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Form 990  Department of the Treasury Internal Revenue Service	<h1>Return of Organization Exempt From Income Tax</h1> <p>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</p> <p>▶ The organization may have to use a copy of this return to satisfy state reporting requirements</p>	OMB No 1545-0047 <div> <div>2010</div> <div>Open to Public Inspection</div> </div>
	<div> <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div> <div>8</div> <div>9</div> <div>10</div> <div>11</div> <div>12</div> </div> <div> <div>13</div> <div>14</div> <div>15</div> <div>16</div> <div>17</div> <div>18</div> <div>19</div> <div>20</div> <div>21</div> <div>22</div> <div>23</div> <div>24</div> </div> </div>	

A For the 2010 calendar year, or tax year beginning 05-01-2010 and ending 04-30-2011		D Employer identification number 91-0565546	
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization HARRISON MEDICAL CENTER		E Telephone number (360) 744-6507
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 2520 CHERRY AVENUE		G Gross receipts \$ 433,387,448
	Room/suite		
	City or town, state or country, and ZIP + 4 BREMERTON, WA 983104270		
	F Name and address of principal officer SCOTT BOSCH 2520 CHERRY AVENUE BREMERTON, WA 983104270		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
			H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			H(c) Group exemption number ▶
J Website: ▶ WWW.HARRISONMEDICAL.ORG			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1918	M State of legal domicile WA

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities HARRISON MAKES A POSITIVE DIFFERENCE IN PEOPLE'S LIVES THROUGH EXCEPTIONAL HEALTH CARE THE RESIDENTS OF KITSAP PENINSULA AND ADJACENT AREAS HAVE ACCESS TO ACUTE MEDICAL AND SURGICAL SERVICES INCLUDING EMERGENCY, ONCOLOGY AND CARDIO VASCULAR SERVICES ADDITIONALLY, HARRISON PROVIDES OUTPATIENT SERVICES, IN HOME HEALTH AND PEDIATRIC REHABILITATION AND OPERATES URGENT CARE AND PRIMARY CARE FACILITIES IN BOTH PORT ORCHARD AND BELFAIR		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	2,696
	6 Total number of volunteers (estimate if necessary)	6	400
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,085,429
b Net unrelated business taxable income from Form 990-T, line 34	7b	1,039,338	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	412,969	702,234
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	343,132,894	357,353,527
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,836,136	5,207,988
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	70,046	53,957
		346,452,045	363,317,706
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	422,191	411,190
	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)	164,037,248	174,432,503
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	161,587,274	173,384,550
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	326,046,713	348,228,243
	19 Revenue less expenses Subtract line 18 from line 12	20,405,332	15,089,463
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	346,441,290	384,615,110
	21 Total liabilities (Part X, line 26)	166,037,468	149,911,242
	22 Net assets or fund balances Subtract line 21 from line 20	180,403,822	234,703,868

Part II	Signature Block
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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			2012-03-14 Date	
	FORREST G EHLINGER VICE PRESIDENT & CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name SARA ELIZABETH J HYRE		Preparer's signature SARA ELIZABETH J HYRE		Date
	Check if self-employed <input type="checkbox"/>				PTIN
	Firm's name <input type="checkbox"/> CLARK NUBER PS				Firm's EIN <input type="checkbox"/>
	Firm's address <input type="checkbox"/> 10900 NE 4TH STREET SUITE 1700 BELLEVUE, WA 98004				Phone no <input type="checkbox"/> (425) 454-4919

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

HARRISON MEDICAL CENTER PROVIDES ACUTE MEDICAL AND SURGICAL SERVICES, EMERGENCY SERVICES AND A RANGE OF GENERAL AND SPECIALIZED SERVICES TO RESIDENTS OF THE KITSAP PENINSULA AND ADJACENT AREAS

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 \$ 282,221,505 including grants of \$ 411,190) (Revenue \$ 357,353,527)

DURING THE FISCAL YEAR ENDED APRIL 30, 2011, THE MEDICAL CENTER EXPERIENCED 14,936 HOSPITAL INPATIENT ADMISSIONS REPRESENTING 59,339 DAYS OF CARE TO ADULTS AND PEDIATRIC PATIENTS SERVICES PROVIDED INCLUDED, 74,112 EMERGENCY ROOM VISITS, 11,715 SURGERY PATIENTS INCLUDING 245 OPEN HEART CASES, 1,925 BIRTHS INCLUDING 3,472 DAYS OF CARE, 21,864 HOME HEALTH VISITS, 36,599 URGENT CARE VISITS, 20,096 PRIMARY CARE VISITS AND 60,994 OUTPATIENT VISITS HARRISON PROVIDES NEEDED MEDICAL CARE TO INDIGENT PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THE MEDICAL CENTER HAS ESTABLISHED CRITERIA FOR DETERMINING WHETHER A PATIENT IS ELIGIBLE FOR CHARITY CARE THE AMOUNT OF PATIENT REVENUES FOREGONE FOR CHARITY CARE PROVIDED BY HARRISON FOR THE FISCAL YEAR ENDED APRIL 30, 2011 AMOUNTED TO \$17,966,561 ALL FINANCIAL SURPLUSES FROM OPERATIONS ARE USED TO FURTHER THE CHARITABLE PURPOSES OF THE MEDICAL CENTER THESE SURPLUSES ARE USED TO HELP FUND NEW HEALTH SERVICE PROGRAMS IN THE FUTURE AND FUND NEW AND REPLACEMENT EQUIPMENT AND FACILITIES COMMUNITY HEALTH EDUCATION HARRISON MEDICAL CENTER HAS A LONG-STANDING COMMITMENT TO PROMOTE COMMUNITY EDUCATION IN THE HEALTH CARE AREA THE COMMITMENT IS DEMONSTRATED THROUGH AN ACTIVE PROGRAM OF CLASSES DIRECTED AT THE COMMUNITY-AT-LARGE AND SPECIALIZED CLASSES DIRECTED AT PERSONS WITH SPECIAL NEEDS THESE COMMUNITY EDUCATIONAL SERVICES ARE PROVIDED BY STAFF OR TRAINED PROFESSIONALS WHO ARE EMPLOYEES OF THE MEDICAL CENTER HARRISON MEDICAL CENTER VALUES THE RELATIONSHIPS WE MAINTAIN WITH THE COMMUNITY AND COMMUNITY ORGANIZATIONS THERE ARE NUMEROUS COMMUNITY BASED SUPPORT GROUPS, WHICH MEET AT HARRISON ON A REGULAR BASIS USING THE MEDICAL CENTER'S MEETING ROOMS AT NO CHARGE THE FACILITATORS OF THESE GROUPS ARE OFTEN STAFF AND TRAINED PROFESSIONALS OF THE MEDICAL CENTER HEALTH-RELATED VOLUNTEER SERVICE OF HARRISON MEDICAL CENTER EMPLOYEES MANY OF HARRISON'S EMPLOYEES SERVE AS COMMUNITY SOCIAL SERVICE ORGANIZATION BOARD MEMBERS AS WELL AS DONATING THEIR TIME TO INDIVIDUAL HEALTH AGENCY PROJECTS EMPLOYEES OF HARRISON REGULARLY CONTRIBUTE THEIR OWN TIME TO SUPPORT VARIOUS COMMUNITY FUND RAISING EVENTS SUCH AS MARCH OF DIMES WALK-A-THON, MS WALK-A-THON, ALZHEIMER'S MEMORY WALK, AMERICAN CANCER SOCIETY RELAY FOR LIFE, CYSTIC FIBROSIS GREAT STRIDES WALK, KITSAP COUNTY AIDS WALK AND UNITED WAY DAY OF CARING THE MEDICAL CENTER ALSO CONTRIBUTES TO THESE CAUSES BY PROVIDING EVENT MEALS FOR THE VOLUNTEERS, AND PAID TIME FOR EMPLOYEES DURING REGULAR WORKING HOURS TO ORGANIZE THE EVENTS HEALTH-RELATED SERVICE OF HARRISON MEDICAL CENTER VOLUNTEERS HARRISON'S VOLUNTEERS ARE INVOLVED IN A PROGRAM THAT PROVIDES PATIENTS AND THEIR FAMILIES WITH COMPLEMENTARY THERAPIES DURING THEIR STAY AT THE MEDICAL CENTER THESE THERAPIES INCLUDE HAND MASSAGE, THERAPEUTIC MUSIC, SUCH AS HARP, ACOUSTIC GUITAR, FLUTE AND PIANO, THERAPEUTIC ART, BOOK AND BEVERAGE CART SERVICE AND SERVICE PET ROUNDING TRAINING AND EDUCATION FOR HEALTHCARE PROFESSIONALS HARRISON MEDICAL CENTER CONTINUES TO SERVE AS A CLINICAL SITE FOR STUDENTS IN NURSING, PHYSICAL THERAPY, MEDICAL RECORDS, RADIOLOGY, PHARMACY, SOCIAL WORK, AND DIETARY PROGRAMS AND A NON-CLINICAL SITE FOR STUDENTS IN MATERIALS MANAGEMENT STUDENTS ARE ON-SITE AND UNDER HARRISON'S DIRECTION FOR SERVICE FOR SEVERAL THOUSAND HOURS EACH YEAR COMMUNITY HEALTHCARE INFORMATION HARRISON MEDICAL CENTER HAS DEVELOPED AN INTERNET WEB SITE AND PROVIDES THE COMMUNITY WITH AREAS TO LOOK UP HOSPITAL PROGRAMS AND SERVICES, COMMUNITY AND HEALTHCARE NEWS IT ALSO CONTAINS A PHYSICIAN DATABASE THAT IS USEFUL TO INDIVIDUALS WHO ARE CHOOSING A PHYSICIAN THE MEDICAL AND HEALTHCARE CONSUMER LIBRARIES MAINTAINED BY HARRISON MEDICAL CENTER ARE RESOURCES FOR HEALTH PROFESSIONALS AND THE PUBLIC IN OUR COMMUNITY OUR MEDICAL LIBRARY WORKS IN COOPERATION WITH THE REGIONAL PUBLIC LIBRARY, NAVY HOSPITAL AND COMMUNITY COLLEGE LIBRARY TO PROVIDE HEALTHCARE INFORMATION FOR AREA RESIDENTS

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 \$ 282,221,505

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)? <i>If "Yes," complete Schedule A.</i> 	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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes
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? <i>If "Yes," complete Schedule C, Part III.</i>	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? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
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, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	Yes
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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Parts II and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
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	Yes

Part IV

Checklist of Required Schedules (continued)

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

<div>Part V</div> <div>Statements Regarding Other IRS Filings and Tax Compliance</div> <div>Check if Schedule O contains a response to any question in this Part V</div>			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a176		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b0		
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.	2a2,696		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes	
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	16	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	Yes	
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		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
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		No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed ▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ FORREST G EHLINGER 2520 CHERRY AVENUE BREMERTON, WA 98310 (360) 744-6507

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

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

Form **990** (2010)

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)								7,306,375	0	713,971

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▶182

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*

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*

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*

YesNo

3Yes

4Yes

5No

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
SOUND PHYSICIANS 1123 PACIFIC AVE TACOMA, WA 98402	PHYSICIAN	1,991,032
ADVANCED MEDICAL IMAGING PO BOX 269 PORT ORCHARD, WA 98366	IMAGING	1,755,349
S&S SECURITY SERVICES PO BOX 459 BELFAIR, WA 98528	SECURITY	1,599,403
PATHOLOGY ASSOCIATES OF KITSAP COUNTY PO BOX 2171 BREMERTON, WA 98310	PHYSICIAN	923,084
OLYMPIC ANESTHESIA SERVICES 1010 SYLVAN WAY BREMERTON, WA 98310	PHYSICIAN	754,120
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 ▶22		

Form 990 (2010)

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		702,234			
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	405,205				
	e	Government grants (contributions)	1e	137,656				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	159,373				
	g	Noncash contributions included in lines 1a-1f \$		23,654				
	h	Total. Add lines 1a-1f						
	Program Service Revenue	2a	PATIENT REVENUE	Business Code 621110				198,827,221
b		MEDICARE/MEDICAID	621110	158,526,306	158,526,306			
c								
d								
e								
f		All other program service revenue						
g		Total. Add lines 2a-2f		357,353,527				
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		2,891,468		724,093	2,167,375
		4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties						
	6a	Gross Rents	(i) Real 53,957	(ii) Personal	53,957		53,957	
	b	Less rental expenses						
	c	Rental income or (loss)	53,957					
	d	Net rental income or (loss)						
	7a	Gross amount from sales of assets other than inventory	(i) Securities 72,273,694	(ii) Other 112,568				2,316,520
	b	Less cost or other basis and sales expenses	70,026,185	43,557				
	c	Gain or (loss)	2,247,509	69,011				
	d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19 .	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory . .						
	Miscellaneous Revenue	Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions		363,317,706	355,992,191	2,085,429	4,537,852		

