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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 01-01-2010 and ending 12-31-2010

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

C Name of organization
PALO ALTO MEDICAL FOUNDATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2350 EL CAMINO REAL

City or town, state or country, and ZIP + 4
MOUNTAIN VIEW, CA 94040

D Employer identification number
94-1156581

E Telephone number
(916) 286-6665

G Gross receipts $ 1,282,139,515

F Name and address of principal officer
RICHARD SLAVIN
2350 EL CAMINO REAL
MOUNTAIN VIEW, CA 94040

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW SUTTERHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1948 | **M** State of legal domicile CA

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	33
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	27
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	4,873
6	Total number of volunteers (estimate if necessary)	**6**	112
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	976,291
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	11,223

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	9,265,065	11,754,378
	9 Program service revenue (Part VIII, line 2g)	1,183,213,261	1,260,777,844
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8,859,334	7,426,391
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,585,486	1,898,763
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,202,923,146	1,281,857,376
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,009,257	1,254,228
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	336,850,560	344,544,043
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	772,141,541	845,714,491
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,111,001,358	1,191,512,762
	19 Revenue less expenses Subtract line 18 from line 12	91,921,788	90,344,614

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	1,011,225,633	1,060,828,791
	21 Total liabilities (Part X, line 26)	401,314,470	401,346,309
	22 Net assets or fund balances Subtract line 21 from line 20	609,911,163	659,482,482

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2011-10-06

SHARON KUTIS CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ ERNST & YOUNG US LLP				Firm's EIN ▶
Firm's address ▶ 178 S RIO GRANDE STREET SUITE 400 SALT LAKE CITY, UT 84101				Phone no ▶ (801) 350-3300

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

SEE SCHEDULE O

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 968,749,804 including grants of $ 1,254,228) (Revenue $ 1,260,777,844)

SEE SCHEDULE O

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 968,749,804

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	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, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8	Yes	
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	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.*	11b		No
c	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.*	11c		No
d	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.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	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 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	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, Parts II and IV*	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, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b		

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
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 lines 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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect 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)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	667		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	4,873		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b	

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.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	33		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	27		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Does the organization have members or stockholders?	6		Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

GARY B COLVIN
2350 W EL CAMINO REAL THIRD FLOOR
MOUNTAIN VIEW, CA 94040
(650) 691-6470

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

Check if Schedule O contains a response to any question in this Part VII . . . . . ☑

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

- 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, if any 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, and 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 neither the organization nor any related organization compensated any current officer, director, or trustee

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

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								3,263,695	12,404,175	5,057,259

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 566

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
PALO ALTO FOUNDATION MEDICAL GROUP 2350 W EL CAMINO REAL THIRD FLOOR MOUNTAIN VIEW, CA 94040	MEDICAL SERVICES	452,933,283
BOGARD CONSTRUCTION INC 350 CORAL STREET SANTA CRUZ, CA 95060	CONSTRUCTION	4,673,887
WL BUTLER CONSTRUCTION INC 204 FRANKLIN STREET REDWOOD CITY, CA 94063	CONSTRUCTION	4,440,223
STANFORD MEDICAL CENTER PRO FILE 74432 PO BOX 60000 SAN FRANCISCO, CA 94160	MEDICAL SERVICES	3,077,679
MIDA INDUSTRIES INC 6101 OBISPO AVENUE LONG BEACH, CA 90805	JANITORIAL SERVICES	2,172,464

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 ▶ 43

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns 1a	546,098				
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations 1d	70				
	e Government grants (contributions) 1e	3,644,907				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	7,563,303				
	g Noncash contributions included in lines 1a-1f $	1,136,029				
	h **Total.** Add lines 1a-1f		11,754,378			
Program Service Revenue		Business Code				
	2a PATIENT SERVICE REVENUE	622110	1,260,777,844	1,260,777,844		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		1,260,777,844			
	3 Investment income (including dividends, interest and other similar amounts)		6,367,387			6,367,387
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	1,202,811				
	b Less rental expenses	280,339				
	c Rental income or (loss)	922,472				
	d Net rental income or (loss)		922,472			922,472
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	1,057,804	3,000			
	b Less cost or other basis and sales expenses	0	1,800			
	c Gain or (loss)	1,057,804	1,200			
	d Net gain or (loss)		1,059,004			1,059,004
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events		0			
	9a Gross income from gaming activities See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities		0			
	10a Gross sales of inventory, less returns and allowances a					
	b Less cost of goods sold b					
	c Net income or (loss) from sales of inventory		0			
	Miscellaneous Revenue	Business Code				
	11a UBI - CONTRACTED ANIMAL SERVICES	541900	947,441		947,441	
	b UBI - HEALTH MGMT RESOURCES	454110	28,850		28,850	
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d		976,291			
	12 **Total revenue.** See Instructions		1,281,857,376	1,260,777,844	976,291	8,348,863

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,202,228	1,202,228		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	52,000	52,000		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	1,930,918	0	1,930,918	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	224,037,983	176,371,745	47,666,238	0
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	17,808,647	14,186,220	3,622,427	0
9 Other employee benefits	82,545,590	60,092,696	22,452,894	0
10 Payroll taxes	18,220,905	14,249,942	3,970,963	0
a Fees for services (non-employees) Management	4,150,119	3,556,964	593,155	0
b Legal	1,003,309	410,154	593,155	0
c Accounting	469,150	197,368	271,782	0
d Lobbying	0	0	0	0
e Professional fundraising services *See Part IV, line 17*	0			0
f Investment management fees	602,756	0	602,756	0
g Other	445,998,554	445,998,554	0	0
12 Advertising and promotion	3,304,969	295,447	3,009,522	0
13 Office expenses	124,024,445	100,871,297	23,153,148	0
14 Information technology	25,636,741	2,798,647	22,838,094	0
15 Royalties	0	0	0	0
16 Occupancy	42,723,958	32,062,194	10,661,764	0
17 Travel	545,872	310,948	234,924	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	718,974	536,718	182,256	0
20 Interest	8,793,098	8,793,098	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	49,274,340	46,722,847	2,551,493	0
23 Insurance	5,670,217	5,116,458	553,759	0
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a SUTTER CHARGEBACKS	36,001,802	0	36,001,802	0
b MANAGED CARE PURCHASED SVCS	26,393,357	3,998,431	22,394,926	0
c PROVISION FOR BAD DEBT	23,992,533	23,992,533	0	0
d PURCHASED SVCS & MEDICAL LAB	17,107,017	17,107,017	0	0
e ALL OTHER EXPENSES	29,303,280	9,826,298	19,476,982	0
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	1,191,512,762	968,749,804	222,762,958	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1	
	2	Savings and temporary cash investments	72,251,029	2	72,645,850
	3	Pledges and grants receivable, net	4,942,822	3	3,425,842
	4	Accounts receivable, net	110,143,573	4	123,493,653
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	2,981,210	8	3,412,707
	9	Prepaid expenses and deferred charges	3,209,043	9	4,505,418
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 941,871,464			
	b	Less accumulated depreciation — 10b: 303,230,851	625,438,596	10c	638,640,613
	11	Investments—publicly traded securities	126,438,885	11	130,376,030
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11	0	13	2,211,004
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	65,820,475	15	82,117,674
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	1,011,225,633	16	1,060,828,791
Liabilities	17	Accounts payable and accrued expenses	102,120,227	17	103,829,240
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	266,515,479	20	263,349,078
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		22	
	23	Secured mortgages and notes payable to unrelated third parties	1,292,762	23	1,343,597
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities Complete Part X of Schedule D	31,386,002	25	32,824,394
	26	**Total liabilities.** Add lines 17 through 25	401,314,470	26	401,346,309
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	571,996,632	27	615,629,517
	28	Temporarily restricted net assets	27,963,992	28	34,401,672
	29	Permanently restricted net assets	9,950,539	29	9,451,293
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	609,911,163	33	659,482,482
	34	Total liabilities and net assets/fund balances	1,011,225,633	34	1,060,828,791

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	1,281,857,376
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,191,512,762
3	Revenue less expenses Subtract line 2 from line 1	3	90,344,614
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	609,911,163
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-40,773,295
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	659,482,482

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☑

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Additional Data

Software ID:
Software Version:
EIN: 94-1156581
Name: PALO ALTO MEDICAL FOUNDATION

