assets (Form		-468		No		
TASC LLC 1200 N BEAVER ST FLAGSTAFF, AZ86001 86-0913157	AMBULATORY SVCS	AZ	NA	RELATED	506,135	1,203,380	No		0	Yes	
SUMMIT CENTER MRI LLC 1485 N TURQUOISE DR STE 140 FLAGSTAFF, AZ86001 20-8307589	MRI CENTER	AZ	NA	RELATED	281,047	313,251		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
_							

Part	rt V Transactions With Related Organizations (Con	nplete if the organization answered "Yes" on Form 990, Part IV, lii	ne 34, 35, or 36.)			
N	Note. Complete line 1 if any entity is listed in Parts II, III or IV		,		Yes	No
1 Duri	uring the tax year, did the orgranization engage in any of the followin	ng transactions with one or more related organizations listed in Parts II-IV 7	,			
a R	Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a c	controlled entity		1a		No
b G	Gift, grant, or capital contribution to other organization(s)			1b		No
c G	Gift, grant, or capital contribution from other organization(s)			1 c		No
d L	Loans or loan guarantees to or for other organization(s)			1d		No
e L	Loans or loan guarantees by other organization(s)			1e		No
f S	Sale of assets to other organization(s)			1f	Yes	
g P	Purchase of assets from other organization(s)			1 g		No
h E	Exchange of assets			1h		No
i Le	Lease of facilities, equipment, or other assets to other organization	n(s)		1 i	Yes	
j L	Lease of facilities, equipment, or other assets from other organizati	ion(s)		1j	Yes	
k P	Performance of services or membership or fundraising solicitations	s for other organization(s)		1k	Yes	
I P	Performance of services or membership or fundraising solicitations	by other organization(s)		11		No
m S	Sharing of facilities, equipment, mailing lists, or other assets			1m	Yes	
n S	Sharing of paid employees			1n	Yes	
o R	Reimbursement paid to other organization for expenses			10		No
p R	Reimbursement paid by other organization for expenses			1р	Yes	
q C	Other transfer of cash or property to other organization(s)			1 q	Yes	
r O	O ther transfer of cash or property from other organization(s)			1 r	Yes	
	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 thres	holds		
	(a) Name of other on	ganization	(b) Transaction type(a-r)		(c) nt involv	ed
	ee Additional Data Table					
(2)						
(3)						
(4)						
(5)						
(3)						
(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)	organizations?		(e) Share of end-of-year assets		r) ortionate tions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	(h) eneral or anaging partner?	
			Yes	No		Yes	No		Yes	N	
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Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

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

Compensated Employees, and Independent Contractors												
(A) Name and Title	(B) Average hours		tion that a			ıll		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other		
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099- MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations		
WILLIAM AUSTIN MD DIRECTOR	2 5	Х						0	61,509	0		
CHRIS BAVASI DIRECTOR / CHAIRMAN	2 5	Х		х				0	0	0		
GARY CHRISTENSEN MD DIRECTOR	1 1	Х						0	0	0		
JIM DORMAN DIRECTOR / VICE CHAIRMAN	3 8	Х		х				0	0	0		
WAYNE FOX DIRECTOR	2 4	Х						0	0	0		
L GEORGE HERSHEY DO DIRECTOR	1 7	Х						0	0	0		
BILL JEFFERS DIRECTOR	2 7	Х						0	0	0		
BERT MCKINNON DIRECTOR	1 7	Х						0	0	0		
JENNIFER KOTTRA MD DIRECTOR / MEDICAL STAFF REP	9	Х						0	40,000	0		
J THOMAS MONTFORT DDS DIRECTOR	5	Х						0	0	0		
ROBERT M MONTOYA DIRECTOR	2 9	Х						0	0	0		
MOLLY MUNGER DIRECTOR	2 2	Х						0	0	0		
STEVE PERU DIRECTOR/SECRETARY/TREASURER	1 3	Х		х				0	0	0		
RICHARD HAYS DIRECTOR	1 1	Х						0	0	0		
GUADALUPE WOODSON FNP DIRECTOR	2 1	Х						0	0	0		
WILLIAM T BRADEL PRESIDENT	40 0	Х		х				0	515,361	30,262		
STEVEN W LEWIS MD CHIEF MEDICAL OFFICER	40 0			х				0	401,654	27,993		
GREGORY KUZMA VP FINANCE/CFO	28 0			х				0	383,053	114,249		
ROGER S SCHULER VP ANCILLARY SERVICES	40 0				х			0	237,352	127,727		
MARILYNN P BELCHER CNO/VP PATIENT CARE SRVS	40 0				х			0	228,956	21,689		
RICHARD A SMITH VP DEVELOPMENT	40 0				х			0	209,456	15,259		
BARBARA S DEMBER AS OF 12309 VP PROFESSIONAL SVCS	40 0				х			0	255,970	34,149		
ALICE GAGNAIRE THRU 1232009 VP PROFESSIONAL SVCS	40 0				х			0	93,669	106,720		
ERIC D COHEN MD PHYSICIAN	40 0					Х		0	678,270	31,866		
STEVEN M PETERSON MD PHYSICIAN	40 0					Х		0	651,020	28,970		