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	411,190	411,190		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,554,549		2,554,549	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	134,539,982	114,236,172	20,303,810	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,550,428	3,041,360	509,068	
9	Other employee benefits	22,617,327	19,017,810	3,599,517	
10	Payroll taxes	11,170,217	9,325,170	1,845,047	
a	Fees for services (non-employees)				
	Management				
b	Legal	744,572		744,572	
c	Accounting	84,772		84,772	
d	Lobbying	41,870		41,870	
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	27,212,151	19,385,052	7,827,099	
12	Advertising and promotion	1,188,564	25,161	1,163,403	
13	Office expenses	2,584,619	1,153,085	1,431,534	
14	Information technology	4,319,851	804,630	3,515,221	
15	Royalties				
16	Occupancy	2,810,879	2,075,016	735,863	
17	Travel	1,056,946	448,017	608,929	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	4,010,619	4,010,619		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	17,838,840	9,806,385	8,032,455	
23	Insurance	3,721,223	3,507,342	213,881	
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	MEDICAL SUPPLIES	70,406,576	69,101,006	1,305,570	
b	BAD DEBT PROVISION	21,455,286	21,455,286		
c	EQUIP RENT/MAINTENANCE	7,921,372	4,263,720	3,657,652	
d	BUSINESS TAXES	7,009,070		7,009,070	
e	UNRELATED BUS INC TAXES	163,000		163,000	
f	All other expenses	814,340	154,484	659,856	
25	Total functional expenses. Add lines 1 through 24f	348,228,243	282,221,505	66,006,738	0
26	Joint costs. Check here <input checked="" type="checkbox"/> 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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			20,917,298	1	13,136,840
	2	Savings and temporary cash investments			2,234,942	2	2,481,715
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			44,600,307	4	45,710,965
	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	3,002,844
	8	Inventories for sale or use			2,909,014	8	3,748,120
	9	Prepaid expenses and deferred charges			2,391,084	9	2,974,007
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	272,477,686			
	b	Less: accumulated depreciation	10b	145,520,952	117,441,183	10c	126,956,734
	11	Investments—publicly traded securities			103,461,188	11	137,030,834
	12	Investments—other securities. See Part IV, line 11			42,455,593	12	30,434,079
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			10,030,681	15	19,138,972
16	Total assets. Add lines 1 through 15 (must equal line 34)			346,441,290	16	384,615,110	
Liabilities	17	Accounts payable and accrued expenses			36,486,129	17	35,419,215
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			90,291,615	20	87,438,659
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			39,259,724	25	27,053,368
	26	Total liabilities. Add lines 17 through 25			166,037,468	26	149,911,242
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			174,915,979	27	220,123,360
	28	Temporarily restricted net assets			3,548,838	28	12,652,762
	29	Permanently restricted net assets			1,939,005	29	1,927,746
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			180,403,822	33	234,703,868
34	Total liabilities and net assets/fund balances			346,441,290	34	384,615,110	

Part XI Reconciliation 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	363,317,706
2	Total expenses (must equal Part IX, column (A), line 25)	2	348,228,243
3	Revenue less expenses Subtract line 2 from line 1	3	15,089,463
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	180,403,822
5	Other changes in net assets or fund balances (explain in Schedule O)	5	39,210,583
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	234,703,868

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization HARRISON MEDICAL CENTER	Employer identification number 91-0565546
---	--

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?
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in 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 IIIPart 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 section 501(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: 91-0565546

Name: HARRISON MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOHN WALLEN CHAIR	2 00	X		X				0	0	0
JAMES CIVILLA VICE CHAIR	2 00	X		X				0	0	0
DAVID VETERANE SECRETARY / TREASURER	2 00	X		X				0	0	0
GORDON CROMWELL CHIEF OF STAFF	2 00	X		X				25,462	0	0
FRED BARRETT DIRECTOR	2 00	X						0	0	0
GRIFFITH BLACKMON DIRECTOR	2 00	X						688	0	0
CARL CRAMER DIRECTOR	2 00	X						0	0	0
MARY GARGUILE DIRECTOR	2 00	X						0	0	0
RUTH HANSTEN DIRECTOR	2 00	X						0	0	0
GREGORY HENDERSON DIRECTOR	2 00	X						5,000	0	0
RALPH LINTZ DIRECTOR	2 00	X						0	0	0
RON MUHLEMAN DIRECTOR	2 00	X						0	0	0
KELLY NELSON DIRECTOR	2 00	X						0	0	0
JOAN SORIANO DIRECTOR	2 00	X						0	0	0
RICK TIFT DIRECTOR	2 00	X						0	0	0
JAMES SMALLEY PAST CHAIR	2 00	X						0	0	0
SCOTT BOSCH PRESIDENT & CEO	50 00			X				564,992	0	217,154
PATRICIA COCHRELL EXEC VP & COO	50 00			X				334,499	0	56,729
ADAR PALIS VP ADMIN & CIO	50 00			X				345,814	0	56,660
SANDON K SAFFIER VP QUALITY/CMO	50 00			X				237,879	0	45,682
FORREST G EHLINGER VP OPS / CFO	50 00			X				13,573	0	13,750
ANDREW STEFO VP OPS/CFO	50 00			X				194,824	0	10,949
RICHARD SMITH INTERIM CFO	50 00			X				161,254	0	26,278
MARIEL KAGAN VP & CHIEF LEGAL OFFICER	50 00				X			286,756	0	47,483
THOMAS KRUSE VP & CHIEF STRATEGY OFFICER	50 00				X			274,967	0	52,660

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			
JOSEPH LOWELL JOHNSON PHYSICIAN	40 00					X		817,360	0	29,443
ROBERT C KING PHYSICIAN	40 00					X		571,648	0	49,443
RONALD ROBERT REIMER PHYSICIAN	40 00					X		965,900	0	25,447
DENNIS MICHAEL WILLERFORD PHYSICIAN	40 00					X		1,033,629	0	29,443
MALCOLM W WINTER PHYSICIAN	40 00					X		1,034,265	0	29,443
REBECCA KELLY VP HUMAN RESOURCES	50 00						X	215,700	0	9,599
CYNTHIA MAY CNO & DIR NURSING	50 00						X	222,165	0	13,808

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

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

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

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

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

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

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

Name of the organization HARRISON MEDICAL CENTER	Employer identification number 91-0565546
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		41,870
j Total lines 1c through 1i				41,870
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	A PORTION OF THE MEMBERSHIP DUES PAID TO WASHINGTON STATE HOSPITAL ASSOCIATION AND AMERICAN HEART ASSOCIATION WERE EXPENDED FOR LOBBYING ACTIVITIES

SCHEDULE D
(Form 990)

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization HARRISON MEDICAL CENTER	Employer identification number 91-0565546
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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> 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) <input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure) <input type="checkbox"/> Preservation of an historically importantly land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space
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
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____
4	Number of states where property subject to conservation easement is located ▶ _____
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> No
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

1a	If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b	If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items
(i)	Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
(ii)	Assets included in Form 990, Part X ▶ \$ _____
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items
a	Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
b	Assets included in Form 990, Part X ▶ \$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

3a(ii)

b

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

3b

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	8,272,226	6,832,354		15,104,580
b Buildings		65,907,104	30,807,039	35,100,065
c Leasehold improvements				
d Equipment		178,163,562	110,532,956	67,630,606
e Other		13,302,440	4,180,957	9,121,483
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				126,956,734

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1363,317,706
2	Total expenses (Form 990, Part IX, column (A), line 25)	2348,228,243
3	Excess or (deficit) for the year Subtract line 2 from line 1	315,089,463
4	Net unrealized gains (losses) on investments	414,354,130
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	824,856,453
9	Total adjustments (net) Add lines 4 - 8	939,210,583
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	1054,300,046

Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1401,968,569
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a14,354,130	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d24,296,733	
e	Add lines 2a through 2d2e38,650,863	3363,317,706
3	Subtract line 2e from line 1	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investment expenses not included on Form 990, Part VIII, line 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c0	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5363,317,706	

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1347,668,523
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e0	3347,668,523
3	Subtract line 2e from line 1	
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 7b4a	
b	Other (Describe in Part XIV)4b559,720	
c	Add lines 4a and 4b4c559,720	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5348,228,243	

Part XIVSupplemental Information

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

Identifier	Return Reference	Explanation
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN OBLIGATIONS UNDER PENSION PLAN 15,375,594 CHANGE IN INTEREST IN HARRISON MEDICAL CENTER FOUNDATION 9,480,859
PART XII, LINE 2D - OTHER ADJUSTMENTS		EXPENSES GROUPED WITH REVENUES ON FINANCIAL STATEMENTS -559,720 CHANGE IN OBLIGATIONS UNDER PENSION PLAN 15,375,594 CHANGE IN INTEREST IN HARRISON MEDICAL CENTER FOUNDATION 9,480,859
PART XIII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES GROUPED WITH REVENUES ON FINANCIAL STATEMENTS 559,720

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
HARRISON MEDICAL CENTER

Employer identification number
91-0565546

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other 100.000000000000 % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	Yes	
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		No
6a	Does the organization prepare a community benefit report during the tax year?		No
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			4,904,648		4,904,648	1 410 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			34,758,190	24,862,039	9,896,151	2 840 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			12,491,603	11,385,289	1,106,314	0 320 %
d Total Financial Assistance and Means-Tested Government Programs			52,154,441	36,247,328	15,907,113	4 570 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			257,282	25,397	231,885	0 070 %
f Health professions education (from Worksheet 5)			153,800		153,800	0 040 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			89,928		89,928	0 030 %
j Total Other Benefits			501,010	25,397	475,613	0 140 %
k Total. Add lines 7d and 7j)			52,655,451	36,272,725	16,382,726	4 710 %

Part IICommunity Building Activities

during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			37,018		37,018	0 010 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			132,700		132,700	0 040 %
8Workforce development			411,391		411,391	0 120 %
9Other						
10Total			581,109		581,109	0 170 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	5,857,027	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	108,365,934	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	124,401,107	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-16,035,173	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures