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ARNOLD AIGEN MD TRUSTEE	1 0	X						0	0	0
THOMAS E BAILARD TRUSTEE	1 0	X						0	0	0
JAMES B BASSETT MD TRUSTEE	1 0	X						0	0	0
AUGUST BENZ TRUSTEE	1 0	X						0	0	0
JORDAN BLOOM TRUSTEE	1 0	X						0	0	0
ROBERT BREMNER TRUSTEE	1 0	X						0	0	0
C TERRIGAL BURN MD TRUSTEE/CHAIR PAFMG	1 0	X						0	0	0
MARY ANN CARMACK MD TRUSTEE	1 0	X						0	0	0
GEORGE COHEN MD TRUSTEE	1 0	X						0	0	0
LAWRENCE DEGHETALDI MD DIVISION PRESIDENT-PAMF	40 0	X			X			0	750,504	268,427
SUSAN FORD DORSEY TRUSTEE	2 0	X						0	0	0
DAVID DRUKER MD TRUSTEE & SVP REG EXECUTIVE	10 0	X		X				0	2,927,390	450,030
PATRICK FRY TRUSTEE&PRES/CEO SUTTER HEALTH	1 0	X						0	2,699,636	2,088,912
MICHAEL R GAULKE TRUSTEE	1 0	X						0	0	0
JEFF GERARD TRUSTEE & REG PRES PENIN CSTAL	40 0	X		X				0	972,294	465,572
CHRISTINE A GRIGER MD TRUSTEE	1 0	X						0	0	0
VINITA GUPTA TRUSTEE	1 0	X						0	0	0
HARRY HANSON TRUSTEE	1 0	X						0	0	0
CARY HILL MD TRUSTEE	1 0	X						0	0	0
ROBERT JAUNICH II TRUSTEE/CHAIR	1 0	X		X				0	0	0
JOSEPH LACY MD TRUSTEE	5 0	X						0	0	0
RICHARD M LEVY PHD TRUSTEE/CHAIR OF FINANCE	15 0	X		X				0	0	0
DUNCAN L MATTESON TRUSTEE	1 0	X						0	0	0
LAURENCE MAY TRUSTEE	1 0	X						0	0	0
ANTHONY P MEIER TRUSTEE	1 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT MERWIN TRUSTEE & CEO MPHS	1 0	X						0	882,238	404,581
LAWRENCE G MOHR TRUSTEE	1 0	X						0	0	0
RICHARD MORGAN MD TRUSTEE	1 0	X						0	0	0
JON NORDGAARD DMD TRUSTEE	1 0	X						0	0	0
MARGARET I RAFFIN TRUSTEE	1 0	X						0	0	0
RICHARD SLAVIN MD TRUSTEE & CEO PAMF	40 0	X			X			0	761,998	10,077
MARGARET TAYLOR TRUSTEE/VICE CHAIR	1 0	X		X				0	0	0
ELIZABETH VILARDO MD TRUSTEE	1 0	X						0	0	0
KAREN HALL ESQ SECRETARY/REG GENERAL COUNSEL	1 0			X				0	0	0
SHARON KUTIS CFO-PAMF	40 0			X				0	512,555	173,274
DEBBIE GOODIN VP HUMAN RESOURCES-PAMF	40 0				X			0	410,781	151,855
DAVID JURY VP DEVELOPMENT	40 0				X			309,328	0	37,895
KATHERINE MANUEL COO, SANTA CRUZ MEDICAL FOUND	40 0				X			0	282,463	103,918
FRANCIS MARZONI DIVISION PRESIDENT-PAMF	40 0				X			1,065,607	0	33,479
CECILIA MONTALVO VP STRATEGIC PLANNING-PAMF	40 0				X			0	481,249	155,863
MICHAEL REANDEAU REG CIO, PENINSULA COASTAL	40 0				X			0	388,098	125,174
PAUL TANG MD CMO-PAMF	40 0				X			558,983	0	41,857
MUHAMMED AKHTAR CHIEF ADMINISTRATIVE OFFICER	40 0					X		308,825	0	34,766
HAROLD LUFT DIRECTOR RESEARCH INSTITUTE	40 0					X		479,799	0	37,514
ALBERT J NOCELLA JR VP HUMAN RESOURCES-SANTA CRUZ	40 0					X		0	241,128	83,296
CLAIRE RENZI VP PAYOR CONTRACTING	40 0					X		327,146	0	31,011
VIVIAN K YOUNG VP HUMAN RESOURCES-PAMF	40 0					X		0	273,245	95,865
PAUL DECHANT MD CEO, SGMF	40 0						X	0	820,596	263,893
MARK MCLAUGHLIN DIRECTOR OF RESEARCH, FINANCE	40 0						X	214,007	0	0

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Assets included in Form 990, Part X ▶ $ 1,545,081

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	28,386,314	22,798,516	28,024,903		
b Contributions	569,017	2,079,571	2,982,394		
c Investment earnings or losses	2,324,258	5,015,365	-6,174,934		
d Grants or scholarships					
e Other expenditures for facilities and programs	1,316,985	1,339,118	1,875,346		
f Administrative expenses	163,943	168,020	158,500		
g End of year balance	29,798,661	28,386,314	22,798,517		

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

- a Board designated or quasi-endowment ▶ 44 516 %
- b Permanent endowment ▶ 55 485 %
- c Term endowment ▶ 0 %

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		141,370,011		141,370,011
b Buildings		405,790,135	105,424,221	300,365,914
c Leasehold improvements		37,588,252	15,997,223	21,591,029
d Equipment		257,756,583	181,165,369	76,591,214
e Other		99,366,483	644,038	98,722,445
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				638,640,613

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

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

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

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

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

(a) Description	(b) Book value
(1) INTERCOMPANY RECEIVABLES	4,855,833
(2) GOODWILL	2,586,390
(3) UNAMORTIZED FINANCING COSTS	1,520,950
(4) OTHER RECEIVABLES	22,465,801
(5) OTHER ASSETS	50,688,700
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	82,117,674

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
INSURANCE LIABILITIES	25,226,722
OTHER LIABILITIES	7,597,672
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	32,824,394

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
INTENDED USES OF THE ORGANIZATION'S ENDOWMENT FUNDS	PART V, QUESTION 4	GOODHEART ENDOWMENT - GENERAL RESEARCH MILO FELLOWSHIP - RESEARCH FELLOWSHIPS ELY FELLOWSHIP - RESEARCH INSTITUTE EXEC DIRECTOR SALARY SUPPORT RES INST ENDOW-U - GENERAL RESEARCH AMES ENDOWMENT-P - GENERAL RESEARCH SAIER ENDOWMENT-PR - GENERAL RESEARCH DUSTERBERRY ENDOWMENT-TR - HEALTH CARE PROJECTS IN THE FREMONT, NEWARK AND UNION CITY AREAS EDUCATION ENDOWMENT - GENERAL EDUCATION PROGRAM PHYSICIAN ENDOWMENT TR - GENERAL HEALTHCARE PROGRAMS PHYSICIANS ENDOWMENT SCHOLARSHIP - MEDICAL SCHOOL SCHOLARSHIP PAMF NURSING ENDOWMENT - NURSING SCHOLARSHIP KILBANE ENDOWMENT - RADIATION ONCOLOGY PROGRAMS STEVENS ENDOW-PR - ELDERLY/AGING CARE PROGRAMS PEDIATRIC ENDOWMENT-PR - GENERAL PEDIATRIC PROGRAMS SHOCKLY ENDOWMENT-PR - GENERAL HEALTHCARE PROGRAMS RHOADES ENDOWMENT PR - GENERAL HEALTHCARE PROGRAMS RUSSELL ENDOWMENT - GENERAL PEDIATRIC PROGRAMS MITCHELL ENDOWMENT - MEDICAL ONCOLOGY PROGRAMS
ASC 740 (FIN48) FOOTNOTE FROM AUDIT	PART X, LINE 2	THIS ORGANIZATION WAS PART OF A CONSOLIDATED FINANCIAL SYSTEM AUDIT THE ASC 740 AUDIT FOOTNOTE DISCLOSURE FOR THE SUTTER SYSTEM IS AS FOLLOWS DEFERRED INCOME TAX ASSETS, WHICH AS OF DECEMBER 31, 2010 AND 2009 WERE FULLY RESERVED, REFLECT THE NET TAX EFFECT OF TEMPORARY DIFFERENCES BETWEEN THE CARRYING AMOUNTS OF ASSETS AND THE LIABILITIES FOR FINANCIAL REPORTING AND THE AMOUNTS USED FOR INCOME TAX PURPOSES AS OF DECEMBER 31, 2010 AND 2009, SUTTER HAD DEFERRED TAX ASSETS OF $13 (MILLION) RELATING PRINCIPALLY TO NET OPERATING LOSS CARRYOVERS AS OF DECEMBER 31, 2010 AND 2009, SUCH DEFERRED TAX ASSETS WERE OFFSET BY A VALUATION ALLOWANCE OF $13 (MILLION) THE VALUATION ALLOWANCE DID NOT CHANGE IN 2010 OR 2009 FEDERAL NET OPERATING LOSS CARRYOVERS TOTALED $32 (MILLION) AT DECEMBER 31, 2010 AND WILL EXPIRE BETWEEN 2015 AND 2030
DESCRIPTION OF THE ORGANIZATION'S COLLECTIONS	SCHEDULE D, PART III, LINE 4	ORGANIZATION HAS ARTWORK BEING DISPLAYED IN PUBLIC PLACES OF THE MEDICAL FACILITY FOR DECORATIVE PURPOSES