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

(A) Name and Title	(B) Average hours	1	tion (that a	(che		II		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
OMAR R WANI MD PHYSICIAN	40 0					х		0	431,626	39,315
JOHN J MOUGIN MD PHYSICIAN	40 0					Х		0	336,738	26,020
MARK C FOSTER MD PHYSICIAN	40 0					х		0	317,908	25,455

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514	
NET PATIENT SVCS	622,110	343,118,341	343,118,341			
PHARMACY	446,110	3,736,350	3,050,466	685,884		
CAFETERIA	722,310	1,936,819	1,936,819			
MOB/INTERCOMP RENT	531,120	1,139,604	1,139,604			
PHYSICIAN REVENUE	900,099	18,795,273	18,795,273			

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

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
EXP REIMB TO NAH	29,819,355	14,936,000	14,883,355	0
BAD DEBT	26,462,520	26,462,520	0	0
RECRUITING	1,231,256	45,933	1,185,323	0
CONSULTING	727,851	295,462	432,389	0
EMPLOYEE RELATIONS	343,184	71,316	271,868	0

Additional Data

Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

Form 990, Schedule D, Part X, - Other Liabilities (a) Description of Liability

1 (a) Description of Elability	(b) A mount
UNEMPLOYMENT	45,663
IBNR HEALTHCARE EMPLOYEE CLAIMS	2,266,808
BIO-MED RESERVE	140,539
WORKMAN'S COMP LIABILITY	1,083,183
CBO PEROT RESERVE	476,733
OTHER CURRENT LIABILITIES	631,971
GEN/PROFLIAB INSURANCE RESERVE	3,276,754
ADDTL MINIMUM PENSION LIABILITY	46,821,012

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

FLAGSTAFF MEDICAL CENTER ASSESSES COMMUNITY HEALTHCARE NEEDS THROUGH A SURVEY DESIGNED AND ADMINISTERED BY THE PROFESSIONAL RESEARCH CONSULTANTS THIS SURVEY WAS LAST CONDUCTED IN 2010 AND WAS A FOLLOW-UP TO OTHER SURVEYS THE HOSPITAL HAS CONDUCTED THE SURVEY INSTRUMENT USED FOR THIS STUDY IS BASED LARGELY ON THE CENTERS FOR DISEASE CONTROL AND PREVENTION BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, AS WELL AS VARIOUS OTHER PUBLIC HEALTH SURVEYS, AND CUSTOMIZED QUESTIONS ADDRESSING GAPS IN INDICATOR DATA RELATIVE TO HEALTH PROMOTION AND DISEASE PREVENTION OBJECTIVES AND OTHER RECOGNIZED HEALTH ISSUES

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

FLAGSTAFF MEDICAL CENTER SPONSORS VARIOUS COMMUNITY BUILDING ACTIVITIES IN FISCAL YEAR 2010 THERE WERE MORE THAN 40 COMMUNITY ACTIVITIES THAT QUALIFIED AS COMMUNITY BUILDING ACTIVITIES, INCLUDING BUT NOT LIMITED TO, PHYSICIAN RECRUITMENT, A COMMUNITY NEEDS HEALTH ASSESSMENT, AND WORKING WITH VARIOUS COMMUNITY ORGANIZATIONS SUCH AS AMERICAN CANCER SOCIETY, MUSCULAR DYSTROPHY ASSOCIATION, YMCA, UNITED WAY, BIG BROTHERS AND BIG SISTERS, AND THE COALITION FOR CHILDREN AND YOUTH