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

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

Schedule H (Form 990) 2010

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 12

Name and address	Type of Facility (Describe)
1 See Additional Data Table	

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7 , Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART II HARRISON MEDICAL CENTER VALUES THE RELATIONSHIPS IT MAINTAINS WITH THE COMMUNITY AND COMMUNITY ORGANIZATIONS THERE ARE NUMEROUS COMMUNITY BASED SUPPORT GROUPS, WHICH MEET AT HARRISON ON A REGULAR BASIS USING THE MEDICAL CENTER'S MEETING ROOMS AT NO CHARGE THE FACILITATORS OF THESE GROUPS ARE OFTEN STAFF AND TRAINED PROFESSIONALS OF THE MEDICAL CENTER THESE GROUPS INCLUDE DIABETES SUPPORT FOR CHILDREN AND PARENTS, STOP SMOKING SUPPORT, AMPUTEE SUPPORT, LUPUS SUPPORT, WOMEN'S CARDIAC HEALTH & CANCER PROGRAM, CANCER EDUCATION SUPPORT, LOOK GOOD AND FEEL BETTER SUPPORT, SLEEP APNEA SUPPORT, BETTER BREATHERS CLUB, PARKINSON'S, OVARIAN/GYNECOLOGICAL CANCER SUPPORT, BARIATRIC SURGERY SUPPORT, COMPASSIONATE FRIENDS SUPPORT, STROKE SUPPORT, BREAST CANCER SUPPORT, TRAUMATIC BRAIN INJURY SUPPORT, WOMEN WITH CANCER SUPPORT, HEART AND VASCULAR SUPPORT, KIDS CARE SUPPORT, LAP-BAND SUPPORT, ANCHOR SENIOR SUPPORT, AND ORTHOPEDIC SUPPORT HARRISON MEDICAL CENTER'S SOCIAL WORKERS PROVIDE OVER 250 HOURS PER YEAR OF ASSISTANCE TO COMMUNITY MEMBERS WITH QUESTIONS REGARDING SERVICES OUTSIDE OF HMC AND ANOTHER 300 HOURS PER YEAR OF ASSISTANCE WITH ACCESS TO THESE SERVICES SOCIAL WORKERS FREQUENTLY ARRANGE TRANSPORTATION FOR PATIENTS AND THEIR FAMILIES WHO LACK RESOURCES, PROCURE URGENTLY REQUIRED DISCHARGE MEDICATIONS TO LOW INCOME PATIENTS, PROVIDE 1 2 FTE'S OF SOCIAL WORK SERVICES FOR UNBILLED OUTPATIENT COUNSELING FOR RADIATION ONCOLOGY AND REHAB PATIENTS, AND THE SOCIAL WORK DIRECTOR SPENDS 15-20 HOURS EACH MONTH WORKING WITH COMMUNITY GROUPS ON MUTUAL PROJECTS AND SERVING ON VARIOUS COMMUNITY BOARDS HARRISON MEDICAL CENTER RECRUITS PHYSICIANS TO FILL UNMET NEEDS IN THE COMMUNITY ANALYSIS OF THE NUMBER AND TYPE OF PHYSICIANS AND MID-LEVEL PROVIDERS IS USED TO EVALUATE ACCESS TO PRIMARY AND SPECIALTY CARE PROVIDERS IN THE COMMUNITY WHERE GAPS EXIST, HARRISON WORKS WITH OUR PHYSICIAN PARTNERS TO RECRUIT NEW PROVIDERS TO MEET THE GAPS IDENTIFIED BY THE ANALYSIS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 HARRISON MEDICAL CENTER SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES WHILE PROCESSES AND PROCEDURES ARE IN PLACE TO COLLECT PAYMENTS FROM INDIVIDUALS AND INSURERS AS APPROPRIATE, SOME PATIENTS ARE UNABLE TO PAY AND DO NOT HAVE A DEQUATE INSURANCE COVERAGE OR ACCESS TO SERVICES TO ASSIST WITH THIS PAYMENT THESE PATIENT ACCOUNTS ARE TREATED EITHER AS CHARITY CARE (FINANCIAL ASSISTANCE) IF THE PATIENT MEETS CERTAIN FINANCIAL QUALIFICATIONS OUTLINED IN THE CHARITY CARE/FINANCIAL ASSISTANCE POLICY IF THE PATIENT DOES NOT MEET THOSE FINANCIAL QUALIFICATIONS AND IS UNABLE TO PAY, THE ACCOUNT IS TREATED AS BAD DEBT FROM AN ACCOUNTING PERSPECTIVE, THESE ACCOUNTS ARE TREATED DIFFERENTLY ON THE INCOME STATEMENT AND BALANCE SHEET BAD DEBT EXPENSE IS RECORDED BASED ON A REVIEW OF OUTSTANDING ACCOUNTS RECEIVABLE BALANCES BY AGE AND FINANCIAL CLASS BASED ON HISTORICAL CLOSED CASE DATA, AN ESTIMATED WRITE OFF AMOUNT IS CALCULATED AND A RESERVE IS ESTABLISHED ON THE BALANCE SHEET FOR THIS ESTIMATE THE RESERVE IS COMPARED WITH THE PRIOR PERIOD RESERVE AND THE NECESSARY INCREASE IS BOOKED AS AN EXPENSE FOR THE PERIOD BALANCES FOR PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE ARE HANDLED SEPARATELY CHARITY CARE (FINANCIAL ASSISTANCE) EXPENSE IS RECORDED AT THE TIME THE FINANCIAL ASSISTANCE APPLICATION IS PROCESSED THE AMOUNT RECORDED AS CHARITY CARE IS DETERMINED BY THE LEVEL OF FINANCIAL ASSISTANCE THAT IS APPROVED BASED ON INCOME CRITERIA ESTABLISHED IN THE POLICY HARRISON MEDICAL CENTER UTILIZES THE POVERTY GUIDELINES AS OUTLINED ON THE U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES WEBSITE AT WWW.ASPE.HHS.GOV/POVERTY/INDEX.SHTML THE AMOUNT APPLIED TO A PATIENT'S ACCOUNT IS IDENTIFIED AS FINANCIAL ASSISTANCE AND IS NOT PURSUED FROM THE APPLICANT/PATIENT CHARITY CARE - THE MEDICAL CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA, UNDER ITS CHARITY CARE POLICY, WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE MEDICAL CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE THE AMOUNT OF CHARGES FORGONE FOR CHARITY CARE PROVIDED BY THE MEDICAL CENTER FOR THE YEARS ENDED APRIL 30, 2011 AND 2010 WAS \$17,966,561 AND \$14,851,580, RESPECTIVELY THE MISSION OF HARRISON MEDICAL CENTER IS "TO MAKE A POSITIVE DIFFERENCE IN PEOPLE'S LIVES THROUGH EXCEPTIONAL HEALTH CARE " IN ORDER TO ENSURE THE FUTURE OF THIS MISSION WITHIN OUR COMMUNITY WE MUST REMAIN FINANCIALLY HEALTHY BY RECEIVING APPROPRIATE PAYMENT FOR THE SERVICES WE PROVIDE IN ADDITION, OUR FINANCIAL ASSISTANCE PRACTICES WILL ALWAYS COMPLY WITH WASHINGTON STATE LAWS AND REGULATIONS AND BE CONSISTENT WITH BEST PRACTICES OF OTHER MEDICAL CENTERS TO OBTAIN CURRENT FINANCIAL ASSISTANCE GUIDELINES THE WEBSITE USED IS HTTP://WWW.ASPE.HHS.GOV/POVERTY/INDEX.SHTML IT IS THE GOAL THAT EACH PATIENT WHO INDICATES FINANCIAL DIFFICULTY IN PAYING FOR HEALTHCARE SERVICES IS FULLY AND FAIRLY EVALUATED AND OFFERED APPROPRIATE FINANCIAL ASSISTANCE HARRISON IS ALSO OBLIGATED TO PURSUE OUTSTANDING BALANCES FOR THE DEDUCTIBLES OR CO-INSURANCE AMOUNTS REQUIRED BY A THIRD PARTY PAYER ON PATIENT ACCOUNTS FAIRLY AND CONSISTENTLY 1 HARRISON IS COMMITTED TO NEVER DENY NECESSARY MEDICAL CARE BASED ON THE INABILITY TO PAY 2 HARRISON WILL PROVIDE A WRITTEN NOTICE TO ALL PATIENTS INFORMING THEM ABOUT THE AVAILABILITY OF FINANCIAL ASSISTANCE 3 HARRISON WILL ACTIVELY SUPPORT PATIENTS IN THEIR EFFORTS TO OBTAIN APPROPRIATE FINANCIAL ASSISTANCE 4 UNCOMPENSATED HEALTHCARE WILL NEVER BE DENIED BASED UPON RACE, CREED, COLOR, SEX, NATIONAL ORIGIN, SEXUAL ORIENTATION, DISABILITY, AGE OR SOURCE OF INCOME 5 UNDER ALL CIRCUMSTANCES THE COLLECTION PRACTICES OF HARRISON ENTITIES WILL BE PERFORMED PROFESSIONALLY AND CONSISTENT WITH OUR MISSION AND THE FEDERAL FAIR DEBT COLLECTION PRACTICES ACT 6 HARRISON WILL COMPLY WITH OR EXCEED THE STATE OF WASHINGTON LEGISLATIVE DIRECTIVES ENACTED BY RCW 70.170.060 AND ANY UPDATES 7 HARRISON WILL ABIDE BY AND COMPLY WITH THE RULES AND MONITORING OF THE DEPARTMENT OF HEALTH 8 HARRISON WILL MAINTAIN A COLLECTION PROCEDURE WHICH DEFINES ACCOUNT PARAMETERS FOR REFERRAL TO COLLECTIONS BASED ON ALPHA PREFIX AND PLACEMENT OF LIENS 9 THE FINANCE COMMITTEE OF THE BOARD WILL RECEIVE AN ANNUAL REPORT SUMMARIZING OUR COLLECTION ACTIVITY PROCEDURE CRITERIA 1 HARRISON WILL COMPLY WITH THE STATE DEPARTMENT OF HEALTH ACCOUNTING RULES OF UNIFORM PROCEDURES, DATA REQUIREMENTS AND CRITERIA FOR IDENTIFYING PATIENTS RECEIVING FINANCIAL ASSISTANCE 2 ASSISTANCE WILL BE PROVIDED IN ACCESSING ENTITLEMENT PROGRAMS SUCH AS STATE MEDICAL ASSISTANCE AND CRIME VICTIMS 3 THE AMOUNT OF DISCOUNT RELATED TO THE INDIGENT CARE AFTER MEDICARE PAYMENT WILL BE IDENTIFIED 4 PROCEDURES WILL BE IN PLACE TO INFORM THE PUBLIC ABOUT AVAILABLE FINANCIAL ASSISTANCE 5 HARRISON WILL SUBMIT ANNUAL REPORTS REQUESTED BY THE DEPARTMENT OF HEALTH 6 APPLICATION FOR FINANCIAL ASSISTANCE</p>

Identifier	ReturnReference	Explanation
		WILL BE WRITTEN WITH SUPPORTING DOCUMENTATION 7 FAILURE TO COMPLY WITH OUTREACH SERVICES PROTOCOL WILL RESULT IN THE DENIAL OF FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 8 HARRISON USES THE MEDICARE COST REPORT TO ALIGN REVENUE WITH EXPENSES FOR EACH ESTABLISHED MEDICARE DEFINED COST CENTER BY USING THE STEP-DOWN METHOD OF COST ALLOCATION HOSPITAL GENERAL LEDGER DEPARTMENTS ARE GROUPED INTO MEDICARE-DEFINED COST CENTERS EXPENSES ARE OFFSET BY OTHER OPERATING REVENUES TO EXCLUDE SERVICES UNRELATED TO PATIENT CARE KEY STATISTICS ARE USED TO ALLOCATE THE COSTS TO THE MAJOR FUNCTION SERVICES ADJUSTMENTS TO CREATE A BETTER MATCHING OF REVENUES AND COSTS ARE PERFORMED AS NEEDED NON-PATIENT INCOME IS OFFSET AGAINST THE ASSOCIATED NON-PATIENT CARE EXPENSES ASSOCIATED WITH THE SERVICES IN ADDITION, PROFESSIONAL SERVICES PROVIDED BY PHYSICIANS ARE EXCLUDED ONCE THE GENERAL LEDGER HAS BEEN ADJUSTED FOR THE RECLASSIFICATIONS AND INCOME OFFSETS, THE EXPENSES ARE ALLOCATED USING THE STEP-DOWN METHOD THE STEP-DOWN METHOD ALLOCATES THE COST OF EACH COST CENTER, AS WELL AS THE COSTS STEPPED DOWN TO IT, TO THE MAJOR FUNCTIONAL SERVICES OVERHEAD, CAPITAL COSTS, DEPRECIATION, AND INTEREST ARE ALLOCATED BASED ON COST CENTER KEY STATISTICS IN THE STEP-DOWN ALLOCATION PROCESS, COSTS WILL ACCUMULATE FROM PREVIOUSLY STEPPED DOWN COST CENTERS THE ACCUMULATED COST FOR EACH COST CENTER WILL BE STEPPED DOWN USING ITS SPECIFIC STATISTIC THE NEXT GROUP OF COST CENTERS TO BE ALLOCATED IS THE ANCILLARY COST CENTERS, WHICH ARE STEPPED DOWN BASED ON GROSS CHARGES PROVIDED TO EACH FUNCTIONAL SERVICE THE FINAL RESULT PROVIDES FULLY ALLOCATED COSTS TO THE MAJOR FUNCTIONAL SERVICES, SUCH AS MEDICAL SURGICAL INPATIENTS, OBSTETRICS AND EMERGENCY DEPARTMENTS</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B HARRISON MEDICAL CENTER'S DEBT COLLECTION POLICY APPLIES TO BOTH PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE AND TO PATIENTS WHO ARE FINANCIALLY UNABLE TO PAY A MEDICAL BILL BUT DON'T QUALIFY FOR MEDICAL ASSISTANCE PROGRAMS SINCE THE PROVISION OF CARE IS NOT DEPENDENT ON ONE'S ABILITY TO PAY, HARRISON WILL PROVIDE FREE CARE TO PATIENTS THAT QUALIFY FOR FINANCIAL ASSISTANCE THE PATIENT OR GUARANTOR MUST PROVIDE THE FOLLOWING INFORMATION IN ORDER FOR HARRISON TO DETERMINE IF THE PATIENT QUALIFIES FOR ASSISTANCE AND AT WHAT LEVEL A A COMPLETED HARRISON MEDICAL CENTER FINANCIAL ASSISTANCE APPLICATION B MOST CURRENT W-2 WITHHOLDING STATEMENTS C MOST RECENT FEDERAL AND STATE INCOME TAX FORMS D PROOF OF INCOME (PAYCHECK STUBS, UNEMPLOYMENT CHECK STUBS, LETTER FROM EMPLOYER, STATEMENT OF MONTHLY SOCIAL SECURITY BENEFITS, ETC)E IF SELF-EMPLOYED, A PROFIT AND LOSS STATEMENT MUST BE PROVIDED F DOCUMENTATION REGARDING APPROVAL OR DENIAL OF UNEMPLOYMENT BENEFITS, WORKERS COMPENSATION, OR (STATE) DEPARTMENT OF HUMAN SERVICESG CHECKING AND SAVINGS ACCOUNT STATEMENTS FOR THE PAST 3 MONTHS CONSIDERATION FOR FINANCIAL ASSISTANCE (CHARITY CARE) IS BASED ON THE FINANCIAL STATUS OF THE PATIENT AND GUARANTOR IN COMPARISON WITH THE MOST CURRENT U S DEPARTMENT OF HEALTH AND HUMAN SERVICES FEDERAL INCOME POVERTY GUIDELINES AND THAT ALL OTHER SOURCES OF PAYMENT HAVE BEEN EXHAUSTED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 HARRISON MEDICAL CENTER'S ASSESSMENT OF THE COMMUNITY'S HEALTH CARE NEEDS IS DATA DRIVEN, FACTORING A NUMBER OF CONSIDERATIONS THE ORGANIZATION REVIEWS MARKET SHARE DATA BY VARIOUS CLINICAL DEFINITIONS TO UNDERSTAND WHICH PATIENTS ARE LEAVING THE COMMUNITY FOR CARE WE ALSO RANDOMLY SURVEY OUR COMMUNITY EVERY TWO TO THREE YEARS TO ASSIST IN DETERMINING IF THERE IS AN UNMET NEED WITHIN THE COMMUNITY OUR PHYSICIAN WORKFORCE PLAN IDENTIFIES SHORTAGES OF PHYSICIANS BY SPECIALTY AND REGION DEMOGRAPHIC DATA IS ANALYZED ALONG WITH HISTORICAL USE RATES TO DETERMINE FUTURE CHANGES IN HEALTH CARE NEEDS ALSO, DATA FROM THE CDC'S BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS) IS REVIEWED TO UNDERSTAND CHANGES IN THE OVERALL HEALTH STATUS AND RISK FACTORS FOR VARIOUS DISEASES SUCH AS SMOKING AND OBESITY FINALLY, HARRISON IS A SPONSOR OF, AND PARTICIPATES IN, THE KITSAP COUNTY HEALTH PRIORITIES PROJECT WHICH ASSESSES THE OVERALL HEALTH NEEDS OF THE COMMUNITY AND IDENTIFIES THOSE AREAS IN WHICH WE CAN MAKE THE MOST SIGNIFICANT DIFFERENCE IN OUR COMMUNITY WITH LIMITED RESOURCES THIS PROJECT IS NEW THIS YEAR AND IS SUPPORTED BY AT LEAST 37 DIFFERENT AGENCIES PROVIDING CARE IN THE COUNTY