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 30

3 Enter total number of other organizations . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) PAMF NURSING SCHOLARSHIPS	14	52,000			

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

Identifier	Return Reference	Explanation
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS	PART I, LINE 2	THE HEALTH CARE ENDOWMENT COMMITTEE (HCEC) (CURRENT/PAST TRUSTEES AND PHYSICIANS) APPROVE THE GRANTS THE OUTSIDE FIRM OF KRAMER, BLUM AND ASSOCIATES IS RETAINED AND IT SENDS OUT THE REQUEST FOR PROPOSALS (RFP'S) TO THE AGENCIES THAT ARE INVITED TO APPLY THE FIRM DOES THE DUE DILIGENCE TO DETERMINE IF THE AGENCIES ARE QUALIFIED, AND WORTHY OF A HCEC GRANT THE FIRM PROVIDES THE ENDOWMENT COMMITTEE WITH A DOCKET AND ITS RECOMMENDATIONS PRIOR TO THE MEETING TO APPROVE OR NOT APPROVE THE PROPOSALS THE SUTTER HEALTH SYSTEM HAS AN OVERLAP IN LEADERSHIP WHICH MONITORS THE USE OF GRANTS BETWEEN AFFILIATES

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 94-1156581
Name: PALO ALTO MEDICAL FOUNDATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LIFE ELDERCARE INC3300 CAPITOL AVE FREMONT,CA 94537	23-7455567	501(c)(3)	10,000				DONATION
ABILITIES UNITED525 E CHARLESTON RD PALO ALTO,CA 94306	94-1546643	501(c)(3)	10,000				DONATION
MAYVIEW COMMUNITY HEALTHER CTR270 GRAND AVE PALO ALTO,CA 94306	94-2239648	501(c)(3)	10,000				DONATION
FRIENDS OF CHILDREN WITH SPECIAL NEEDS2300 PERALTA BLVD FREMONT,CA 94536	77-0446853	501(c)(3)	10,000				DONATION
SANTA CRUZ WOMENS HEALTH CENTER250 LOCUST ST SANTA CRUZ,CA 95060	23-7428303	501(c)(3)	10,000				DONATION
ADOLESCENT COUNSELING SERVICES 4000 MIDDLEFIELD RD PALO ALTO,CA 94303	51-0192551	501(c)(3)	12,500				DONATION
TEEN PREGNANCY COALITION SAN MATEO COUNTY120 JAMES AVE REDWOOD CITY,CA 94062	94-3227947	501(c)(3)	10,000				DONATION
LEGAL AID SOCIETY OF SAN MATEO COUNTY521 E 5TH AVE SAN MATEO,CA 94402	94-1451894	501(c)(3)	10,000				DONATION
STANFORD UNIVERSITY 251 CAMPUS DR STANFORD,CA 94305	99-9373929	501(c)(3)	10,000				DONATION
SALUD PARA LA GENTE195 AVIATION WY WATSONVILLE,CA 95076	94-2705747	501(c)(3)	20,000				DONATION
FAMILY CAREGIVER ALLIANCE180 MONTGOMERY ST SAN FRANCISCO,CA 94104	94-2687079	501(c)(3)	10,000				DONATION
COMMUNITY HEALTH PARTNERSHIP INC100 NO WINCHESTER SANTA CLARA,CA 95050	77-0352645	501(c)(3)	10,000				DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HOSPICE OF SANTA CRUZ COUNTY940 DISC DR SCOTTS VALLEY,CA 95066	94-2497618	501(c)(3)	10,000				DONATION
AVENIDAS450 BRYANT ST PALO ALTO,CA 94301	94-1480548	501(c)(3)	10,000				DONATION
SENIOR NETWORK SERVICES1777-A CAPITOLA RD SANTA CRUZ,CA 65062	94-2259716	501(c)(3)	10,000				DONATION
OMBUDSMAN SERVICES OF SAN MATEO COUNTY INC711 NEVADA ST REDWOOD CITY,CA 94061	94-3397402	501(c)(3)	10,000				DONATION
CARDIAC THERAPY FOUNDATION4000 MIDDLEFIELD RD PALO ALTO,CA 94303	77-0336212	501(c)(3)	10,000				DONATION
MARCH OF DIMESPO BOX 1657 WILKSBARRE,PA 18703	13-1846366	501(c)(3)	15,000				DONATION
AMERICAN RED CROSS 2731 N 1ST STREET SAN JOSE,CA 95134	94-5516472	501(c)(3)	10,000				DONATION
EL CAMINO HOSPITAL 2500 GRANT RD MOUNTAIN VIEW,CA 54040	94-3167314	501(c)(3)	55,562				DONATION
SANTA CLARA UNIVERSITY500 EL CAMINO REAL SANTA CLARA,CA 95053	94-1156617	501(c)(3)	25,000				DONATION
AMERICAN RED CROSS BAY AREA85 SECOND ST SAN FRANCISCO,CA 94105	94-3045430	501(c)(3)	25,000				DONATION
SAN FRANCISCO FOUNDATION885 BUSH SUITE 500 SAN FRANCISCO,CA 94105	01-0679337	501(c)(3)	25,000				DONATION
PALO ALTO HILLS GOLF (CME EDUCATION EVENT) 3000 ALEXIS DR PALO ALTO,CA 94304	94-1463217	501(c)(3)	13,459				DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
PATHWAYS HOSPICE FOUNDATION201 SAN ANTONIO CIR MOUNTAIN VIEW,CA 94040	77-0390660	501(c)(3)	10,000				DONATION
SANTA CLARA FAMILY HEALTH201 E HACIENDA AVE CAMPBELL,CA 95008	77-0545774	501(c)(3)	10,000				DONATION
AMERICAN CANCER SOCIETY1720 SO AMPHLETT BLVD SAN MATEO,CA 94402	94-1170350	501(c)(3)	30,000				DONATION
SUNNYVALE COMMUNITY SERVICES725 KIFER RD SUNNYVALE,CA 94086	94-1713897	501(C)(3)	10,000				DONATION
AMERICAN SOCIETY OF CLINICAL ONCOLOGY1900 DUKE ST SUITE 200 ALEXANDRA,VA 22314	13-6180380	501(C)(3)	40,000				DONATION
O'CONNOR HOSPITAL FOUNDATION2105 FOREST AVE SAN JOSE,CA 95128	91-2154436	501(C)(3)	125,000				DONATION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