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

See additional data

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

FLAGSTAFF MEDICAL CENTER IS AFFILIATED WITH VERDE VALLEY MEDICAL CENTER THE BOARD MEMBER MEETINGS ARE COMBINED THE COMMUNITY BENEFIT REPORT IS SUMMARIZED TOGETHER AND POSTED ON THE HOSPITAL'S WEB SITE IN THE LAST COUPLE YEARS A SYSTEMWIDE QUALITY CARDIOLOGY PROGRAM WAS STARTED AND PHYSICIANS COVERED BOTH INSTITUTIONS TO PROVIDE TIMELY PATIENT CARE

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

THERE ARE MANY OTHER EXAMPLES OF HOW FLAGSTAFF MEDICAL CENTER FURTHERS ITS EXEMPT PURPOSE BY PROMOTING HEALTH IN THE COMMUNITY IT SERVES THE FMC CANCER CENTER HOSTS A SERIES OF FREE OR LOW-COST SCREENINGS DESIGNED TO HELP RESIDENTS IN THE COMMUNITY TO IDENTIFY ISSUES AS SOON AS POSSIBLE THIS IS BASED ON THE PREMISE THAT EARLY DETECTION IS OFTEN THE KEY TO SAVING THE LIVES OF CANCER PATIENTS THERE WAS ALSO A MAJOR TRAUMA PREVENTION INITIATIVE IN FISCAL YEAR 2010 WHICH INVOLVED THE TRAUMA DEPARTMENT WORKING WITH A COMMUNITY COALITION TO CHANGE PUBLIC POLICY TO PROTECT YOUNG BICYCLISTS IN THE COMMUNITY THE RESULT OF THE EFFORT WAS A NEW CITY ORDINANCE, FLAGSTAFF BICYCLE HELMET ORDINANCE 2009-13, WHICH WENT INTO EFFECT ON JAN 1,2010 THERE IS A NAVAJO TRANSLATOR PROGRAM WHICH SERVES A LARGE NUMBER OF PATIENTS FROM THE NAVAJO RESERVATION THE INTERPRETER PROGRAM HELPS NAVAJO PATIENTS FEEL AT EASE AS THEY CAN DISCUSS THEIR MEDICAL CONDITION IN THEIR NATIVE LANGUAGE THERE IS ALSO A FIT KIDS OF ARIZONA PROGRAM WHICH STRIVES TO REDUCE THE HEALTH CONSEQUENCES OF CHILDHOOD OBESITY BY PROMOTING HEALTHY LIFESTYLES

FLAGSTAFF MEDICAL CENTER IS A 271-BED ACUTE CARE HOSPITAL LOCATED IN FLAGTSAFF, AZ FMC OPERATES AS A NOTFOR-PROFIT TAX-EXEMPT CORPORATION FMC PROVIDES GENERAL MEDICAL AND SURGICAL ACUTE CARE, BEHAVIORAL HEALTH SERVICES, AND A FULL RANGE OF OUTPATIENT SERVICES TO NORTHERN ARIZONA RESIDENTS AND VISITORS KEY SERVICES PROVIDED TO THE COMMUNITY INCLUDE A REGIONAL TRAUMA CENTER, OPEN-HEART SURGERY, HIGH-TECH IMAGING, RADIATION/ONCOLOGY, SURGICAL SERVICES, ORTHOPEDIC SERVICES, AND WOMEN, INFANTS AND CHILDREN'S SERVICES THE HOSPITAL PAYOR MIX IS AS FOLLOWS MEDICARE 38%, AHCCCS/MEDICAID 28%, COMMERCIAL AND OTHER 33%, AND SELF PAY 4% FLAGSTAFF MEDICAL CENTER IS ONE OF THE THREE LARGEST EMPLOYERS IN NORTHERN ARIZONA

ACCORDING TO OUR CHARITY CARE POLICY, THE FINANCIAL COUNSELORS ASSESS THE PATIENTS ABILITY TO PAY AT TIME OF ADMISSION/REGISTRATION IF THE PATIENT STATES THAT THEY ARE UNABLE TO PAY OUT-OF-POCKET EXPENSES, A DETERMINATION IS MADE WHETHER COVERAGE IS AVAILABLE THROUGH AHCCCS OR OTHER MEDICAID PROGRAMS IF NO OUTSIDE ASSISTANCE IS AVAILABLE, AN APPLICATION IS GIVEN TO THE PATIENT TO BE SUBMITTED FOR CHARITY CARE CONSIDERATION IF PATIENT DOESN'T QUALIFY FOR CHARITY CARE ASSISTANCE, INCOME LEVELS ARE ASSESSED TO DETERMINE IF THEY QUALIFY FOR LONG-TERM PAYMENT PROGRAM IF THE CHARITY APPLICATION IS NOT TURNED IN AND PAYMENT HAS NOT BEEN MADE AFTER NUMEROUS FOLLOW UP PHONE CALLS, THE PATIENT ACCOUNT GOES TO BAD DEBT