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FINANCIAL ASSISTANCE INFORMATION AND APPLICATIONS ARE AVAILABLE AT EACH HARRISON MEDICAL CENTER LOCATION CONSISTENT WITH OUR POLICY, PATIENTS THAT DO PRESENT FOR SERVICES AS SELF PAY OR INSURED ARE OFFERED AN OPPORTUNITY TO APPLY FOR OUR FINANCIAL ASSISTANCE PROGRAM APPLICATIONS ARE AVAILABLE IN BOTH ENGLISH AND SPANISH, WHILE INTERPRETERS ARE OFFERED AT NO COST TO HELP PROVIDE INFORMATION TO OTHER NON-ENGLISH SPEAKING FAMILIES THIS SAME INFORMATION IS ALSO AVAILABLE ON THE HOSPITAL'S WEB SITE DURING THE PREVIOUS YEAR, HARRISON MEDICAL CENTER PROCESSED OVER 10,000 FINANCIAL ASSISTANCE APPLICATIONS ONCE AN APPLICATION IS RECEIVED, OUR FINANCIAL ASSISTANCE SPECIALIST REVIEWS THE APPLICATION AND CONTACTS THE PATIENT FOR ADDITIONAL INFORMATION IF NEEDED WE ALSO HAVE PATIENT ACCOUNTS SPECIALISTS AVAILABLE TO MEET WITH PATIENTS AND OR THEIR FAMILIES TO HELP COMPLETE THE APPLICATION IF NEEDED IF THE APPLICANT DOES NOT QUALIFY FOR OTHER STATE PROGRAMS THEN THE APPLICATION WILL BE PROCESSED AND APPROVED BASED UPON FEDERAL POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 HARRISON'S PRIMARY MARKET AREA , KITSAP COUNTY, HAS A POPULATION IN EXCESS OF 240,000, WITH OVER 13 PERCENT OF THE COUNTY'S RESIDENTS 65 YEARS OF AGE OR OLDER HARRISON'S SECONDARY MARKET IS CLALLAM, JEFFERSON, AND NORTH MASON COUNTIES HARRISON MEDICAL CENTER ACCEPTS ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THIS POLICY EXTENDS OUTSIDE THE BOUNDARIES OF OUR HOSPITALS AND INTO OUR URGENT CARES AND PHYSICIAN PRACTICES IT IS ALSO OUR POLICY TO NOT ASSIST IN THE RECRUITMENT OF ANY PHYSICIAN INTO A PRIVATE PRACTICE UNLESS THEY AGREE TO ABIDE BY THE SAME IDEALS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 HARRISON MEDICAL CENTER PROMOTES THE HEALTH OF THE COMMUNITY IN MANY WAYS HARRISON'S OPEN MEDICAL STAFF PRACTICES IN FIVE LOCATIONS THROUGHOUT KITSAP COUNTY AND NORTH MASON COUNTY, PROVIDING PRIMARY AND URGENT CARE AS WELL AS ADVANCED SPECIALTY CARE FOR THE PAST SIX YEARS, HARRISON HAS SPONSORED THE KITSAP COUNTY MEDICAL SOCIETY FOUNDATION'S FAMILY FUN RUN THE EVENT MARKS THE CULMINATION OF A TWO-MONTH PROGRAM, ENCOURAGING SCHOOL CHILDREN TO EXERCISE AND MAKE HEALTHY NUTRITION CHOICES IN AN EFFORT TO "LEAD BY EXAMPLE", OUR DIETARY DEPARTMENT HAS CREATED A 17-WEEK WELLNESS PROGRAM FOR EMPLOYEES THE PROGRAM OFFERS GROUP EXERCISE CLASSES, PERSONALIZED DIET AND ACTIVITY PLANS, ONLINE COMMUNITY FORUMS, AND HEALTH SCREENINGS ALL MEANT TO ENABLE EMPLOYEES TO LEAD HEALTHIER LIVES HARRISON ALSO OFFERS A NURSING RESIDENCY PROGRAM DESIGNED TO AID THE TRANSITION OF NURSING STUDENTS TO STAFF NURSES PROVIDING CARE FOR PATIENTS AT THE BEDSIDE FURTHER, HARRISON ALSO OFFERS A MULTITUDE OF CLASSES FOR THE COMMUNITY, FROM SMOKING CESSATION TO DIABETES EDUCATION</p>

Additional Data

Software ID:
Software Version:
EIN: 91-0565546
Name: HARRISON MEDICAL CENTER

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest)	
How many non-hospital facilities did the organization operate during the tax year? <u>12</u>	
Name and address	Type of Facility (Describe)
HARRISON MEDICAL CENTER 2525 WHEATON WAY BREMERTON, WA 98310	OUTPATIENT REHAB
HARLOW MEDICAL BUILDING 1780 NW MYHRE RD SILVERDALE, WA 98383	HOSPITAL PHARMACY, PEDIATRIC REHAB CLINIC & HOSPITAL LAB
OLYMPIC PROFESSIONAL BUILDING 2600 CHERRY AVENUE SUITE 203 BREMERTON, WA 98310	IV OPTIMUM CLINIC
HARRISON HEALTH PARTNERS BREMERTON 1225 CAMPBELL WAY SUITE 101 BREMERTON, WA 98310	THORACIC AND VASCULAR CENTER
HARRISON HEALTH PARTNERS POULSBO 19500 10TH AVE SUITE 100 POULSBO, WA 98370	MEDICAL ONCOLOGY
HARRISON BREMERTON ONCOLOGY 2720 CLARE AVE BREMERTON, WA 98310	MEDICAL ONCOLOGY
HARRISON HOME HEALTH 750 LEBO BLVD BREMERTON, WA 98310	HOME HEALTH
HARRISON MEDICAL CENTER 1800 NW MYHRE ROAD SILVERDALE, WA 98383	ER, ACCUTE CARE AND SURGICAL CENTER
HARRISON BELFAIR URGENT CARE 21 NE ROMANCE HILL ROAD BELFAIR, WA 98528	PRIMARY & URGENT CARE
HARRISON PORT ORCHARD URGENT CARE 450 S KITSAP BLVD PORT ORCHARD, WA 98366	PRIMARY & URGENT CARE
CASCADE VIEW 22180 OLYMPIC COLLEGE WY STE 102-104 POULSBO, WA 98370	INTERNAL & ADULT PRIMARY CARE
HARRISON HEALTH PARTNERS 2771 HEMLOCK SUITE 100 BREMERTON, WA 98310	CARDIOTHORACIC SURGERY CLINIC

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
HARRISON MEDICAL CENTER

Employer identification number
91-0565546

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
(1) HARRISON MEDICAL CENTER FOUNDATION 2520 CHERRY AVE BREMERTON, WA 98310	91-1197626	501(C)(3)	284,471		N/A	N/A	PROVIDE SALARIES AND BENEFITS FOR FOUNDATION STAFF
(2) KIDS DISCOVERY MUSEUM 305 MADISON AVE SUITE C BAINBRIDGE ISLAND, WA 98110	30-0167480	501(C)(3)	10,000		N/A	N/A	MEDICAL CLINIC EXHIBIT SPONSORSHIP
(3) KITSAP COUNTY MEDICAL SOCIETY PO BOX 339 BREMERTON, WA 98383	23-7087265	501(C)(6)	7,500		N/A	N/A	EVENT SPONSORSHIP
(4) MARCH OF DIMES 1904 3RD AVE SUITE 230 SEATTLE, WA 98101	13-1846366	501(C)(3)	6,500		N/A	N/A	MARCH FOR BABIES 2011
(5) BREMERTON AREA CHAMBER OF COMMERCE PO BOX 229 BREMERTON, WA 98337	91-0153620	501(C)(6)	9,500		N/A	N/A	MULTIPLE EVENT SPONSORSHIP
(6) PORT ORCHARD CHAMBER OF COMMERCE 1014 BAY ST SUITE 8 PORT ORCHARD, WA 98366	91-0519613	501(C)(6)	5,720		N/A	N/A	MULTIPLE EVENT SPONSORSHIP

2

Enter total number of section 501(c)(3) and government organizations

3

3

Enter total number of other organizations

3

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 SUPPORT IS PROVIDED TO HARRISON MEDICAL CENTER FOUNDATION IN THE FORM OF SALARIES AND BENEFITS FOR SEVERAL STAFF MEMBERS HARRISON MEDICAL CENTER REVIEWS THE RECORDS AND PREPARES THE FINANCIAL STATEMENTS OF THE FOUNDATION WHEN CONSIDERING FINANCIAL DONATIONS TO OTHER ORGANIZATIONS, HARRISON MEDICAL CENTER FOCUSES ON THREE AREAS HEALTH AND WELLNESS PROGRAMS THAT ENHANCE OPPORTUNITIES FOR FAMILIES IN KITSAP COUNTY, SPORTS PROGRAMS THAT SUPPORT HEALTHY, ACTIVE LIFESTYLES, AND BUSINESS DEVELOPMENT OPPORTUNITIES THAT EXPAND THE WELLNESS COMPONENT OF OUR SERVICES WE BELIEVE OUR EMPLOYEES ARE THE BEST RESOURCE WE CAN OFFER OUR COMMUNITIES AND THEREFORE WE ALSO SUPPORT ORGANIZATIONS IN WHICH THEY ARE ACTIVE VOLUNTEERS

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
HARRISON MEDICAL CENTER

Employer identification number

91-0565546

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		No
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
4a	Receive a severance payment or change-of-control payment from the organization or a related organization?	Yes	
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
	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:		
5a	The organization?		No
5b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
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:		
6a	The organization?		No
6b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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				
(1) SCOTT BOSCH	(i) (ii)	494,222 0	61,340 0	9,430 0	199,395 0	17,759 0	782,146 0	0 0
(2) PATRICIA COCHRELL	(i) (ii)	297,712 0	35,807 0	980 0	41,222 0	15,507 0	391,228 0	0 0
(3) ADAR PALIS	(i) (ii)	258,850 0	29,750 0	57,214 0	41,960 0	14,700 0	402,474 0	0 0
(4) SANDON K SAFFIER	(i) (ii)	213,187 0	0 0	24,692 0	35,775 0	9,907 0	283,561 0	0 0
(5) ANDREW STEFO	(i) (ii)	149,265 0	33,320 0	12,239 0	3,033 0	7,916 0	205,773 0	0 0
(6) RICHARD SMITH	(i) (ii)	151,263 0	0 0	9,991 0	9,783 0	16,495 0	187,532 0	0 0
(7) MARIEL KAGAN	(i) (ii)	246,316 0	29,131 0	11,309 0	36,734 0	10,749 0	334,239 0	0 0
(8) THOMAS KRUSE	(i) (ii)	239,017 0	27,917 0	8,033 0	35,505 0	17,155 0	327,627 0	0 0
(9) JOSEPH LOWELL JOHNSON	(i) (ii)	745,281 0	71,099 0	980 0	12,250 0	17,193 0	846,803 0	0 0
(10) ROBERT C KING	(i) (ii)	530,975 0	16,499 0	24,174 0	32,250 0	17,193 0	621,091 0	0 0
(11) RONALD ROBERT REIMER	(i) (ii)	931,309 0	33,086 0	1,505 0	12,250 0	13,197 0	991,347 0	0 0
(12) DENNIS MICHAEL WILLERFORD	(i) (ii)	1,033,105 0	0 0	524 0	12,250 0	17,193 0	1,063,072 0	0 0
(13) MALCOLM W WINTER	(i) (ii)	1,033,285 0	0 0	980 0	12,250 0	17,193 0	1,063,708 0	0 0
(14) REBECCA KELLY	(i) (ii)	51,251 0	0 0	164,449 0	1,025 0	8,574 0	225,299 0	0 0
(15) CYNTHIA MAY	(i) (ii)	197,100 0	24,276 0	789 0	3,825 0	9,983 0	235,973 0	0 0
(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
	PART I, LINE 1A	KITSAP GOLF AND COUNTRY CLUB MEMBERSHIP DUES IN THE AMOUNT OF \$4,251 FOR SCOTT BOSCH, CEO ARE PAID FOR BY THE MEDICAL CENTER AND ARE A NON-TAXABLE BENEFIT TO THE INDIVIDUAL BECAUSE MEMBERSHIP IS ONLY USED FOR BUSINESS PURPOSES. COMPANION TRAVEL IS AVAILABLE TWICE A YEAR FOR THE CEO'S SPOUSE, PER THE EMPLOYMENT AGREEMENT AND IS TREATED AS NON-TAXABLE COMPENSATION.
	PART I, LINE 1B	ANY ADDITIONAL BENEFITS PROVIDED BY THE ORGANIZATION ARE DETERMINED BY THE BOARD OF DIRECTORS DURING THE EMPLOYMENT CONTRACT NEGOTIATIONS.
	PART I, LINES 4A-B	THE FOLLOWING INDIVIDUAL RECEIVED SEVERANCE PAYMENTS: REBECCA KELLY RECEIVED SEVERANCE IN THE AMOUNT OF \$137,275. THESE PAYMENTS ARE INCLUDED ON SCHEDULE J, PART II, COLUMN (B)(III) AS OTHER REPORTABLE COMPENSATION. THE FOLLOWING INDIVIDUALS PARTICIPATED IN OR RECEIVED PAYMENTS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN: REBECCA KELLY = \$7,251, MARIEL KAGAN = \$8,946, ADAR PALIS = \$21,141, ROBERT KING = \$23,946. ALL AMOUNTS WERE RECEIVED FROM THEIR CAPITAL ACCUMULATION ACCOUNTS.
	PART I, LINE 6	DEFERRED COMPENSATION. AS PART OF THE EXECUTIVE BENEFITS PACKAGE AVAILABLE TO EXECUTIVES AND 1 PHYSICIAN, THERE IS A PROVISION THAT A CERTAIN PERCENTAGE OF THEIR ANNUAL BASE COMPENSATION CAN BE USED FOR THE PURCHASE OF ADDITIONAL BENEFITS (E.G., LIFE INSURANCE, LONG TERM CARE INSURANCE, ETC.) OR BE DEFERRED AS AN AT-RISK (SUBJECT TO RISK RULES, AS DEFINED). NO PART OF THIS ADDITIONAL BENEFIT IS PREDICATED ON THE EARNINGS OF HARRISON MEDICAL CENTER. INCENTIVE COMPENSATION. AN INCENTIVE COMPENSATION PLAN IS ALSO IN PLACE FOR SENIOR EXECUTIVES (VICE PRESIDENT LEVEL AND THE CEO). THIS PLAN, WHICH PLACES A PORTION OF EACH EXECUTIVE'S OVERALL COMPENSATION AT RISK, IS PREMISED ON A SERIES OF GOALS THAT RANGE FROM QUALITY TO FINANCIAL PERFORMANCE. WHILE A TRIGGER DOES EXIST IN THE PLAN THAT THE OPERATING BUDGET FOR THE FISCAL YEAR MUST BE MET, NO PART OF THE INCENTIVE IS COMPUTED AS A PERCENTAGE OF OPERATING INCOME. THE TARGETS ARE ADJUSTED EACH YEAR BY THE BOARD OF DIRECTORS, DEPENDENT ON THE ORGANIZATIONAL OBJECTIVES FOR THE YEAR.
	PART I, LINE 7	PHYSICIANS JOSEPH LOWELL JOHNSON AND RONALD ROBERT REIMER RECEIVED PAYMENTS PURSUANT TO THE PHYSICIAN PRODUCTIVITY INCENTIVE PLAN.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
HARRISON MEDICAL CENTER

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

Employer identification number
91-0565546

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 WA HEALTH CARE FACILITIES AUTHORITY 2010 SERIES	91-1108929		04-29-2010	30,000,000	SEE PART V		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	30,000,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds	580,665							
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	11,717,746							
11	Other spent proceeds								
12	Other unspent proceeds	9,571,012							
13	Year of substantial completion	2012							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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						
b	Are there any research agreements that may result in private business use of bond-financed property?		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							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %							
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 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	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							
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		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						
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						
6	Did the bond issue qualify for an exception to rebate?		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
		(F) DESCRIPTION OF PURPOSE FUNDS TO PAY FOR COSTS OF CONSTRUCTING, REMODELING AND EQUIPPING A DEDICATED CARDIOVASCULAR CENTER, DIETARY SERVICES, AND OTHER CAMPUS FACILITY IMPROVEMENTS AND EQUIPMENT

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

▶ 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.