Part I Questions Regarding Compensation

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

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
RELEVANT INFORMATION REGARDING COMPENSATION ITEMS	PART I, QUESTION 1A	FIRST-CLASS TRAVEL OFFICERS PAID BY SUTTER HEALTH MAY UPGRADE TO FIRST-CLASS TRAVEL FOR FLIGHTS GREATER THAN FOUR HOURS IN DURATION TRAVEL FOR COMPANIONS OFFICERS AND KEY EMPLOYEES PAID BY SUTTER HEALTH ARE ELIGIBLE TO BRING A COMPANION ON ONE BUSINESS TRIP PER CALENDAR YEAR AND HAVE THE COST OF THE AIRFARE AND MEALS PAID FOR BY SUTTER HEALTH THE COST IS ADDED TO EMPLOYEE'S WAGES TAX INDEMNIFICATION STANDARD POLICY FOR ALL SUTTER HEALTH EMPLOYEES IS THAT NON-CASH GIFTS AND AWARDS ARE GROSSED-UP FOR TAX PURPOSES THE AMOUNT OF THE GROSS-UP IS ADDED TO THE EMPLOYEE'S WAGES
SUPPLEMENTAL COMPENSATION INFORMATION	PART I, QUESTION 3	THE CEO OF THE ORGANIZATION IS AN EMPLOYEE OF SUTTER HEALTH THE COMPENSATION COMMITTEE OF THE SUTTER HEALTH BOARD OF DIRECTORS RETAINS ULTIMATE DISCRETIONARY AUTHORITY OVER ALL ELEMENTS OF COMPENSATION TO ASSURE THAT ORGANIZATIONAL PURPOSES ARE APPROPRIATELY BEING SERVED THE COMPENSATION COMMITTEE USES CREDIBLE DATA SOURCES AND MAINTAINS AN OBJECTIVE "ARMS LENGTH" DECISION-MAKING PROCESS, ENSURING THE INTEGRITY OF SUTTER'S EXECUTIVE PROGRAMS AND CONSISTENCY WITH THE ORGANIZATION'S OVERALL MISSION
NONQUALIFIED RETIREMENT PLAN	PART I, QUESTION 4B	THE PURPOSE OF THE NONQUALIFIED RETIREMENT PLAN IS TO PROVIDE ADDITIONAL DEFERRED COMPENSATION BENEFITS TO THE PARTICIPANTS, WHO ARE MEMBERS OF A SELECT GROUP OF MANAGEMENT OR HIGHLY COMPENSATED EMPLOYEES, BY PROVIDING FOR THE PAYMENT OF DEFERRED COMPENSATION AFTER THE COMPLETION OF THE SPECIFIED NUMBER OF YEARS OF SERVICE ANNUALLY, SUTTER HEALTH MAKES A CONTRIBUTION TO EACH PARTICIPANT'S ACCOUNT BASED ON 4% OF BASE PAY THERE IS AN ADDITIONAL CONTRIBUTION FOR EXECUTIVES WHOSE PENSION ELIGIBLE EARNINGS WERE GREATER THAN THE PENSION PAY CAP IN THE PREVIOUS YEAR THE CALCULATION IS AS FOLLOWS - PENSION ELIGIBLE EARNINGS - LESS PENSION PAYCAP AMOUNT - TIMES A SPECIFIC % BASED ON YEARS OF SERVICE THE PENSION RESTORATION PLAN IS DESIGNED TO HELP MAXIMIZE EACH PARTICIPANT'S RETIREMENT POTENTIAL BY PROVIDING A TARGETED BENEFIT THAT, ALONG WITH EACH PARTICIPANT'S OTHER RETIREMENT INCOME, PROVIDES - 65% OF FINAL 4-YEAR AVERAGE SALARY IF PARTICIPANT RETIRES AT AGE 65 WITH 22 5 YEARS OF SERVICE - 50% OF FINAL 4-YEAR AVERAGE SALARY IF PARTICIPANT RETIRES AT AGE 65 WITH 15 YEARS OF SERVICE SINCE IT IS A TARGETED BENEFIT, ANNUAL CONTRIBUTION AMOUNTS VARY BASED ON ASSUMPTIONS MADE TAKING INTO ACCOUNT EACH PARTICIPANTS' AGE, YEARS OF SERVICE, AND OTHER RETIREMENT ACCOUNT BALANCES NAME AND AMOUNT FOR 2010 LAWRENCE DEGHETALDI $35,100 DAVID DRUKER MD $122,700 PATRICK FRY $1,127,856 JEFF GERARD $101,700 SHARON KUTIS $23,700 PAUL DECHANT MD $32,800 DEBBIE GOODIN $19,900 KATHERINE MANUEL $8,200 ROBERT MERWIN $135,200 CECILIA MONTALVO $19,100 MICHAEL REANDEAU $16,200 VIVIAN K YOUNG $9,500 ALBERT J NOCELLA JR $6,800
NON-FIXED PAYMENTS	PART I, QUESTION 7	SPOT AWARDS ARE INFREQUENTLY USED TO REWARD EMPLOYEES THERE ARE NO SPECIFIC GUIDELINES FOR THE AMOUNT OF THE SPOT AWARD BUT THE AMOUNT TENDS TO NOT EXCEED 5% OF GROSS PAY ANNUAL INCENTIVE PLAN (AIP) THE PURPOSE OF THE PLAN IS TO FOCUS EXECUTIVES ON SPECIFIC, SHORTER-TERM GOALS THAT ARE CRITICAL TO THE ACHIEVEMENT OF AFFILIATE, REGION, AND SYSTEM-WIDE OBJECTIVES THAT DRIVE OVERALL ORGANIZATION PERFORMANCE A PORTION OF THE PLAN AWARD IS DISCRETIONARY IN THAT THE SUPERVISOR MAY ADD +/- 5% TO THE AWARD PROVIDED THE TOTAL AWARD (FORMULA PORTION PLUS DISCRETIONARY) DOES NOT EXCEED THE MAXIMUM ESTABLISHED FOR ANY GIVEN EXECUTIVE LONG TERM PERFORMANCE PLAN (LTPP) Sutter Health also employs long term performance plans which are designed to focus on longer term strategic objectives of the organization Sutters long term performance plan approach is a combination of both longer term measures of organization success and key organization strategies which require the combined effort of all leadership to achieve success Sutter uses a common fate approach in that all plan participants are measured against the same, organization wide criteria vs individual efforts This fosters a common purpose across leadership and a shared sense of accountability for the overall success of Sutter Health To ensure that extraordinary efforts by individuals can be recognized and that actions of leadership are consistent with supporting Sutter Healths overall Mission, Vision, and Values, Sutters long term incentive plan approach also incorporates a CEO discretionary component This unique feature allows the President & CEO the ability to modify individual awards within limits that have been pre-approved by the Sutter Health Compensation Committee This includes both the reduction and increase of award amounts Such modifications generally do not exceed +/- 20% and are employed judiciously and are reviewed by the Compensation Committee

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 94-1156581
Name: PALO ALTO MEDICAL FOUNDATION

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MUHAMMED AKHTAR	(I)	263,825	45,000	0	15,925	18,841	343,591	0
	(II)	0	0	0	0	0	0	0
PAUL DECHANT MD	(I)	0	0	0	0	0	0	0
	(II)	433,802	301,194	85,600	245,246	18,647	1,084,489	189,075
LAWRENCE DEGHETALDI MD	(I)	0	0	0	0	0	0	0
	(II)	500,305	247,922	2,277	249,991	18,436	1,018,931	271,453
DAVID DRUKER MD	(I)	0	0	0	0	0	0	0
	(II)	2,135,005	780,457	11,928	440,614	9,416	3,377,420	565,132
PATRICK FRY	(I)	0	0	0	0	0	0	0
	(II)	1,450,576	1,233,950	15,110	2,058,620	30,292	4,788,548	973,771
JEFF GERARD	(I)	0	0	0	0	0	0	0
	(II)	613,953	353,400	4,941	447,307	18,265	1,437,866	331,232
DEBBIE GOODIN	(I)	0	0	0	0	0	0	0
	(II)	300,973	108,640	1,168	135,317	16,538	562,636	99,347
DAVID JURY	(I)	252,441	25,000	31,887	20,825	17,070	347,223	0
	(II)	0	0	0	0	0	0	0
SHARON KUTIS	(I)	0	0	0	0	0	0	0
	(II)	380,433	131,350	772	161,119	12,155	685,829	110,770
HAROLD LUFT	(I)	414,799	65,000	0	15,925	21,589	517,313	0
	(II)	0	0	0	0	0	0	0
KATHERINE MANUEL	(I)	0	0	0	0	0	0	0
	(II)	232,572	49,600	291	91,936	11,982	386,381	37,670
FRANCIS MARZONI	(I)	667,338	350,094	48,175	18,375	15,104	1,099,086	0
	(II)	0	0	0	0	0	0	0
MARK MCLAUGHLIN	(I)	214,007	0	0	0	0	214,007	0
	(II)	0	0	0	0	0	0	0
ROBERT MERWIN	(I)	0	0	0	0	0	0	0
	(II)	555,175	319,660	7,403	387,854	16,727	1,286,819	288,231
CECILIA MONTALVO	(I)	0	0	0	0	0	0	0
	(II)	320,059	157,591	3,599	139,324	16,539	637,112	95,641
ALBERT J NOCELLA JR	(I)	0	0	0	0	0	0	0
	(II)	196,749	41,300	3,079	71,374	11,922	324,424	39,421
MICHAEL REANDEAU	(I)	0	0	0	0	0	0	0
	(II)	320,340	59,700	8,058	118,680	6,494	513,272	62,677
CLAIRE RENZI	(I)	262,229	60,000	4,917	20,825	10,186	358,157	0
	(II)	0	0	0	0	0	0	0
RICHARD SLAVIN MD	(I)	0	0	0	0	0	0	0
	(II)	581,365	175,000	5,633	4,956	5,121	772,075	0
PAUL TANG MD	(I)	513,889	25,000	20,094	18,176	23,681	600,840	0
	(II)	0	0	0	0	0	0	0
VIVIAN K YOUNG	(I)	0	0	0	0	0	0	0
	(II)	219,317	50,500	3,428	89,579	6,286	369,110	46,081