ACCORDING TO OUR CHARITY CARE POLICY, THE FINANCIAL COUNSELORS ASSESS THE PATIENTS ABILITY TO PAY AT TIME OF ADMISSION/REGISTRATION IF THE PATIENT STATES THAT THEY ARE UNABLE TO PAY OUT-OF-POCKET EXPENSES, A DETERMINATION IS MADE WHETHER COVERAGE IS AVAILABLE THROUGH AHCCCS OR OTHER MEDICAID PROGRAMS IF NO OUTSIDE ASSISTANCE IS AVAILABLE, AN APPLICATION IS GIVEN TO THE PATIENT TO BE SUBMITTED FOR CHARITY CARE CONSIDERATION IF PATIENT DOESN'T QUALIFY FOR CHARITY CARE ASSISTANCE, INCOME LEVELS ARE ASSESSED TO DETERMINE IF THEY QUALIFY FOR LONG-TERM PAYMENT PROGRAM IF THE CHARITY APPLICATION IS NOT TURNED IN AND PAYMENT HAS NOT BEEN MADE AFTER NUMEROUS FOLLOW UP PHONE CALLS, THE PATIENT ACCOUNT GOES TO BAD DEBT

THE ENTIRE \$7,712,095 MEDICARE SHORTFALL SHOULD BE CONSIDERED A COMMUNITY BENEFIT BECAUSE OUR MISSION IS
TO IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE WHETHER OR NOT THIS SERVICE IS PROVIDED AT A
LOSS TO THE HOSPITAL MEDICARE REPRESENTS 35% OF THE HOSPITAL'S GROSS CHARGES AND IS A SIGNIFICANT LOSS
FOR THE HOSPITAL THE HOSPITAL PROVIDES CARE REGARDLESS OF THIS SIGNIFICANT LOSS AND THEREBY RELIEVES THE
FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE FULL COST OF THE MEDICARE BENEFICIARIES MANY OF THESE
PATIENTS WOULD QUALIFY FOR CHARITY CARE IF THEY WERE NOT IN THE MEDICARE PROGRAM

THE FOOTNOTE TO THE FINANCIAL STATEMENT INDICATES NET PATIENT ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE HAVE BEEN ADJUSTED TO THE ESTIMATED AMOUNTS EXPECTED TO BE RECEIVED THESE ESTIMATED AMOUNTS ARE SUBJECT TO FURTHER ADJUSTMENTS UPON REVIEW BY THIRD-PARTY PAYORS MANAGEMENT ESTIMATES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON THE HISTORICAL COLLECTION EXPERIENCE THE COSTING METHODOLOGY USED TO DETERMINE THE BAD DEBT COST COMES FROM THE PERCENTAGE CALCULATED IN SCHEDULE H PART I WORKSHEET 2 FLAGSTAFF MEDICAL CENTER CALCULATION OF CHARITY COST IS BASED ON ACTUAL CHARITY CARE WRITE-OFFS BY THE BUSINESS OFFICE MULTIPLIED BY THE COST-TO-CHARGE RATIO ALL OF THE CHARITY CARE WRITE-OFFS ARE ATTRIBUTABLE TO PATIENTS WHO QUALIFIED UNDER THE CHARITY CARE POLICY AS A NOT-FOR-PROFIT ENTITY, SERVICES ARE PROVIDED TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY AND MAKING THIS AVAILABLE TO THE COMMUNITY QUALIFIES BAD DEBT AS A COMMUNITY BENEFIT

COST TO CHARGE PERCENTS ARE BASED ON THE WORKSHEET CALCULATIONS BAD DEBT EXPENSE OF \$26,462,520 HAS BEEN BACKED OUT OF TOTAL EXPENSES PER THE 990, PART IX FOR PURPOSES OF THIS CALCULATION