Name of the organization
HARRISON MEDICAL CENTER

Employer identification number
91-0565546

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	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?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	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) PATHOLOGY ASSOCIATES OF KITSAP COUNTY	PARTNERSHIP MORE THAN 5% OWNED BY GREGORY HENDERSON, MD, DIRECTOR	928,637	ANATOMIC PATHOLOGY SERVICES AGREEMENT AND LAB DIRECTOR SERVICES		No
(2) KITSAP CHEST CONSULTANTS	PARTNERSHIP MORE THAN 5% OWNED BY GRIFFITH BLACKMON, MD, DIRECTOR	469,675	MANAGEMENT FEES AND ICU CALL COVERAGE CONTRACT		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
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<div>SCHEDULE O</div> <div>(Form 990 or 990-EZ)</div> <div>Department of the Treasury</div> <div>Internal Revenue Service</div>	<div>Supplemental Information to Form 990 or 990-EZ</div> <div>Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.</div> <div>▶ Attach to Form 990 or 990-EZ.</div>	OMB No 1545-0047
		<div>2010</div> <div>Open to Public Inspection</div>
	<div>Name of the organization</div> <div>HARRISON MEDICAL CENTER</div>	<div>Employer identification number</div> <div>91-0565546</div>

Identifier	Return Reference	Explanation
	FORM 990, PART I, LINE 6	<p>VOLUNTEER RESOURCES RECRUITS, ORIENTS, PLACES, TRAINS AND SUPPORTS VOLUNTEERS FROM 14 TO OVER 90 YEARS OF AGE PEOPLE VOLUNTEER BECAUSE THEY VALUE SERVICE, TO GAIN WORK EXPERIENCE, MEET JUNIOR/HIGH SCHOOL REQUIREMENTS, MEET CRITERIA FOR COLLEGE APPLICATIONS OR PROGRAMS, OR FOR CAREER EXPLORATION WE COORDINATE WITH SCHOOLS AND LOCAL ORGANIZATIONS IN ORDER TO PROVIDE OPPORTUNITIES FOR THEIR CLIENTS AND FOR THOSE WITH SPECIAL NEEDS DURING THE FISCAL YEAR, MAY 1, 2010 THROUGH APRIL 30, 2011, VOLUNTEER RESOURCES SUPPORTED OVER 400 VOLUNTEERS AND JOB SHADOWS WITH OVER 200 ACTIVE VOLUNTEERS EACH MONTH CURRENTLY, ONE HALF OF NEW VOLUNTEERS ARE VOLUNTEERING TO MEET SCHOOL REQUIREMENTS OR TO ENHANCE THEIR WORK EXPERIENCE IN-HOSPITAL VOLUNTEERS ARE PROJECTED TO DONATED OVER 41,000 HOURS OF SERVICE THROUGHOUT HARRISON AND ITS HEALTHPARTNERS' CLINICS VOLUNTEERS WERE PLACED AND/OR COMPLETED OVER 2,800 WORK ORDERS FOR OVER 50 DEPARTMENTS OR LOCATIONS BELFAIR PRIMARY CARE/URGENT CARE, BEREAVEMENT SUPPORT GROUPS, BIO MED, BUSINESS/COMMUNITY DEVELOPMENT, COMMUNICATIONS, COMPLEMENTARY THERAPIES, DIABETES CENTER, DIETARY/CULINARY, EDUCATION SERVICES, EMERGENCY DEPARTMENT, EMERGENCY PREPAREDNESS, EMPLOYEE HEALTH, ENVIRONMENTAL SERVICES, FACILITIES, FOUNDATION, GIFT SHOPS (AUXILIARY), INFORMATION TECHNOLOGY, SOUTH KITSAP URGENT CARE AND PRIMARY CARE, HOME HEALTH, HUMAN RESOURCES, INFECTION PREVENTION, MARKETING, MATERIALS MANAGEMENT, MEDICAL SERVICES, MEDICAL IMAGING, NURSING ADMINISTRATION, NURSING UNITS (ALL), PALLIATIVE CARE, PATIENT ACCOUNTS, PATIENT ADVOCACY, POULSBO ONCOLOGY CLINIC, PUBLIC RELATIONS, PRE ADMIT, QUALITY, RADIATION ONCOLOGY, REGISTRATION, REHABILITATION (ALL AREAS), SECURITY, SLEEP CLINIC, SOCIAL WORK, SPIRITUAL CARE (ALL INPATIENT AREAS), SURGERY (INPATIENT AND SAME DAY SURGERY), PHARMACY, AND TELECOMMUNICATIONS VOLUNTEER RESOURCES SUPPORTED TWO NEW OPPORTUNITIES THIS YEAR THE "CARING PRESENCE PROGRAM" USES EMPLOYEE VOLUNTEERS AND OTHER VOLUNTEERS TO SIT WITH PATIENTS WHO REQUEST A COMPANION AT THE END OF LIFE ALSO, DEPARTMENTS MENTORED YOUTH VOLUNTEERS DURING THE SUMMER TO INTRODUCE THEM TO CAREERS IN HEALTHCARE ACCESS TO HARRISON FOR PREVOCAATIONAL AND VOCATIONAL ACTIVITIES IS IN HIGH DEMAND OUR GOAL IS TO PROVIDE ALL COMMUNITY PARTNERS AND THEIR DIVERSE/SPECIAL NEEDS CUSTOMERS OR STUDENTS EQUAL ACCESS FOR THESE OPPORTUNITIES OUTREACH AND PARTNERSHIPS ARE ONGOING WITH VOCATIONAL REHABILITATION AND THEIR CONTRACTED VENDORS, GOODWILL, KITSAP COUNTY HIGH SCHOOL DISTRICTS, CARES OF WASHINGTON, EASTER SEALS, ABLE OPPORTUNITIES AND KITSAP COUNTY DEVELOPMENTAL DISABILITIES DURING THE 2011 PROGRAM YEAR, 15 HIGH SCHOOL STUDENTS, 4 CARES OF WASHINGTON CLIENTS, 2 EASTER SEALS CLIENTS, AND 3 SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM CLIENTS SERVED AS VOLUNTEERS IN ORDER TO OBTAIN ASSESSMENTS, JOB TRAINING, WORK EXPERIENCE, COMPLETE INFORMAL INTERNSHIPS, INDEPENDENT EMPLOYMENT PLANS OR COMMUNITY ACCESS PROGRAMS IN ADDITION, OLYMPIC COLLEGE AND OTHER LEARNING INSTITUTIONS PLACE VOLUNTEERS IN AREAS FOR CREDIT INCLUDING REHABILITATION, DIETARY, MEDICAL ASSISTING, PUBLIC RELATIONS, ETC EXAMPLES OF VOLUNTEER TASKS INCLUDE PROVIDING CUSTOMER SERVICE BY GREETING AND ESCORTING PATIENTS AND VISITORS, BEING COMMUNICATION LIAISONS, STAFFING RECEPTION DESKS, MAKING PHONE CALLS, PROVIDING CLERICAL AND COMPUTER ASSISTANCE, STAFFING SPECIAL EVENTS, ASSISTING NURSES IN CLINICAL AREAS, STOCKING SUPPLIES, GIVING TOURS, PICKING UP SHRED AND RECYCLE, AND PROVIDING COMPLEMENTARY THERAPIES INCLUDING HAND RUBS, MUSIC, DOG THERAPY, AND "ART IN THE LOBBY" DEMONSTRATIONS VOLUNTEERS ALSO COMPLETE THOUSANDS OF WORK ORDERS WHICH INCLUDE COPYING, COLLATING, ART PROJECTS, SPECIAL PROJECTS AND MAKING THOUSANDS OF PATIENT CHARTS, DISCHARGE PACKETS, AND EMERGENCY PREPAREDNESS SUPPLY PACKETS THAT WERE JUST DISTRIBUTED THROUGHOUT HARRISON THE LATEST REPORT FROM THE INDEPENDENT SECTOR ESTIMATES THE AVERAGE DOLLAR VALUE OF VOLUNTEER TIME AT \$21.36 PER HOUR IN 2010 (\$18.80 WITHOUT FRINGE BENEFITS OF 12% EQUALS \$759,200) NOTE MINIMUM WAGE PLUS 15% INCREASE SUGGESTED BY HUMAN RESOURCES COMES TO OVER A \$400,000 INVISIBLE REVENUE STREAM BY ANY COUNT, THESE FIGURES HELP US MEASURE THE BROADER CONTRIBUTION OF VOLUNTEERS WHO DEDICATE THEIR TIME, TALENTS, AND ENERGY TO MAKING A POSITIVE DIFFERENCE AT HARRISON</p>

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4		THE HARRISON MEDICAL CENTER BYLAWS WERE REVISED WITH UPDATED LANGUAGE REFLECTING CURRENT GOVERNING RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FORM 990 IS REVIEWED BY THE DIRECTOR OF FINANCE AND THE CHIEF FINANCIAL OFFICER TO ENSURE ACCURACY AND COMPLETENESS OF DATA. ONCE THEIR REVIEW IS COMPLETE, THE FORM 990 IS SHARED WITH THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS RECEIVES AN ELECTRONIC COPY OF THE FORM PRIOR TO FILING.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ARE ANNUALLY REQUIRED TO ACKNOWLEDGE RECEIPT OF THE MEDICAL CENTER'S CURRENT CONFLICT OF INTEREST POLICY AND COMPLETE AND SUBMIT PROVIDED QUESTIONNAIRES MEDICAL CENTER COUNSEL REVIEWS THE SUBMITTED QUESTIONNAIRES AND PROVIDES A FORMAL REPORT BACK TO THE BOARD

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	CONSULTANTS ARE RETAINED BY THE CHAIRMAN OF THE BOARD FOR THE EXPRESS PURPOSE OF SETTING EXECUTIVE COMPENSATION AND OPINING AS TO ITS COMPARABILITY AND REASONABLENESS CONSULTANTS MAY USE A VARIETY OF RESOURCES TO MAKE THIS DETERMINATION INCLUDING SURVEYS, INFORMATION FROM OTHER ORGANIZATIONS' FORM 990, AND VARIOUS COMPARATIVE DATA THIS REVIEW PROCESS IS DONE ANNUALLY FOR THE EXECUTIVE STAFF AND KEY EMPLOYEES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE GENERAL PUBLIC

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 14,354,130 CHANGE IN OBLIGATIONS UNDER PENSION PLAN 15,375,594 CHANGE IN INTEREST IN HARRISON MEDICAL CENTER FOUNDATION 9,480,859 TOTAL TO FORM 990, PART XI, LINE 5 39,210,583

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
HARRISON MEDICAL CENTER

Employer identification number
91-0565546

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
(1) HARRISON MEDICAL CENTER FOUNDATION 2520 CHERRY AVENUE BREMERTON, WA 98310 91-1197626	RAISES & MANAGES CHARITABLE GIFTS FOR HARRISON MEDICAL CENTER	WA	501(C)(3)	LINE 7	HARRISON MEDICAL CENTER		No

Part III

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

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

Part IV

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

Yes

No

No

Yes

No

Yes

No

No

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Report of Independent Auditors
and Financial Statements for
Harrison Medical Center

April 30, 2011 and 2010

MOSS-ADAMS LLP

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Harrison Medical Center

We have audited the accompanying balance sheet of Harrison Medical Center as of April 30, 2011 and 2010, and the related statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Harrison Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harrison Medical Center as of April 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "Moss Adams LLP", is positioned above the typed name and date.