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CSCDA 2005A	68-0164610	130911U24	10-19-2005	141,858,436	CONSTRUCT & EQUIP FACILITY		X		X		X
B	CSCDA 2005BC	68-0164610	130795EG8	05-01-2007	31,395,146	REFUNDING - 10/19/2005		X		X		X
C	CSCDA 2008BC	68-0164610	130795TD9	05-14-2008	90,320,108	CONSTRUCT & EQUIP FACILITY		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	148,293,125	31,866,092	94,769,437	
4	Gross proceeds in reserve funds	14,758,815	2,341,948		
5	Capitalized interest from proceeds	25,671,812		25,671,812	
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	162,264,080		79,643,155	
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2008			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X		X			
b	Are there any research agreements that may result in private business use of bond-financed property?	X		X			X		
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X		X			
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	1 100 %		0 900 %		0 100 %			
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 %		0 %			
6	Total of lines 4 and 5	1 100 %		0 900 %		0 100 %			
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

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

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
SEE SCHEDULE O		

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

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Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) BASSETT GRIGER VILLARDO NORDGAAR	TRUSTEES	452,933,283	SEE PART V		No
(2) BURN HILL LACY AND CARMACK					
(3) RICHARD LEVY	BOD	1,138,256	SEE PART V		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
DESCRIPTIONS OF BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV	JAMES BASSETT MD, CHRISTINE GRIGER MD, ELIZABETH VILLARDO MD, JON NORDGAARD DPM, C TERRIGAL BURN MD, CARY HILL MD, JOSEPH LACY MD AND MARY ANN CARMACK MD, THE PAMF TRUSTEES, WERE ALSO SHAREHOLDERS & ON THE BOARD OF DIRECTORS OF PALO ALTO FOUNDATION MEDICAL GROUP(PAFMG) CONTRACTED SERVICES WERE PROVIDED BY PAFMG THROUGH THE PROFESSIONAL SERVICES AGREEMENT WHEREIN PAFMG PROVIDES THE PROFESSIONAL SERVICES RENDERED TO PAMF PATIENTS RICHARD LEVY IS A TRUSTEE OF PAMF AND PART OWNER AND DIRECTOR OF VARIAN MEDICAL SYSTEMS DURING THE YEAR PAMF PAID VARIAN FOR MEDICAL EQUIPMENT VIA AN ARMS-LENGTH AGREEMENT

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	9	271,029	FMV OF STOCK
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	X	1	865,000	FMV OF CONDO
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ ( )				
26 Other ▶ ( )				
27 Other ▶ ( )				
28 Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29** 0

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?		No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

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

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

Identifier	Return Reference	Explanation
MISSION STATEMENT	FORM 990, PART I, LINE 1 AND PART III, LINE 1	WE ENHANCE THE WELL-BEING OF THE PEOPLE IN OUR COMMUNITIES THROUGH COMPASSION, EXCELLENCE AND INNOVATION IN HEALTH CARE SERVICE, RESEARCH AND EDUCATION