FLAGSTAFF MEDICAL CENTER OPERATES A STATE DESIGNATED LEVEL I TRAUMA CENTER WHICH IS SUBSIDIZED BY THE HOSPITAL FLAGSTAFF MEDICAL CENTER WAS ONE OF THE ORIGINAL SEVEN LEVEL I TRAUMA CENTERS DESIGNATED BY THE STATE OF ARIZONA IN DECEMBER 2005 FMC IS THE ONLY LEVEL I TRAUMA CENTER IN NORTHERN ARIZONA AND IS CRUCIAL TO THE ARIZONA EMERGENCY MEDICAL AND TRAUMA SYSTEM ENSURING TRAUMA PATIENTS RECEIVE LIFE SAVING SURGICAL TRAUMA CARE AS CLOSE TO THE "GOLDEN HOUR" AS POSSIBLE FMC IS A NATIONALLY VERIFIED TRAUMA CENTER BY THE AMERICAN COLLEGE OF SURGEONS TOTAL TRAUMA VOLUME HAS FLUCTUATED BETWEEN 1,200 - 1,500 PATIENTS PER YEAR FOR THE PAST 5 YEARS FMC COLLABORATES WITH ALL OF THE HOSPITALS AND LEVEL IV TRAUMA CENTERS IN NORTHERN ARIZONA TO PREVENT TRAUMA INJURY AND IMPROVE TRAUMA CARE

THE INFORMATION FOR THE COMMUNITY BENEFITS REPORT IS GATHERED BY THE COMMUNITY RELATIONS DEPARTMENT WHICH IS A DEPARTMENT OF NORTHERN ARIZONA HEALTHCARE FLAGSTAFF MEDICAL CENTER AND VERDE VALLEY MEDICAL CENTER ARE IDENTIFIED SEPARATELY ON THESE REPORTS

Additional Data

Software ID:

Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

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

CHARITY CARE INCOME LEVELS ARE BASED ON THE FEDERAL POVERTY GUIDE PUBLISHED IN THE FEBRUARY FEDERAL REGISTER ON AN ANNUAL BASIS A TIERED METHOD IS UTILIZED FOR DETERMINING WHETHER A PATIENT IS ELIGIBLE FOR 100%, 75%, 50%, 25%, OR 15% WRITE-OFF OF THE SELF PAY BALANCE OTHER CONSIDERATIONS SUCH AS DISPOSABLE ASSETS ARE CONSIDERED IN THE EVALUATION OF ELIGIBILITY A DISPOSABLE ASSET MAY BE EXPENSIVE JEWELRY, PLEASURE HORSES, RECREATIONAL VEHICLES, ETC

Additional Data

Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons								
(a) Name of interested person	(b) Relationship between interested person and the	(c) A mount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?				
	organization			Yes	No			
FOREST COUNTRY ANESTHESIA	CHRISTENSEN / PARTNER	2,341,323	MEDICAL SERVICES		No			
CAPSTONE HEALTH PLAN	MUNGER / BOARD MEMBER	494,348	INSURANCE PAYOR TO FMC		No			
NORTHERN ARIZONA RADIOLOGY	KOTTRA / MEMBER	702,020	MEDICAL SERVICES		Νο			
KATHY KUZMA	GREG KUZMA SPOUSE	72,122	COMPENSATION		No			
VICKIE LEWIS	STEVE LEWIS SPOUSE	106,064	COPMENSATION		No			
CAPSTONE HEALTH PLAN	KUZMA / BOARD MEMBER	494,348	INSURANCE PAYOR TO FMC		No			
CAPSTONE HEALTH PLAN	HERSHEY / BOARD MEMBER	494,348	INSURANCE PAYOR TO FMC		No			
GKC ENTERPRISES LP	CHRISTENSEN / PARTNER	110,607	FFMC CAPITAL BALANCE 12/31/09		No			

Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) A mount Involved (\$)
(1)	VERDE VALLEY MEDICAL CENTER	F	169,441
(2)	NORTHERN ARIZONA HEALTHCARE	I	62,074
(3)	NORTHERN ARIZONA HEALTHCARE	J	19,200
(4)	NORTHERN ARIZONA HEALTHCARE	N	6,056,091
(5)	VERDE VALLEY MEDICAL CENTER	Р	12,886,796
(6)	NORTHERN ARIZONA HEALTHCARE	Q	124,216,598
(7)	ALLIANCE MEDICAL LAB	R	1,037,435
(8)	SUMMIT CENTER MRI LLC	R	286,505
(9)	THE AMBULATORY SURGI-CENTER AT FMC LLC	R	878,879