Everett, Washington
July 20, 2011

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HARRISON MEDICAL CENTER

BALANCE SHEET

ASSETS

	APRIL 30,	
	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,136,840	\$ 20,917,298
Current portion of assets whose use is limited	1,030,308	997,448
Patient accounts receivable, net of estimated uncollectibles of \$14,473,000 in 2011 and \$12,220,000 in 2010	45,710,965	44,600,307
Other receivables	697,993	803,686
Receivable from contractual agencies, net	2,321	184,810
Inventories	3,748,120	2,909,014
Prepaid expenses and other	2,974,007	2,391,084
Total current assets	67,300,554	72,803,647
INTEREST IN NET ASSETS OF HARRISON MEDICAL CENTER FOUNDATION	16,888,758	7,407,898
ASSETS WHOSE USE IS LIMITED		
Board-designated cash and investments	142,456,291	110,113,464
Funds held by trustees	26,450,130	37,038,276
Land held for future use	8,272,226	8,287,756
Donor-restricted	17,952	7,322
Total assets whose use is limited, net of current portion	177,196,599	155,446,818
LAND, BUILDINGS, AND EQUIPMENT, net	118,684,508	109,153,427
DEFERRED FINANCING COSTS, net of accumulated amortization of \$1,677,476 in 2011 and \$1,585,694 in 2010	1,541,847	1,629,500
OTHER ASSETS	3,002,844	
Total assets	\$ 384,615,110	\$ 346,441,290

**HARRISON MEDICAL CENTER
BALANCE SHEET**

LIABILITIES AND NET ASSETS

	APRIL 30,	
	2011	2010
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 3,454,604	\$ 2,895,000
Accounts payable	7,863,111	10,887,854
Accrued liabilities		
Salaries and wages	6,731,181	6,245,873
Vacation	8,597,904	7,824,858
Interest	862,062	771,417
Workers' compensation claims	3,537,308	3,844,440
Self-insured health plan liability	1,177,060	1,391,111
Other	6,650,589	5,520,576
Total current liabilities	38,873,819	39,381,129
DEFERRED GAIN	704,870	811,938
ACCRUED PENSION LIABILITY	12,357,832	27,351,376
ESTIMATED UNINSURED CLAIMS	12,145,675	11,096,410
LONG-TERM DEBT, net of current portion	85,829,046	87,396,615
Total liabilities	149,911,242	166,037,468
NET ASSETS		
Unrestricted	220,123,360	174,915,979
Temporarily restricted	12,652,762	3,548,838
Permanently restricted	1,927,746	1,939,005
Total net assets	234,703,868	180,403,822
Total liabilities and net assets	\$ 384,615,110	\$ 346,441,290

HARRISON MEDICAL CENTER
STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

	YEAR ENDED APRIL 30,	
	2011	2010
OPERATING REVENUES		
Net patient service revenue	\$ 353,372,429	\$ 339,454,680
Other operating revenue	4,905,074	4,429,416
Total operating revenues	358,277,503	343,884,096
OPERATING EXPENSES		
Salaries and wages	136,713,694	127,024,970
Supplies and other	126,334,919	115,461,184
Employee benefits	37,593,942	37,012,278
Provision for uncollectible accounts	21,455,286	24,941,606
Depreciation	17,838,842	15,212,937
Interest and amortization	4,010,619	3,316,371
Insurance	3,721,221	2,399,109
Total operating expenses	347,668,523	325,368,455
Operating income	10,608,980	18,515,641
NONOPERATING GAINS, net	4,213,932	1,853,678
Excess of revenues over expenses	14,822,912	20,369,319
DONATIONS FOR CAPITAL PURPOSES	255,920	212,472
CHANGE IN NET UNREALIZED GAINS ON INVESTMENTS	14,354,130	23,894,292
CHANGE IN INTEREST IN UNRESTRICTED NET ASSETS OF HARRISON MEDICAL CENTER FOUNDATION	398,825	364,919
CHANGE IN OBLIGATIONS UNDER PENSION PLAN	15,375,594	(8,025,420)
Increase in unrestricted net assets	45,207,381	36,815,582
UNRESTRICTED NET ASSETS, beginning of year	174,915,979	138,100,397
UNRESTRICTED NET ASSETS, end of year	\$ 220,123,360	\$ 174,915,979

HARRISON MEDICAL CENTER

STATEMENT OF CHANGES IN NET ASSETS

	YEAR ENDED APRIL 30,	
	2011	2010
UNRESTRICTED NET ASSETS		
Excess of revenues over expenses	\$ 14,822,912	\$ 20,369,319
Donations for capital purposes	255,920	212,472
Change in net unrealized gains on investments	14,354,130	23,894,292
Change in interest in net assets of Harrison Medical Center Foundation	398,825	364,919
Change in obligations under pension plan	15,375,594	(8,025,420)
Change in unrestricted net assets	45,207,381	36,815,582
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	702,234	412,969
Net assets released from restriction	(691,603)	(589,428)
Change in interest in net assets of Harrison Medical Center Foundation	9,093,293	802,494
Change in temporarily restricted net assets	9,103,924	626,035
PERMANENTLY RESTRICTED NET ASSETS		
Change in interest in net assets of Harrison Medical Center Foundation	(11,259)	105,553
Change in net assets	54,300,046	37,547,170
NET ASSETS, beginning of year	180,403,822	142,856,652
NET ASSETS, end of year	<u>\$ 234,703,868</u>	<u>\$ 180,403,822</u>

HARRISON MEDICAL CENTER

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

	YEAR ENDED APRIL 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 54,300,046	\$ 37,547,170
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains on investments	(16,513,036)	(23,738,087)
Undistributed portion of change in interest in net assets of Harrison Medical Center Foundation	(9,480,860)	(1,272,965)
Amortization	129,697	138,046
Depreciation	17,838,842	15,212,937
Provision for uncollectible accounts	21,455,286	24,941,606
Restricted contributions	(702,234)	(412,969)
Changes in operating assets and liabilities		
Patient accounts receivable	(22,565,944)	(26,563,520)
Other receivables	105,693	122,202
Receivable from contractual agencies, net	182,489	(182,081)
Inventories	(839,106)	(600,498)
Prepaid expenses and other	(582,923)	24,570
Other assets	(3,002,844)	
Accounts payable	(3,024,743)	3,434,076
Accrued liabilities	1,957,829	2,700,276
Deferred gain	(107,068)	(107,069)
Accrued pension liability	(14,993,544)	8,986,423
Estimated uninsured claims	1,049,265	17,756
Net cash from operating activities	25,206,845	40,247,873
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(77,543,299)	(101,381,526)
Proceeds from sales of investments	72,273,694	76,654,560
Purchase of land, buildings, and equipment	(25,153,507)	(25,252,315)
Net cash from investing activities	(30,423,112)	(49,979,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(3,266,425)	(1,875,000)
Proceeds from long-term debt		30,000,000
Cash paid for debt issuance costs		(720,369)
Proceeds from restricted contributions	702,234	412,969
Net cash from financing activities	(2,564,191)	27,817,600
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,780,458)	18,086,192
CASH AND CASH EQUIVALENTS, beginning of year	20,917,298	2,831,106
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 13,136,840</u>	<u>\$ 20,917,298</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Cash paid during the year for interest	<u>\$ 4,652,544</u>	<u>\$ 3,159,534</u>
Assets acquired under capital lease	<u>\$ 2,216,416</u>	

Note 1 - Organization

Harrison Medical Center (the Medical Center), a Washington not-for-profit corporation, owns and operates 297 licensed beds (277 available beds) within two acute care facilities. The facilities are located in the city of Bremerton, Washington, and in unincorporated Silverdale, Washington. The Medical Center provides acute medical and surgical services, emergency services, and a range of general and specialized services to residents of the Kitsap Peninsula and adjacent areas. The Medical Center also operates two urgent/primary care clinics in Port Orchard, Washington, and Belfair, Washington, as well as specialty clinics in both Bremerton, Washington, and Poulsbo, Washington.

Note 2 - Summary of Significant Accounting Policies

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include investments in highly liquid instruments with original maturities of three months or less, excluding amounts whose use is limited by board designation or by other arrangements under trust agreements.

The Medical Center maintains its cash accounts with a Washington bank. The Medical Center has cash balances on deposit with its bank that, at times, may exceed the balance insured by the Federal Deposit Insurance Corporation (FDIC).

Assets whose use is limited - Assets whose use is limited consist of cash, investments, and property, including funds designated by the board of directors for capital improvements, professional liability self-insurance, a workers' compensation escrow account, land held for future use, amounts held under bond indenture agreements, joint ventures, and donor-restricted investments restricted for future use. Investments include stocks, bonds, alternative investments, and cash equivalents.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet. The fair values of alternative investments are determined based on the Medical Center's share of equity in the underlying investments at the balance sheet date. Investment income or loss (including realized gains and losses on investments, unrealized investment losses considered other than temporary, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities.

Note 2 - Summary of Significant Accounting Policies (continued)

Land, buildings, and equipment - Land, buildings, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized, whereas maintenance and repairs are expensed as incurred. The costs of plant and equipment sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded. Interest on borrowed funds during construction is capitalized and treated as a component of the cost of additions to be allocated to future periods through the depreciation provision. Harrison Medical Center capitalized interest costs of \$798,000 and \$116,000 during the years ended April 30, 2011 and 2010, respectively.

Deferred financing costs - The Medical Center defers the costs of obtaining financing and amortizes these costs over the life of the debt, using the bonds outstanding method.

Other assets - Other noncurrent assets are related to an amount due from the Harrison Medical Center Foundation related to a pledge agreement entered into in 2011 (Note 16).

Receivable from contractual agencies - Third-party cost reports are filed annually and are subject to audit and adjustment prior to settlement. Estimates of final settlement to or from Medicare, Medicaid, and other third-party payors for all years through 2011 have been reflected as receivable from contractual agencies on the accompanying balance sheet. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Donations - Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends or purpose restriction is accomplished—temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Assets released from restriction that were used for operations totaled \$435,683 in 2011 and \$376,956 in 2010. Assets released from restriction that were used for capital purchases totaled \$255,920 in 2011 and \$212,472 in 2010. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Temporarily and permanently restricted net assets - Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose. These restrictions relate primarily to the purchase of property and equipment. Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity.

Revenue adjustments and contractual allowances - Net patient service revenue is reported at the net amount estimated to be realized from patients and third-party payors for services rendered.

Note 2 - Summary of Significant Accounting Policies (continued)

A significant portion of the Medical Center's services is provided to Medicare and Medicaid patients under contractual arrangements. Revenue from the Medicare and Medicaid programs accounted for approximately 39% and 7%, respectively, of the Medical Center's net patient revenue for the year ended April 30, 2011, and 37% and 7%, respectively, of the Medical Center's net patient revenue for the year ended April 30, 2010. The Medical Center is paid for services to Medicare inpatients under the Prospective Payment System, which provides for payments based on diagnosis-related groupings (DRGs). Such DRG payments are prospectively established and may be greater or less than the Medical Center's actual charges for services. The majority of Medicare outpatient services are reimbursed under a prospective payment methodology, the Medicare Outpatient Prospective Payment System (OPPS). This program provides for payment based upon Ambulatory Payment Classifications (APCs). Such APC payments are prospectively established and may be greater or less than the Medical Center's actual charges for services. The Medical Center is paid for services to Medicaid inpatients under a DRG-based program, and outpatient payments are paid at prospectively determined rates.

The Medical Center also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payment to the Medical Center under these agreements is typically based on established charges or discounts from established charges.

The difference between the Medical Center's standard billing rates and the contracted rates results in contractual deductions, which are recorded as adjustments to patient service revenue.

Charity care - The Medical Center provides care to patients who meet certain criteria, under its charity care policy, without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges forgone for charity care provided by the Medical Center for the years ended April 30, 2011 and 2010, was \$17,966,561 and \$14,851,580, respectively.

Depreciation - The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property ratably over its estimated useful life.

Operating income - Operating income includes revenues and expenses that management has deemed to be part of operations. Items excluded from operations consist of investment income, contributions for purposes other than operations, rental income, nonoperating depreciation, and gains and losses on the sale of assets.

Excess of revenues over expenses - The statement of operations includes excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess revenues over expenses consistent with industry practice include the change in net unrealized gains/losses on investments, contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets), change in accrued pension liability, and change in interest in net assets of Harrison Medical Center Foundation.

Note 2 - Summary of Significant Accounting Policies (continued)

Federal income taxes - The Medical Center is a not-for-profit corporation as defined in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax on related income pursuant to Section 501(a) of the Code.

For the 2011 and 2010 financial statements, the Medical Center has accounted for uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and was reasonably estimable. As of April 30, 2011 and 2010, the Medical Center had not identified any uncertain tax positions requiring accrual or disclosure.

Fair value measurements - The Medical Center classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value (Note 10). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Subsequent events - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Medical Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Medical Center's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Medical Center has evaluated subsequent events through July 20, 2011, which is the date the financial statements are available to be issued.