Identifier	Return Reference	Explanation
EXEMPT PURPOSE ACHIEVEMENTS	FORM 990, PART III, LINE 4A	THE PALO ALTO MEDICAL FOUNDATION FOR HEALTH CARE, RESEARCH AND EDUCATION (PAMF) IS A NOT-FOR-PROFIT HEALTH CARE ORGANIZATION THAT IS A PIONEER IN BOTH MULTISPECIALTY GROUP PRACTICE OF MEDICINE AND OUTPATIENT MEDICINE IN 1993, PAMF AFFILIATED WITH SUTTER HEALTH, A FAMILY OF NOT-FOR-PROFIT HOSPITALS AND PHYSICIAN ORGANIZATIONS THAT SHARE RESOURCES AND EXPERTISE TO ADVANCE HEALTH CARE QUALITY IN 2009, PAMF, MILLS-PENINSULA HEALTH SERVICES (MPHS), SUTTER MATERNITY AND SURGERY CENTER AND MENLO PARK SURGICAL HOSPITAL CAME TOGETHER TO FORM SUTTER HEALTH'S PENINSULA COASTAL REGION SERVING MORE THAN 100 COMMUNITIES IN NORTHERN CALIFORNIA, SUTTER HEALTH IS A REGIONAL LEADER IN CARDIAC CARE AS WELL AS CARE OF WOMEN AND CHILDREN, AND IS A PIONEER IN ADVANCED PATIENT SAFETY TECHNOLOGY IN 2008, THE PHYSICIANS OF THE FORMER CAMINO MEDICAL GROUP, PALO ALTO MEDICAL CLINIC AND SANTA CRUZ MEDICAL CLINIC MERGED INTO A SINGLE PHYSICIAN GROUP CALLED THE PALO ALTO FOUNDATION MEDICAL GROUP (PAFMG) TO CONTRACT WITH PAMF TO PROVIDE PHYSICIAN SERVICES AND IN 2010, A NEW MULTISPECIALTY PHYSICIAN GROUP, PENINSULA MEDICAL CLINIC (PMC), WAS FORMED NOW, PAMF'S 1,058 AFFILIATED PHYSICIANS AND 4,350 EMPLOYEES SERVE MORE THAN 660,000 PATIENTS AT 35 SITES THROUGHOUT THE BAY AREA PAMF'S MISSION IS TO ENHANCE THE WELL-BEING OF THE PEOPLE IN OUR COMMUNITIES THROUGH COMPASSION, EXCELLENCE AND INNOVATION IN HEALTH CARE SERVICES, RESEARCH AND EDUCATION PAMF HAS THREE DIVISIONS 1 HEALTH CARE 2 EDUCATION 3 RESEARCH HEALTH CARE DIVISION PAMF'S HEALTH CARE DIVISION CONSISTS OF FOUR DIVISIONS 1 PALO ALTO, SERVING ALAMEDA, SAN MATEO AND SANTA CLARA COUNTIES 2 CAMINO, SERVING SANTA CLARA COUNTY 3 SANTA CRUZ , SERVING SANTA CRUZ COUNTY 4 MILLS-PENINSULA, SERVING SAN MATEO COUNTY THESE DIVISIONS OFFER MORE THAN 45 MEDICAL SPECIALTIES, A FULL RANGE OF MEDICAL SERVICES, AND STATE-OF-THE-ART TECHNOLOGY THIS TECHNOLOGY INCLUDES THE MOST ADVANCED DIAGNOSTIC IMAGING AND TREATMENT DEVICES, AN ELECTRONIC HEALTH RECORD SYSTEM, THREE LICENSED ACUTE-CARE FACILITIES, AND ONE ACCREDITED HOME HEALTH AGENCY PAMF'S ADVANCED CAPABILITIES AND EMPHASIS ON OUTPATIENT CARE ALLOW PHYSICIANS AND STAFF TO MINIMIZE HOSPITALIZATION OF PATIENTS, REDUCING THE OVERALL COST OF MEDICAL CARE SIGNIFICANTLY WHILE MAINTAINING THE HIGHEST QUALITY OF CARE FOR PATIENTS AS PART OF ITS COMMITMENT TO SERVING ITS COMMUNITY, PAMF PROVIDES CARE TO MEDICALLY INDIGENT PATIENTS AND THOSE ENROLLED IN MEDICARE, MEDI-CAL, AND OTHER GOVERNMENT PROGRAMS WHOSE REIMBURSEMENTS FALL SHORT OF COVERING THE COST OF PROVIDING CARE ACHIEVEMENTS * PAMF RECEIVED A THREE-YEAR ACCREDITATION FROM THE INSTITUTE OF MEDICAL QUALITY (IMQ) IN 2010 RECOGNIZED BY THE MEDICAL BOARD OF CALIFORNIA, MANY LIABILITY CARRIERS, WORKERS' COMPENSATION AND INSURERS, IMQ'S AMBULATORY PROGRAM WAS DESIGNED TO PROMOTE QUALITY CARE AND ASSURE COMPLIANCE WITH GOVERNMENT REGULATIONS * THE INTEGRATED HEALTHCARE ASSOCIATION (IHA) HAS NAMED THE PALO ALTO MEDICAL FOUNDATION (PAMF) AS ONE OF THE MOST OUTSTANDING PHYSICIAN GROUPS IN CALIFORNIA BASED ON ITS PAY-FOR-PERFORMANCE (P4P) PROGRAM MEASURE FOR SIX CONSECUTIVE YEARS IN OVERALL PERFORMANCE, PAMF RANKED AS A "TOP PERFORMER" IN PATIENT EXPERIENCE, INFORMATION TECHNOLOGY AND CLINICAL QUALITY, SUCH AS CANCER SCREENINGS, IMMUNIZATIONS AND DIABETES CARE * IN 2010, PAMF WAS RANKED IN THE TOP TEN OF THE TOP WORK PLACES IN THE BAY AREA, IN THE FIRST EMPLOYEE-BASED SURVEY OF BAY AREA COMPANIES PAMF PLACED FIRST AS THE TOP NON-PROFIT WORKPLACE AND SIXTH IN THE TOP 10 LARGE COMPANIES TO WORK FOR * FOR THE SECOND YEAR IN A ROW, MODERN HEALTHCARE SELECTED SUTTER MATERNITY AND SURGERY CENTER AS ONE OF THE "BEST PLACES TO WORK IN HEALTHCARE " (2010) * SUTTER MATERNITY AND SURGERY CENTER (SMSC) RECEIVED THE 2010 PRESS GANEY SUMMIT AWARD FOR BEING IN THE TOP FIVE PERCENT NATIONALLY IN PATIENT SATISFACTION FOR HEALTH CARE FACILITIES A SECOND AWARD, "THE BEST PLACE TO PRACTICE AWARD," RECOGNIZED SMSC FOR REACHING AND SUSTAINING THE 95TH PERCENTILE ON THEIR PHYSICIAN SATISFACTION SURVEYS * MORE THAN 242,000 PAMF PATIENTS ARE ENROLLED IN PAMFONLINE, AN INNOVATIVE SET OF INTERNET-BASED SERVICES THAT ALLOWS PATIENTS TO CONNECT TO KEY PORTIONS OF THEIR ELECTRONIC HEALTH RECORD (2010) * ON THE ANNUAL SURVEY OF HEALTH CARE PROVIDERS FROM THE OFFICE OF THE PATIENT ADVOCATE (OPA), A STATE AGENCY THAT ISSUES AN ANNUAL REPORT CARD TO HELP CONSUMERS EVALUATE HEALTH COVERAGE, PAMF RECEIVED THE HIGHEST RATING - FOUR STARS OUT OF A POSSIBLE FOUR - FOR PATIENT SATISFACTION (2009) * PAMF'S RESEARCH INSTITUTE HAS RECEIVED MORE THAN $6 MILLION IN GRANTS FROM THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY AND NATIONAL INSTITUTES OF HEALTH (2009) * SUTTER HEALTH PRESIDENT'S AWARD - THIS AWARD RECOGNIZES OUTSTANDING PERFORMANCE IN THE AREAS OF CLINICAL QUALITY, SERVICE EXCELLENCE, COMMUNITY BENEFIT AND CHARITY CARE, EMPLOYEE AND PHYSICIAN SATISFACTION, TARGETED GROWTH AND FINANCIAL HEALTH (2008) * WORKING WITH ENIGMA CKM INC , PAMF DEVELOPED MEDICAL INFORMATICS TECHNOLOGY TO PERSONALIZE THE CARE OF INDIVIDUALS WITH CHRONIC HEALTH CONDITIONS * PAMF BECAME THE FIRST HEALTH CARE ORGANIZATION IN THE WORLD TO USE A NEW HIGH-DEFINITION MULTI-LEAF COLLIMATOR THIS ULTRA-FINE DEVICE FOR RADIOSURGERY ALLOWS DOCTORS TO TREAT BRAIN TUMORS AND CANCER IN ALL PARTS OF THE BODY WITH UNSURPASSED ACCURACY - ALL WITH FEWER SIDE EFFECTS, GREATER PATIENT COMFORT AND IMPROVED OUTCOMES AS COMPARED TO CONVENTIONAL "OPEN" SURGERY * PAMF'S DEPARTMENT OF RADIATION ONCOLOGY IS AMONG JUST A MINORITY OF OUTPATIENT FACILITIES THAT OFFER TWO ADVANCED RADIATION THERAPY TECHNIQUES THREE-DIMENSIONAL CONFORMAL RADIOTHERAPY (3DCRT) AND AN EXTENSION OF THIS APPROACH KNOWN AS INTENSITY MODULATED RADIATION THERAPY (IMRT) * PAMF'S MOUNTAIN VIEW CENTER WAS THE FIRST MEDICAL CENTER IN NORTHERN CALIFORNIA WITH A POWERFUL DUAL-SOURCE CARDIAC COMPUTER TOMOGRAPHY (CT) SCANNER THAT ALLOWS CARDIOLOGIST TO FIND PATIENTS' HEART PROBLEMS QUICKLY AND PAINLESSLY EDUCATION DIVISION PAMF'S EDUCATION DIVISION PROVIDES HEALTH EDUCATION THROUGH HEALTH PROMOTION CLASSES, SUPPORT GROUPS AND COMMUNITY OUTREACH IT PROVIDES FINANCIAL SUPPORT TO COMMUNITY ORGANIZATIONS, PROJECTS RELATED TO HEALTH CARE, IN-KIND ASSISTANCE THROUGH DONATIONS OF MEDICAL EQUIPMENT, AND HEALTH FAIRS AND PROGRAMS THE HEALTH EDUCATION PROGRAMS OFFERED BY PAMF'S EDUCATION DIVISION FOCUS ON WELLNESS, PRENATAL/POSTPARTUM CARE AND DISEASE MANAGEMENT PAMF ALSO OFFERS NEED-BASED SCHOLARSHIPS FOR EDUCATION CLASSES IN ADDITION, THE EDUCATION DIVISION OFFERS FREE COMMUNITY LECTURES, HEALTH RESOURCE CENTERS, SUPPORT GROUPS, AND PROVIDES RELIABLE HEALTH INFORMATION TO THE PUBLIC THROUGH PAMF'S WEBSITE, PAMF ORG SEPARATE WEB SITES FOR PRETEENS, TEENS AND PARENTS OFFER MEDICALLY ACCURATE AND AGE-APPROPRIATE INFORMATION FOR THOSE IN THE COMMUNITY AND AROUND THE WORLD THE TEEN SITE HAS RECEIVED MORE THAN 13 MILLION VISITS FROM AROUND THE WORLD SINCE IT LAUNCHED IN 2001, AND THE PRETEEN SITE HAS RECEIVED MORE THAN 1 7 MILLION VISITS SINCE IT WAS LAUNCHED IN 2004 PAMF IS COMMITTED TO BEING AN ACTIVE MEMBER OF THE COMMUNITIES IT SERVES, AND SUPPORTS VARIOUS COMMUNITY PROGRAMS AND SERVICES SUCH AS PROJECTS AND EDUCATIONAL ACTIVITIES WITH LOCAL SCHOOL DISTRICTS, AND PARTNERSHIPS WITH COMMUNITY ORGANIZATIONS, INCLUDING CLOSE PARTNERSHIPS WITH COMMUNITY CLINICS IN UNDERSERVED AREAS PAMF'S PHYSICIANS AND STAFF MEMBERS ALSO DONATE HUNDREDS OF HOURS TO COMMUNITY SERVICE RESEARCH DIVISION THE MISSION OF THE PAMF RESEARCH INSTITUTE IS TO BE A WORLD LEADER IN THE AREAS OF BIOMEDICAL, CLINICAL, HEALTH POLICY, PUBLIC HEALTH RESEARCH AND RESEARCH TRAINING THE RESEARCH INSTITUTE ALSO OVERSEES CLINICAL TRIALS CONDUCTED BY PAMF PHYSICIANS PAMF'S RESEARCH PROGRAMS ARE NATIONALLY KNOWN AND HAVE MADE NUMEROUS DISCOVERIES LEADING TO IMPROVEMENT OF CARE FOR THE ENTIRE COMMUNITY THE RESEARCH INSTITUTE RECEIVES FUNDING FROM THE NATIONAL INSTITUTES OF HEALTH, OTHER GOVERNMENT GRANTS, AND FROM INDIVIDUAL GIFTS FROM DONORS

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, QUESTIONS 6 & 7A	THIS CORPORATION IS AN AFFILIATE OF SUTTER HEALTH, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION SUTTER HEALTH IS THE SOLE MEMBER WITH THE RIGHT TO ELECT AT LEAST A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	FORM 990, PART VI, QUESTION 7B	SUTTER HEALTH AS THE SOLE MEMBER OF THE ORGANIZATION IS ENTITLED TO EXERCISE FULLY ALL RIGHTS AND PRIVILEGES OF MEMBERS OF NONPROFIT CORPORATIONS UNDER THE CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION LAW, AND ALL OTHER APPLICABLE LAWS THE MEMBER HAS THE RIGHTS AND POWERS TO APPOINT (AND REMOVE) MEMBERS OF THE CORPORATION'S BOARD OF DIRECTORS, SUBJECT TO THE PROVISIONS OF THE BYLAWS, IN ADDITION, THE MEMBER HAS THE RIGHT TO APPROVE THE FOLLOWING ACTIONS OF THE CORPORATION'S BOARD OF DIRECTORS (A) MERGER, CONSOLIDATION, REORGANIZATION OR DISSOLUTION OF THE CORPORATION (B) AMENDMENT OR RESTATEMENT OF THE ARTICLES OF INCORPORATION OR THE BYLAWS OF THE CORPORATION (C) ADOPTION OF OPERATING BUDGETS AND CAPITAL BUDGETS (ALTHOUGH THE BOARD IS EMPOWERED TO DEVELOP ITS OWN BUDGETS WITHIN THE GUIDELINES AND OBJECTIVES SET BY THE GENERAL MEMBER) (D) EXPENDITURES BEYOND APPROVED BUDGETS AND IN EXCESS OF A DOLLAR AMOUNT, NOT LESS THAN $200,000, TO BE SET BY THE GENERAL MEMBER (E) BORROWING IN EXCESS OF A DOLLAR AMOUNT, NOT LESS THAN $200,000, TO BE SET BY THE GENERAL MEMBER (FOR THE PURPOSE OF THIS SECTION 14 1, "BORROWING" INCLUDES, BUT IS NOT LIMITED TO, LEASE AGREEMENTS AND INSTALLMENT CONTRACTS) (F) PURCHASE, SALE, LEASE, DISPOSITION, HYPOTHECATION, EXCHANGE, GIFT, PLEDGE OR ENCUMBRANCE OF ANY ASSET, REAL OR PERSONAL, WITH A VALUE IN EXCESS OF A DOLLAR AMOUNT, NOT LESS THAN $200,000, TO BE SET BY THE GENERAL MEMBER AND NOT PREVIOUSLY INCLUDED IN THE CAPITAL BUDGET (G) APPOINTMENT OF AN INDEPENDENT AUDITOR AND CORPORATE COUNSEL (H) APPROVAL OF TRANSACTIONS OF THIS CORPORATION IN WHICH A TRUSTEE OR OFFICER OF THIS CORPORATION HAS A MATERIAL FINANCIAL INTEREST (I) APPROVAL OF SELECTION OF THE CHIEF EXECUTIVE OFFICER (J) ADOPTION OF QUALITY IMPROVEMENT PROCEDURES OR STANDARDS THAT DO NOT MEET OR EXCEED GUIDELINES OR PROCEDURES ESTABLISHED BY THE GENERAL MEMBER (NOTWITHSTANDING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT THE GENERAL MEMBER WILL NOT IMPOSE GUIDELINES OR PROCEDURES THAT MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CORPORATION, WITHOUT THE PRIOR APPROVAL OF THIS CORPORATION) (K) THE CREATION OF ANY SUBSIDIARY ORGANIZATION

Identifier	Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MGMT &/OR GOVERNING BODY TO REVIEW FORM 990	FORM 990, PART VI, QUESTION 11A	SUTTER HEALTH HAS A CENTRALIZED TAX DEPARTMENT RESPONSIBLE FOR THE PREPARATION OF THE FORM 990 ANNUALLY THE TAX DEPARTMENT PROVIDES TRAINING AND EDUCATION TO AFFILIATE PERSONNEL WHO ASSIST THE TAX DEPARTMENT IN COLLECTING AND REVIEWING DATA TO BE REPORTED ON THE FORM 990 THE PREPARATION MATERIAL IS REVIEWED BY VARIOUS DEPARTMENTS INCLUDING TAX, FINANCE, OFFICE OF THE GENERAL COUNSEL, AND HUMAN RESOURCES ADDITIONALLY, THE CHIEF FINANCIAL OFFICER SIGNS OFF ON THIS DATA BEFORE THE RETURN GOES TO THE PREPARATION STAGE A NATIONAL ACCOUNTING FIRM PREPARES AND/OR REVIEWS THE RETURN A COMPLETED RETURN IS THEN REVIEWED BY THE TAX DEPARTMENT AND THE AFFILIATE WITH THE CHIEF FINANCIAL OFFICER GIVING HIS/HER APPROVAL BEFORE THE RETURN IS FILED

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, QUESTION 12	EACH INDIVIDUAL BOARD MEMBER AND OFFICER HAS TO SIGN AN ACKNOWLEDGEMENT FORM THAT THEY HAVE READ THE POLICY ANNUALLY A DISCLOSURE STATEMENT IS COMPLETED BY ALL OFFICERS AND BOARD MEMBERS ON THIS STATEMENT THE INDIVIDUAL WILL LIST A WIDE RANGE OF INFORMATION WHICH INCLUDES BUSINESS RELATIONSHIPS, EMPLOYMENT RELATIONSHIPS, PROPERTY INTERESTS, AND THOSE OF RELATED PARTIES THE CEO AND BOARD CHAIR WILL REVIEW THE STATEMENTS AND MONITOR SITUATIONS THAT MAY POSE A POTENTIAL CONFLICT OF INTEREST THE CEO AND BOARD CHAIR MAY CONSULT WITH THE OFFICE OF THE GENERAL COUNSEL AS NECESSARY IF THERE IS A POTENTIAL CONFLICT OF INTEREST RELATED TO A PARTICULAR TRANSACTION, THE INTERESTED TRUSTEE MUST DISCLOSE THE EXISTENCE AND NATURE OF THE RELATIONSHIP THE BOARD CHAIR MAY APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE THE CONFLICT UNTIL THE POTENTIAL CONFLICT IS RESOLVED, THE BOARD CHAIR MAY REQUEST THE TRUSTEE TO NOT PARTICIPATE DURING RELATED PRESENTATIONS AND DISCUSSIONS IN ALL CIRCUMSTANCES INVOLVING AN ACTUAL CONFLICT, THE INTERESTED TRUSTEE SHALL REFRAIN FROM VOTING ON ANY MATTER RELATED TO THE TRANSACTION

Identifier	Return Reference	Explanation
PROCESS FOR DETERMINING COMPENSATION	FORM 990, PART VI, QUESTION 15	THE COMPENSATION COMMITTEE OF THE SUTTER HEALTH BOARD OF DIRECTORS RETAINS ULTIMATE DISCRETIONARY AUTHORITY OVER ALL ELEMENTS OF COMPENSATION TO ASSURE THAT ORGANIZATIONAL PURPOSES ARE APPROPRIATELY BEING SERVED THE COMPENSATION COMMITTEE USES CREDIBLE DATA SOURCES AND MAINTAINS AN OBJECTIVE "ARMS LENGTH" DECISION-MAKING PROCESS, ENSURING THE INTEGRITY OF SUTTER'S EXECUTIVE PROGRAMS AND CONSISTENCY WITH THE ORGANIZATION'S OVERALL MISSION IN ORDER TO ENSURE EXTERNAL COMPETITIVENESS, NATIONAL, CALIFORNIA AND LOCAL MARKET AREA COMPENSATION DATA COMPARISONS ARE REVIEWED COMPETITIVE ANALYSIS INCLUDES (A) BASE SALARY, (B) TOTAL CASH (BASE SALARY + ANNUAL INCENTIVE) AND (C) TOTAL REMUNERATION (BASE SALARY + ANNUAL INCENTIVE + BENEFITS AND LONG TERM INCENTIVE) THIS ANALYSIS INCLUDES COMPARABLE ORGANIZATIONS AND GEOGRAPHIC CONSIDERATIONS FOR THE MOST SENIOR EXECUTIVE POSITIONS, NATIONAL COMPARISONS FOR ORGANIZATIONS SIMILAR IN SIZE, SCOPE AND COMPLEXITY AS SUTTER HEALTH ARE MOST APPROPRIATE SINCE IT IS A NATIONAL MARKETPLACE IN WHICH SUTTER COMPETES FOR EXECUTIVE TALENT ON THE OTHER HAND, BECAUSE CALIFORNIA'S UNDERLYING COMPENSATION STRUCTURE IS HIGHER THAN NATIONAL DATA (ESPECIALLY IN THE BAY AREA), REGIONAL PAY COMPARISONS AND ADJUSTMENTS ARE MADE ALL OFFICERS OF THE ORGANIZATION (I E , CEO, CFO, COO) UNDERGO A REVIEW AND COMPENSATION COMMITTEE APPROVAL ANNUALLY KEY EMPLOYEES AND OTHER EXECUTIVES OF SUTTER HEALTH WHO ARE CONSIDERED DISQUALIFIED PERSONS FOR FORM 990 REPORTING PURPOSES ARE HANDLED IN THE SAME MANNER

Identifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, QUESTION 19	THE SUTTER HEALTH SYSTEM POSTS ITS CURRENT AND PAST AUDITED FINANCIAL STATEMENTS AT SUTTERHEALTH ORG OTHER DOCUMENTS ARE ALSO LOCATED AT THIS WEBSITE INCLUDING THE ANNUAL REPORT, MISSION STATEMENT, HISTORY, AND LINKS TO AFFILIATE WEBSITES

Identifier	Return Reference	Explanation
HOURS PER WEEK DEVOTED TO RELATED ORGANIZATION	FORM 990, PART VII	THE FOLLOWING BOARD MEMBERS/OFFICERS OF THE ORGANIZATION ARE FULL-TIME (40 HOURS PER WEEK) EMPLOYEES OF SUTTER HEALTH AND THEIR SUTTER HEALTH SALARIES ARE REPORTED HEREIN THESE INDIVIDUALS RECEIVE NO COMPENSATION FOR THEIR SERVICE AS BOARD MEMBERS/OFFICERS OF THIS ORGANIZATION DAVID DRUKER MD PATRICK FRY ROBERT MERWIN