**HARRISON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Net Patient Service Revenue

The following are the components of net patient service revenue:

	<u>2011</u>	<u>2010</u>
Gross patient service charges, net of charity	<u>\$ 986,550,674</u>	<u>\$ 858,983,124</u>
Adjustments to patient service charges		
Medicare	(368,842,247)	(309,602,245)
Medicaid	(101,987,621)	(85,722,078)
Other	<u>(162,348,377)</u>	<u>(124,204,121)</u>
Total adjustments to patient service charges	<u>(633,178,245)</u>	<u>(519,528,444)</u>
Net patient service revenue	<u><u>\$ 353,372,429</u></u>	<u><u>\$ 339,454,680</u></u>

Note 4 - Assets Whose Use Is Limited

The composition of assets whose use is limited is set forth below:

Board-designated cash and investments		
Cash and short-term investments	\$ 1,451,071	\$ 1,216,982
U S Treasury obligations	12,151	18,515
Marketable equity securities (including mutual funds)	54,106,680	27,412,478
Corporate bonds	44,190,247	28,659,877
Real return	12,677,797	11,407,117
Alternative investments	29,228,851	40,256,598
Interest and dividends receivable	<u>8,053</u>	<u>4,787</u>
	141,674,850	108,976,354
Investment in joint ventures	<u>781,441</u>	<u>1,137,110</u>
	<u>142,456,291</u>	<u>110,113,464</u>
Funds held by trustees		
Cash and short-term investments	1,012,692	1,010,638
U S Treasury obligations	15,680,177	27,839,014
Marketable equity securities (including mutual funds)	5,960,674	3,304,225
Fixed income	3,916,667	4,368,641
Real return	486,441	451,321
Alternative investments	<u>423,787</u>	<u>1,061,885</u>
	<u>27,480,438</u>	<u>38,035,724</u>

HARRISON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

Note 4 - Assets Whose Use Is Limited (continued)

	<u>2011</u>	<u>2010</u>
Land held for future use		
Properties owned in Kitsap County, at cost	<u>8,272,226</u>	<u>8,287,756</u>
Donor-restricted		
Cash and short-term investments	<u>17,952</u>	<u>7,322</u>
	178,226,907	156,444,266
Less current portion of assets whose use is limited	<u>(1,030,308)</u>	<u>(997,448)</u>
	<u><u>\$ 177,196,599</u></u>	<u><u>\$ 155,446,818</u></u>

Investments - Investment income, gains and losses from cash and short-term investments, and assets whose use is limited are included in nonoperating gains and comprise the following:

Income (loss)		
Interest and dividend income	\$ 2,229,879	\$ 1,674,025
Net realized gains (losses) on investments	<u>2,158,906</u>	<u>(156,205)</u>
	\$ 4,388,785	\$ 1,517,820
	<u><u>\$ 4,388,785</u></u>	<u><u>\$ 1,517,820</u></u>
Other changes in unrestricted net assets		
Net unrealized gains on investments	<u><u>\$ 14,354,130</u></u>	<u><u>\$ 23,894,292</u></u>

Alternative investments - The Medical Center invests in certain alternative investments as part of its investment strategy, as described below:

Fund Type	Redemption Restrictions	Redemption Frequency
Commingled Fund - Small/Mid Cap Domestic Equity	5 business days prior written notification	Daily liquidity - all redemptions are client directed
Collective Investment Trust - Developed Non-US Equity	Same-day notification in the Retirement Plan, documentation required 1 business day prior to trade date for all others	Daily liquidity in the Retirement Plan, monthly liquidity for all others - all redemptions are client directed
Open-end private commingled real estate fund	45-90 days prior written notification, redemption queue may apply	Quarterly liquidity - all redemptions are client directed

Note 4 - Assets Whose Use Is Limited (continued)

Small/Mid Cap Domestic Equity Commingled Fund - This category includes a common or collective investment trust that invests primarily in equity and equity-related securities of public companies that trade on stock market exchanges (NYSE, NASDAQ, etc.) principally in markets inside the United States in order to achieve the objective of a long-term total return in excess of the Russell 2500 Index. This investment can be redeemed upon request by the Medical Center to the fund's management. The fair value of the investment has been estimated using the net asset value (NAV) per share of the investment, which is calculated based on market prices of the underlying holdings. The fund strikes a daily NAV to allow for daily liquidity. The fair value of the investment has been estimated using the net asset value per share of the investment and was \$0 and \$16,634,793 at April 30, 2011 and 2010, respectively.

Developed Non-US Equity Collective Investment Trust - This category includes a common or collective investment trust that invests primarily in a wide variety of international equity and equity-related securities of public companies that trade on global stock market exchanges throughout the world, normally excluding the United States, to achieve the objective of long-term total return in excess of the MSCI ACWI ex US Index. This investment can be redeemed upon request by the Medical Center to the fund's management. The fair value of the investment has been estimated using the net asset value per share of the investment, which is calculated based on market prices of the underlying holdings. The fund strikes a daily NAV to allow for daily liquidity. The fair value of the investment has been estimated using the net asset value per share of the investment and was \$21,260,018 and \$20,139,980 at April 30, 2011 and 2010, respectively.

Open-end real estate funds - This category includes two real estate funds that invest primarily in United States real estate. The Medical Center's ability to redeem these investments is subject to certain restrictions and cash availability. The RREEF real estate fund the Medical Center is invested in normally provides for a quarterly distribution subject to written notification of redemption request 45 days prior to quarter-end; the ING Clarion real estate fund the Medical Center is invested in normally provides for a quarterly distribution subject to written notification of redemption request 90 days prior to quarter-end. However, both funds have restricted withdrawals during the last two years. The fair value of the investment has been estimated using the net asset value per share of the investment and was \$5,379,696 and \$4,543,710 at April 30, 2011 and 2010, respectively.

There are no unfunded commitments for any of the alternative investments described above.

HARRISON MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 4 - Assets Whose Use Is Limited (continued)

Investment in joint ventures - In fiscal year 1999, the Medical Center entered into a joint venture, Advanced Medical Imaging, LLC (AMI), to own and operate outpatient medical imaging facilities in the community. The Medical Center has a 49% ownership interest in AMI, which is accounted for under the equity method. The balance of the investment at April 30, 2011 and 2010, was \$781,441 and \$1,137,110, respectively.

During fiscal year 2006, the Medical Center entered into a joint venture, Surgery Center of Silverdale, LLC (SCS), to own and operate an outpatient surgery center located in Silverdale, Washington. The Medical Center has a 30% ownership interest in SCS, which is accounted for under the equity method. The balance of the investment at April 30, 2011 and 2010, was \$0.

Note 5 - Land, Buildings, and Equipment

The Medical Center's land, buildings, and equipment and related accumulated depreciation are set forth below:

		2011	2010
Assets			
Land and land improvements		\$ 10,814,924	\$ 10,261,986
Buildings and leasehold improvements		65,907,104	59,190,571
Equipment			
Fixed		51,999,031	45,531,700
Major movable		126,164,531	109,477,206
Projects-in-progress		9,319,870	16,574,076
		<u>264,205,460</u>	<u>241,035,539</u>
	Range of Depreciable Lives (Years)		
Accumulated depreciation			
Land improvements	5-20	4,180,957	3,911,690
Buildings and leasehold improvements	10-40	30,807,039	28,250,811
Equipment			
Fixed	5-25	35,014,894	33,243,388
Major movable	2-15	75,518,062	66,476,223
		<u>145,520,952</u>	<u>131,882,112</u>
Land, buildings, and equipment, net		<u>\$ 118,684,508</u>	<u>\$ 109,153,427</u>

Note 5 - Land, Buildings, and Equipment (continued)

In December 2007, the Medical Center sold the South Kitsap Campus land and building, as well as adjacent land held for future use, for \$7,000,000, which resulted in a gain of \$2,588,711. The Medical Center leased back a portion of the building from the purchaser to continue providing services. As a result, \$1,070,689 of the gain on sale was deferred and is being recognized over the 10-year life of the lease. As of April 30, 2011 and 2010, the unrecognized portion of the deferred gain was \$704,870 and \$811,938, respectively.

Equipment under capital lease is included in major movable equipment, above, at a total cost of \$2,216,416 at April 30, 2011, with accumulated amortization of \$332,462. Amortization expense for this equipment was \$333,462 in 2011 and is included in depreciation expense on the statement of operations. There were no assets under capital lease at April 30, 2010.

Note 6 - Long-Term Debt

	<u>2011</u>	<u>2010</u>
Revenue bonds, Washington Health Care Facilities Authority 1994 Series, 5 30% to 5 40%, payable through August 2023	\$ 18,185,000	\$ 19,140,000
Revenue bonds, Washington Health Care Facilities Authority 1998 Series, 4 55% to 5 25, payable through August 2028, net of unamortized bond discount of \$576,341 and \$618,385, respectively	40,183,659	41,151,615
Revenue bonds, Washington Health Care Facilities Authority 2010 Series, 4 89% with an option to convert to a variable rate at the Medical Center's request, payable through April 2030	29,070,000	30,000,000
Capital lease payable to equipment financing company, due in monthly principle and interest payments of \$41,314, including interest at 4 49%, through September 2015 Loan is secured by equipment	<u>1,844,991</u>	<u></u>
	89,283,650	90,291,615
Less current portion	<u>(3,454,604)</u>	<u>(2,895,000)</u>
	<u>\$ 85,829,046</u>	<u>\$ 87,396,615</u>

HARRISON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (continued)

Under the terms of the debt agreements, the Medical Center established funds for the deposit of principal and interest payments (bond funds) and a debt service reserve fund. At April 30, the balances of these trustee-held funds are as follows, which are included within funds held by trustees:

	<u>2011</u>	<u>2010</u>
Bond fund	\$ 1,030,308	\$ 997,448
Debt service reserve fund	5,082,000	5,080,219
Project fund	<u>9,571,012</u>	<u>21,297,579</u>
	<u><u>\$ 15,683,320</u></u>	<u><u>\$ 27,375,246</u></u>

The maturities by year of the revenue bonds are as follows:

2012	\$ 3,035,000
2013	3,185,000
2014	3,345,000
2015	3,515,000
2016	3,700,000
Thereafter	<u>71,235,000</u>
	88,015,000
Less unamortized bond discount	<u>(576,341)</u>
	<u><u>\$ 87,438,659</u></u>

The revenue bonds are collateralized by gross receivables, certain equipment, the Bremerton facility, and adjacent parking property.

The revenue bonds are subject to certain covenants, the most restrictive of which is that the Medical Center must maintain a minimum debt service coverage ratio of 1.25 to 1.

Future minimum lease payments and the present value of net minimum lease payments are as follows:

2012	\$ 495,768
2013	495,768
2014	495,768
2015	495,768
2016	<u>53,717</u>
	2,036,789
Less amount representing interest	<u>(191,798)</u>
	<u><u>\$ 1,844,991</u></u>

Note 7 - Defined Benefit Plan

The Medical Center maintains a contributory defined benefit pension plan. The benefits for this plan are based primarily on years of service and employees' pay near retirement. The accumulated benefit information is determined by an actuary based on beginning-of-the-year assumptions. Assumptions used are based on historical investment returns and wage increases. It is the Medical Center's policy to make contributions to the plan in accordance with the requirements prescribed by the Employee Retirement Income Security Act of 1974. Contributions to the plan from the Medical Center were \$2,641,000 and \$4,400,000 during 2011 and 2010, respectively. Benefits paid by the plan were \$2,927,000 and \$2,606,000 during 2011 and 2010, respectively. The Medical Center expects to transfer approximately \$4,500,000 to the plan during 2011.

The Medical Center accounts for the difference between the projected benefit obligations and the fair value of the plan's assets as either an asset or liability on the balance sheet. Changes are recorded as an increase/decrease to obligations under pension plan on the balance sheet and as a separate line increasing/decreasing unrestricted net assets, separate from expenses, and outside the performance indicator on the statement of changes in net assets. The change in obligations under pension plan was a decrease in liability and increase in net assets of \$15,375,450 for the plan year ended April 30, 2011. The change in obligations under pension plan was an increase in liability and decrease in net assets of \$8,025,420 for the plan year ended April 30, 2010.

The plan's eligibility provisions were amended for employees of all Medical Center union groups in fiscal year 2006. Employees who satisfied the eligibility requirements prior to the amended date could choose whether to participate in the plan or begin participating in the new Harrison Retirement and Savings Program. Employees becoming eligible on and after that date automatically participate in the new retirement program.

The plan was amended in fiscal year 2011 to freeze benefit accruals effective December 31, 2010, for all participants.

HARRISON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

Note 7 - Defined Benefit Plan (continued)

Net periodic pension cost included the following:

	<u>2011</u>	<u>2010</u>
Change in benefit obligation		
Projected benefit obligation at beginning of year	\$ 110,842,298	\$ 81,532,924
Service cost	3,693,377	3,458,904
Interest cost	5,760,070	6,190,476
Participant contributions	482,421	747,031
Amendments	(11,693,145)	(4,997,525)
Benefits paid	(2,926,744)	(2,606,563)
Actuarial (gain) loss	<u>5,160,338</u>	<u>26,517,051</u>
Projected benefit obligation at April 30	<u>111,318,615</u>	<u>110,842,298</u>
Change in plan assets		
Fair value of plan assets at May 1	83,490,922	63,167,971
Actual return on plan assets	15,273,110	17,782,483
Employer contributions	2,641,074	4,400,000
Participant contributions	482,421	747,031
Benefits paid	<u>(2,926,744)</u>	<u>(2,606,563)</u>
Fair value of plan assets at April 30	<u>98,960,783</u>	<u>83,490,922</u>
Funded status at end of year	<u><u>\$ (12,357,832)</u></u>	<u><u>\$ (27,351,376)</u></u>

Amounts recognized in the balance sheet consist of:

Noncurrent liabilities	<u><u>\$ 12,357,832</u></u>	<u><u>\$ 27,351,376</u></u>
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Amounts recognized in the statement of changes in net assets consist of:

Net loss	\$ (24,477,826)	\$ (28,935,423)
Prior service credit	<u>17,630,118</u>	<u>6,712,265</u>
	<u><u>\$ (6,847,708)</u></u>	<u><u>\$ (22,223,158)</u></u>

The accumulated benefit obligation for the defined benefit pension plans was \$111,319,000 and \$99,630,000 at April 30, 2011 and 2010, respectively.