Identifier	Return Reference	Explanation
OTHER CHANGES IN FUND BALANCE	FORM 990, PART XI, LINE 5	EQUITY TRANSFERS (NET) $(45,595,008) CHANGE IN UNREALIZED GAIN/(LOSS) ON INVESTMENTS 2,915,649 INTEREST INCOME FROM K-1 (211) RENTAL INCOME FROM K-1 (47,889) PARTNERSHIP INCOME ON BOOKS 69,577 ADJUSTMENTS TO BEGINNING BALANCE 1,868,786 ANNUITY TRUE-UP 10,947 CHANGE IN SPLIT INTEREST 4,854 ---------- $(40,773,295) ==========

Identifier	Return Reference	Explanation
COMPILATION, REVIEW AND AUDIT OF INDEPENDENT ACCOUNTANT	FORM 990, PART XII, QUESTION 2	ANNUALLY THE SUTTER HEALTH SYSTEM HAS AN AUDIT OF COMBINED BALANCE SHEETS AND STATEMENTS OF OPERATIONS PERFORMED BY INDEPENDENT AUDITORS AN AUDIT COMMITTEE SELECTS THE AUDITORS AND REVIEWS RESULTS

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLEMENTAL INFORMATION	SCHEDULE K, PART V	GLOBAL DISCLOSURE PART I, COLUMN (E) THE ORGANIZATION'S SOLE CORPORATE MEMBER IS A CONDUIT BORROWER OF TAX-EXEMPT BOND ISSUES THAT ALLOCATES PORTIONS OF EACH ISSUE TO SUBSIDIARY ORGANIZATIONS THE ORGANIZATION IS ONLY REPORTING THE AMOUNT IT HAS BEEN ALLOCATED PART II, LINE 7 ISSUANCE COSTS WERE FUNDED THROUGH AN EQUITY CONTRIBUTION PAMF SPECIFIC PART I, LINE B, COLUMN (F) THE INITIAL BONDS ISSUED IN 2005 WERE NEW MONEY BONDS THAT WERE RETIRED AND REISSUED ON MAY 1, 2007 ACCORDINGLY, WHERE APPROPRIATE, SCHEDULE K REFLECTS THE CURRENT REFUNDING BONDS THAT WERE TREATED AS REISSUED RATHER THAN REFLECTING THE "NEW MONEY" BONDS

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALO ALTO MEDICAL FOUNDATION

Employer identification number
94-1156581

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MILLS PENINSULA HEALTH SERVICES	O	38,618,726	
(2) MILLS PENINSULA HEALTH SERVICES	P	24,265,615	
(3)			
(4)			
(5)			
(6)			

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

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

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

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

Additional Data Return to Form

Software ID:
Software Version:
EIN: 94-1156581
Name: PALO ALTO MEDICAL FOUNDATION

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
ADOLESCENT TREATMENT CENTERS INC 390 40TH STREET OAKLAND, CA94609 68-0088443	HEALTHCARE	CA	501(C)(3)	3	SUTTER EBH		
ALTA BATES SUMMIT FOUNDATION 3012 SUMMIT STREET 3RD FLOOR OAKLAND, CA94609 51-0160184	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER EBH		
CALIFORNIA PACIFIC MEDICAL CTR FOUND 2015 STEINER STREET 2ND FLOOR SAN FRANCISCO, CA94115 94-2728423	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER WBH		
DELTA MEMORIAL HOSPITAL FOUNDATION 3901 LONE TREE WAY ANTIOCH, CA94509 94-2417022	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER EBH		
EAST BAY PERINATAL CENTER 350 HAWTHORNE AVE OAKLAND, CA94609 51-0172285	HEALTHCARE	CA	501(C)(3)	3	SUTTER EBH		
EDEN MEDICAL CENTER 20103 LAKE CHABOT ROAD CASTRO VALLEY, CA94546 94-2948100	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
MARIN COMMUNITY HEALTH 250 BON AIRE ROAD GREENBRAE, CA94904 94-2994751	SUPPORTING OR	CA	501(C)(3)	11b - II	SUTTER HLTH		
MILLS-PENINSULA HEALTH SERVICES 1501 TROUSDALE DRIVE BURLINGAME, CA94010 94-1156265	HOSPITAL	CA	501(C)(3)	3	PAMF		
MILLS-PENINSULA HOSPITAL FOUNDATION 1501 TROUSDALE DRIVE BURLINGAME, CA94010 23-7288765	FUNDRAISING	CA	501(C)(3)	11a - I	MPHS		
PALO ALTO MEDICAL FOUNDATION 2350 EL CAMINO REAL MOUNTAIN VIEW, CA94040 94-1156581	HEALTHCARE	CA	501(C)(3)	3	SUTTER HLTH		
SAMUEL MERRITT UNIVERSITY 450 30TH STREET 2840 OAKLAND, CA94609 94-2992642	UNIVERSITY	CA	501(C)(3)	2	SUTTER EBH		
SUTTER AUBURN FAITH HOSPITAL FOUNDATION 11815 EDUCATION ST AUBURN, CA95602 94-2594966	FUNDRAISING	CA	501(C)(3)	7	SUTTER SSR		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
SUTTER CENTRAL VALLEY HOSPITALS 1800 COFFEE ROAD SUITE 76 MODESTO, CA95355 94-1080917	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER COAST HOSPITAL 800 E WASHINGTON BLVD CRESCENT CITY, CA95531 94-2988520	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER DAVIS HOSPITAL FOUNDATION PO BOX 1617 DAVIS, CA95617 68-0217870	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER SSR		
SUTTER EAST BAY HOSPITALS 3012 SUMMIT STREET 3RD FLOOR OAKLAND, CA94609 94-1196176	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER EAST BAY MEDICAL FOUNDATION 3687 MT DIABLO BLVD 200 LAFAYETTE, CA94549 94-2690415	HEALTHCARE	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER GOULD MEDICAL FOUNDATION 600 COFFEE ROAD MODESTO, CA95355 94-1682256	HEALTHCARE	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER HEALTH 2200 RIVER PLAZA DRIVE SACRAMENTO, CA95833 94-2788907	SUPPORTING OR	CA	501(C)(3)	11c III-FI	NA		
SUTTER HEALTH PACIFIC 91-2301 FT WEAVER RD EWA BEACH, HI96706 99-0298651	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER HEALTH SACRAMENTO SIERRA REGION PO BOX 160727 SACRAMENTO, CA95816 94-1156621	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER INSURANCE SERVICES CORPORATION 745 FORT STREET SUITE 800 HONOLULU, HI96813 99-0289310	INSURANCE SER	HI	501(C)(3)	11b - II	SUTTER HLTH		
SUTTER MEDICAL CENTER FOUNDATION PO BOX 160727 SACRAMENTO, CA95816 94-2788906	FUNDRAISING	CA	501(C)(3)	7	SUTTER SSR		
SUTTER MEDICAL CENTER CASTRO VALLEY 20130 LAKE CHABOT RD 103 CASTRO VALLEY, CA94546 77-0146047	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		

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						Yes	No
SUTTER MEDICAL FOUNDATION 2800 L STREET 7TH FLOOR SACRAMENTO, CA95816 68-0273974	HEALTH CARE	CA	501(C)(3)	11b - II	SUTTER HLTH		
SUTTER ROSEVILLE MEDICAL CTR FOUNDATION ONE MEDICAL PLAZA ROSEVILLE, CA95661 68-0040113	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER SSR		
SUTTER SOLANO CHARITABLE FOUNDATION 300 HOSPITAL DRIVE VALLEJO, CA94589 94-2668262	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER SSR		
SUTTER VISITING NURSE ASSOC AND HOSPICE 1900 POWELL ST 300 EMERYVILLE, CA94608 94-6068843	HEALTH CARE	CA	501(C)(3)	9	SUTTER HLTH		
SUTTER WEST BAY HOSPITALS 2333 BUCHANAN STREET SAN FRANCISCO, CA94115 94-0562680	HOSPITAL	CA	501(C)(3)	3	SUTTER HLTH		
SUTTER WEST BAY MEDICAL FOUNDATION 2015 STEINER STREET 1ST FLOOR SAN FRANCISCO, CA94115 94-2948131	HEALTHCARE	CA	501(C)(3)	3	SUTTER HLTH		
TRACY HOSPITAL FOUNDATION 1420 N TRACY BLVD TRACY, CA95376 68-0318845	FUNDRAISING	CA	501(C)(3)	11a - I	SUTTER CVH		