**HARRISON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Defined Benefit Plan (continued)

Components of net periodic benefit cost included:

	<u>2011</u>	<u>2010</u>
Components of net periodic benefit cost		
Service cost - benefits earned during the year	\$ 3,693,377	\$ 3,458,904
Interest cost on projected benefit obligation	5,760,070	6,190,476
Expected return on plan assets	(6,323,169)	(4,839,639)
Net amortization and deferral	(775,292)	(204,280)
Loss	<u>667,994</u>	<u>755,542</u>
Net periodic pension cost	<u>\$ 3,022,980</u>	<u>\$ 5,361,003</u>

Assumptions used in the accounting for years 2011 and 2010 were:

Discount rate	5.57%	5.86%
Rate of increase in compensation levels	N/A	4.50%
Long-term rate of return on plan assets	7.38%	7.50%

Management instituted a balanced investment strategy. Effective February 21, 2007, the Medical Center modified the target asset allocation to be 43% domestic equity securities; 20% international equity securities; 27% debt securities; and 10% real estate. Asset allocations, as of their respective measurement dates in 2011 and 2010, are as follows:

<u>Asset Category</u>	<u>Percentage of Plan Assets at April 30,</u>	
	<u>2011</u>	<u>2010</u>
Cash	1%	2%
Domestic equity securities	47%	45%
International equity securities	20%	19%
Debt securities	26%	29%
Real estate	<u>6%</u>	<u>5%</u>
	<u>100%</u>	<u>100%</u>

Estimated benefits expected to be paid to plan beneficiaries are as follows:

<u>YEAR ENDED APRIL 30,</u>	<u>AMOUNT</u>
2012	\$ 3,079,000
2013	\$ 3,425,000
2014	\$ 3,759,000
2015	\$ 4,144,000
2016	\$ 4,633,000
2017 through 2021	\$ 31,843,000

Note 8 - Defined Contribution Plan

The Medical Center established a contributory defined contribution plan (the Plan) on March 1, 2005. During fiscal year 2006, all five bargaining employee groups have chosen to participate in the Plan. The Plan is called the "Harrison Retirement and Savings Program." The Plan year commences each January 1 and ends on the following December 31. Substantially all employees who are employed by the Medical Center are eligible to make employee elective deferral contributions (403(b)), subject to Plan restrictions.

Eligible employees in the Plan may receive employer-matching contributions, and there is no minimum age or service requirements to satisfy. The employer-matching contributions will equal 50% of the employee elective deferral contributions up to 4% of the employee compensation.

In addition, eligible employees will receive employer discretionary contributions made on behalf of the employee without regard to the amount of employee elective deferral contributions. There are service requirements that must be satisfied in order to be eligible for the employer discretionary contributions. Employer discretionary contributions will be 3% of annual compensation through four years of vesting service and 5% of annual compensation for five or more years of vesting service.

The defined contribution expense was \$3,709,458 and \$2,530,441 for the years ended April 30, 2011 and 2010, respectively.

Note 9 - Executive and Physician Benefit Plan

The Medical Center has nonqualified deferred compensation plans covering certain key members of senior management, as well as certain specialty physicians. These defined compensation plans provide benefits to these individuals including life insurance and the ability to defer a portion of their earnings. The assets of the deferred compensation plan are held in trust for those individuals. The amount included in funds held by trustee in assets whose use is limited on the accompanying balance sheet at April 30, 2011 and 2010, was \$3,229,000 and \$2,712,000, respectively.

Note 10 - Fair Value of Financial Instruments

The following methods and assumptions were used by the Medical Center in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount reported in the balance sheet for cash and cash equivalents approximates their fair value.

Assets whose use is limited - These assets consist primarily of cash, investments, and interest receivable. The carrying amount reported in the balance sheet is fair value.

Accounts payable and accrued expenses - The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates their fair value.

Estimated third-party payor settlements - The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates their fair value.

Long-term debt - Fair values of the Medical Center's bonds are based on current traded value. The fair value of the Medical Center's remaining long-term debt is estimated using discounted cash flow analyses, based on the Medical Center's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of the Medical Center's financial instruments at April 30 are as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 13,136,840	\$ 13,136,840	\$ 20,917,298	\$ 20,917,298
Receivable from contractual agencies, net	\$ 2,321	\$ 2,321	\$ 184,810	\$ 184,810
Assets whose use is limited				
Board-designated cash and investments	\$ 141,674,849	\$ 141,674,849	\$ 108,976,354	\$ 108,976,354
Board-designated investment in joint ventures	\$ 781,441	\$ 781,441	\$ 1,137,110	\$ 1,137,110
Funds held by trustees	\$ 27,480,438	\$ 27,480,438	\$ 38,035,724	\$ 38,035,724
Land held for future use	\$ 8,272,226	\$ 8,272,226	\$ 8,287,756	\$ 8,287,756
Donor-restricted	\$ 17,952	\$ 17,952	\$ 7,322	\$ 7,322
Accounts payable and accrued liabilities	\$ 35,419,215	\$ 35,419,215	\$ 36,486,129	\$ 36,486,129
Long-term debt	\$ 89,859,991	\$ 85,691,158	\$ 90,910,000	\$ 88,115,835

HARRISON MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 10 - Fair Value of Financial Instruments (continued)

The following table discloses by level the fair value hierarchy at April 30, 2011 and 2010, discussed in Note 2:

2011	Level 1	Level 2	Level 3	Total
Board-designated cash and investments				
Cash and short-term investments	\$ 1,451,071		\$ -	\$ 1,451,071
U S Treasury obligations	12,151			12,151
Marketable equity securities				
Small/Mid Cap U S Equity	21,126,267			21,126,267
Large Cap U S Equity	32,980,413			32,980,413
Fixed income		\$ 44,190,247		44,190,247
Real return		12,677,797		12,677,797
Nonmarketable equity securities				
International equity		23,849,155		23,849,155
Real estate investment trusts				
Core		3,563,588		3,563,588
Value-added		1,816,108		1,816,108
Interest and dividends receivable		8,053		8,053
Funds held by trustees				
Cash and short-term investments	1,012,692			1,012,692
U S Treasury obligations	15,680,177			15,680,177
Marketable equity securities				
Small/Mid Cap U S Equity	1,506,940			1,506,940
Large Cap U S Equity	2,409,727			2,409,727
Fixed income		5,960,674		5,960,674
Real return		486,441		486,441
Nonmarketable equity securities				
International equity		423,787		423,787
Donor-restricted				
Cash and short-term investments	17,952			17,952
	<u>\$ 76,197,390</u>	<u>\$ 92,975,850</u>	<u>\$ -</u>	<u>\$ 169,173,240</u>
2010				
Board-designated cash and investments				
Cash and short-term investments	\$ 1,216,982		\$ -	\$ 1,216,982
U S Treasury obligations	18,515			18,515
Marketable equity securities				
(including mutual funds)	27,412,478			27,412,478
Fixed income		\$ 28,659,877		28,659,877
Real return		11,407,117		11,407,117
Nonmarketable equity securities		35,712,888		35,712,888
Real estate investment trusts		4,543,710		4,543,710
Interest and dividends receivable		4,787		4,787
Funds held by trustees				
Cash and short-term investments	1,010,638			1,010,638
U S Treasury obligations	27,839,014			27,839,014
Marketable equity securities				
(including mutual funds)	3,304,225			3,304,225
Fixed income		4,368,641		4,368,641
Real return		451,321		451,321
Alternative investments		1,061,885		1,061,885
Donor-restricted	7,322			7,322
	<u>\$ 60,809,174</u>	<u>\$ 86,210,226</u>	<u>\$ -</u>	<u>\$ 147,019,400</u>

Note 11 - Professional Liability Insurance

The Medical Center maintains a self-insured program for professional and general liability insurance. Self-insurance retention limits from August 1, 2006, through August 1, 2011, are \$1,500,000 per claim and \$4,500,000 in aggregate and are \$1,000,000 per claim and \$4,000,000 in aggregate for dates prior to August 1, 2006. The Medical Center purchases excess professional and general liability insurance coverage on a claims-made basis above the self-insured limits. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. The estimated ultimate liability and the related contributions to the fund are based upon an independent actuarial determination. At April 30, 2011 and 2010, this liability of the anticipated future payments on gross claims is estimated at its present value of \$12,145,675 and \$11,096,410, respectively.

The Medical Center funds a trust for professional liability claims to at least the minimum levels acceptable to its primary and excess insurance carrier funding requirements. At April 30, 2011 and 2010, the amount held in trust and included in funds held by trustees in assets whose use is limited on the accompanying balance sheet was \$5,098,270 and \$4,652,603, respectively.

Note 12 - Workers' Compensation

The Medical Center maintains a self-insurance program for workers' compensation. Insurance policies through commercial carriers are in place to provide coverage for claims in excess of self-insurance limits. The Medical Center is required by the state of Washington to fund a surety bond or establish an escrow account to maintain a self-insured workers' compensation program. The escrow account maintained by the Medical Center at April 30, 2011 and 2010, was approximately \$3,470,000 and \$3,296,000, respectively, and is recorded in funds held by trustees in assets whose use is limited on the accompanying balance sheet. At April 30, 2011 and 2010, the liability for estimated future claims cost, as reduced for excess self-insured limits included in accrued liabilities on the accompanying balance sheet, was \$3,537,308 and \$3,844,440, respectively.

Note 13 - Self-Insured Health Plan Liability

Eligible employees and their covered dependents are provided medical, dental, and vision coverage through a combination of several programs, purchased and self-insured. Health plan coverage is funded through employee and employer contributions. Effective October 1, 2004, the Medical Center adopted a self-insured health plan arrangement, which covers a significant portion of the employees. Self-insured health insurance costs for 2011 and 2010 were \$12,095,561 and \$9,413,855, respectively. The Medical Center has established a reserve for its self-insured health plan costs to offset claims incurred but not submitted. The balance of this reserve at April 30, 2011 and 2010, was \$1,177,060 and \$1,391,111, respectively.

HARRISON MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 14 - Commitments and Contingencies

Operating leases - The Medical Center leases certain facilities and equipment under operating lease arrangements. Total rental expense in 2011 and 2010 for all operating leases was \$2,855,000 and \$2,571,000, respectively. The following is a schedule by year of future minimum lease payments as of April 30, 2011:

2012	\$ 3,426,000
2013	3,448,000
2014	2,973,000
2015	2,615,000
2016	2,038,000
Thereafter	<u>8,423,000</u>
	<u>\$ 22,923,000</u>

Commitments - The Medical Center has committed to various equipment, improvements, and information technology acquisitions and implementations. As of April 30, 2011, the future commitments for these items total approximately \$9,000,000.

Litigation and regulatory environment - The health care industry is subject to numerous laws and regulations from federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care programs' participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Medical Center is in compliance with the fraud and abuse regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Medical Center is involved in litigation arising in the normal course of business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect to the Medical Center's future financial position or results of operations.

**HARRISON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 15 - Functional Expenses

The Medical Center provides health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2011</u>	<u>2010</u>
Health care services	\$ 247,023,275	\$ 240,429,378
General and administrative	55,815,016	48,650,889
Physician services	<u>44,830,232</u>	<u>36,288,188</u>
Total operating expenses	<u><u>\$ 347,668,523</u></u>	<u><u>\$ 325,368,455</u></u>

Note 16 - Harrison Medical Center Foundation

The Harrison Medical Center Foundation (the Foundation) is a not-for-profit organization located in Bremerton, Washington. It exists to support Harrison Medical Center with fund-raising activities and to enhance the community's awareness of the Medical Center. Funds are distributed to the Medical Center as determined by the Foundation's board of directors.

A summary of the Foundation's assets, liabilities, net assets, results of operations, and changes in net assets follows. The Medical Center's interest in the net assets of the Foundation is reported as a noncurrent asset on the balance sheet.

Assets, principally cash, cash		
Cash and investments	\$ 6,024,268	\$ 5,189,453
Pledge of building	12,000,000	
Other assets	<u>2,644,946</u>	<u>2,599,795</u>
Total assets	<u><u>\$ 20,669,214</u></u>	<u><u>\$ 7,789,248</u></u>
Liabilities	\$ 3,405,904	\$ 424,650
Unrestricted net assets	2,493,681	1,854,797
Temporarily restricted net assets	12,823,830	3,570,796
Permanently restricted net assets	<u>1,945,799</u>	<u>1,939,005</u>
Total liabilities and net assets	<u><u>\$ 20,669,214</u></u>	<u><u>\$ 7,789,248</u></u>
Support and revenue	\$ 11,737,770	\$ 2,893,020
Expenses	<u>1,839,058</u>	<u>1,651,055</u>
Excess of support and revenue over expenses	9,898,712	1,241,965
Net assets, beginning of year	<u>7,364,598</u>	<u>6,122,633</u>
Net assets, end of year	<u><u>\$ 17,263,310</u></u>	<u><u>\$ 7,364,598</u></u>

HARRISON MEDICAL CENTER NOTES TO FINANCIAL STATEMENTS

Note 16 - Harrison Medical Center Foundation (continued)

Liabilities include \$11,097 and \$20,099 payable to Harrison Medical Center at April 30, 2011 and 2010, respectively. These amounts were paid after the end of the year.

During fiscal years 2011 and 2010, the Medical Center recorded as contributions and received cash funding of approximately \$405,205 and \$412,969, respectively, from the Harrison Medical Center Foundation, which funded both capital purchases and operations. During fiscal year 2011, Harrison Medical Center Foundation provided significant support for the Medical Center's nurse residency program.

During 2011, the Foundation entered into a pledge agreement with a donor. Under that agreement, the donor pledged the interest in a limited liability company, which owns and operates a building on the Medical Center's Silverdale campus. As a condition of executing that agreement, the Medical Center provided \$3,002,844 to the limited liability company on behalf of the Foundation to pay off the bank note on the building. This amount has been recorded as a noncurrent asset on the balance sheet to reflect the asset that will be given to the Foundation to satisfy the pledge and then to the Medical Center, who is the ultimate beneficiary. Furthermore, the value of the pledged asset was determined to be approximately \$12,000,000 and the value is reflected on the balance sheet through an increase to the beneficial interest in the Foundation of \$8,997,156 and on the statement of changes in net assets as an increase to temporarily restricted net assets in the same amount.