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Form

990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
TAKOMA REGIONAL HOSPITAL INC
Doing Business As
Number and street (or P O box if mail is not delivered to street address)
401 TAKOMA AVENUERoom/suite
City or town, state or country, and ZIP + 4
GREENEVILLE, TN 377434647
F Name and address of principal officer
DANIEL WOLCOTT
401 TAKOMA AVENUE
GREENEVILLE, TN 377434647H(a) Is this a group return for affiliates?☐ Yes☒ No
H(b) Are all affiliates included?☐ Yes☐ No
If "No," attach a list (see instructions)
H(c) Group exemption number ▶

D Employer identification number
51-0603966E Telephone number
(423) 636-2350G Gross receipts \$ 49,038,834

I Tax-exempt status
☒ 501(c)(3) ☐ 501(c) () ◀(insert no) ☐ 4947(a)(1) or ☐ 527J Website: ▶ WWW.TAKOMA.ORG

K Form of organization
☒ Corporation ☐ Trust ☐ Association ☐ Other ▶L Year of formation 2006M State of legal domicile TN

Part I Summary

Activities & Governance1 Briefly describe the organization's mission or most significant activities
THE PROVISION OF MEDICAL CARE TO THE COMMUNITY THROUGH THE OPERATION OF A 100 BED HOSPITAL
2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets
3 Number of voting members of the governing body (Part VI, line 1a)319
4 Number of independent voting members of the governing body (Part VI, line 1b)415
5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)5530
6 Total number of volunteers (estimate if necessary)670
7a Total unrelated business revenue from Part VIII, column (C), line 127a-4,435
7b Net unrelated business taxable income from Form 990-T, line 347b-4,535

Revenue8 Contributions and grants (Part VIII, line 1h)81,677
9 Program service revenue (Part VIII, line 2g)943,856,658
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)10996,288
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)110
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)1244,854,62349,038,834

Expenses13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)1361,436
14 Benefits paid to or for members (Part IX, column (A), line 4)140
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)1524,504,89926,750,518
16a Professional fundraising fees (Part IX, column (A), line 11e)16a0
16b Total fundraising expenses (Part IX, column (D), line 25) ▶⁰.16b
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)1720,312,56724,644,375
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)1844,878,90251,394,893
19 Revenue less expenses Subtract line 18 from line 1219-24,279-2,356,059

Net Assets or Fund Balances20 Total assets (Part X, line 16)2029,735,79427,954,262
21 Total liabilities (Part X, line 26)219,623,06910,076,626
22 Net assets or fund balances Subtract line 21 from line 202220,112,72517,877,636

Part II Signature Block

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

Sign Here

Signature of officer
Date
TOM VANDENHOVEN CFO
Type or print name and title

2012-10-26

Paid Preparer Use Only

Print/Type preparer's name ADVENTIST HEALTH SYSTEM - TAX DEPTPreparer's signature ADVENTIST HEALTH SYSTEM - TAX DEPTDateCheck if self-employed ☐ PTIN
Firm's name ▶ ADVENTIST HEALTH SYSTEMFirm's EIN ▶
Firm's address ▶ 900 HOPE WAY
ALTAMONTE SPRINGS, FL 32714Phone no ▶ (407) 357-2349

Part IIISTatement of Program Service Accomplishments

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

1Briefly describe the organization’s mission

TAKOMA REGIONAL HOSPITAL EXISTS TO EXTEND THE HEALING MINISTRY OF CHRIST BY CARING FOR THOSE WHO ARE ILL AND BY NURTURING THE HEALTH OF THE PEOPLE IN OUR COMMUNITIES AS A MEMBER OF THE ADVENTIST HEALTH SYSTEM AND WELLMONT HEALTH SYSTEM, TAKOMA REGIONAL HOSPITAL (TRH) STRIVES TO CREATE EXCELLENT EXPERIENCES FOR EACH PERSON WHO CHOOSES TO ACCESS OUR SERVICES TRH WILL BE A LEADER IN PATIENT SAFETY AND HEALTHCARE QUALITY TRH WILL BE THE BEST PLACE TO WORK, PRACTICE MEDICINE, AND RECEIVE CARE

2Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

If “Yes,” describe these new services on Schedule O

3Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

4Describe 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 \$ 46,231,883 including grants of \$) (Revenue \$ 49,024,504)

TAKOMA REGIONAL HOSPITAL, INC OPERATES A 100 BED ACUTE CARE HOSPITAL IN GREENEVILLE, TN IN THE CURRENT YEAR, THERE WERE 2,275 ADMISSIONS AND 10,724 PATIENT DAYS

4b

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

4c



















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

4dOther program services (Describe in Schedule O)

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

4eTotal program service expenses\$ 46,231,883

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 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? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 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? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a 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		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
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	Yes	
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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34		No
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> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	60
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	530
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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

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

		Yes	No
10a	Does the organization have local chapters, branches, or affiliates?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
15c	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?	Yes	
16b	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?	Yes	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	TN
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	TOM VANDENHOVEN 401 TAKOMA AVE GREENEVILLE, TN 37743 (423) 636-2350

Part VII

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: 24

Section B. Independent Contractors

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

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 ▶4	
--	--

Part VIII

Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations 1d					
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f					
	Program Service Revenue	Business Code				
2a NET PATIENT REVENUE		900099	48,897,215	48,897,215		
b CAFETERIA REVENUE		900099	52,751	52,751		
c GIFT SHOP REVENUE		900099	40,365	40,365		
d MEDICAL OFFICE BUILDIN		531120	-4,435	-4,435		
e						
f All other program service revenue			34,173	34,173		
g Total. Add lines 2a-2f			49,020,069			
Other Revenue		3 Investment income (including dividends, interest and other similar amounts)		18,765		18,765
	4 Income from investment of tax-exempt bond proceeds . . .					
	5 Royalties					
	6a Gross Rents	(i) Real	(ii) Personal			
		b Less rental expenses				
		c Rental income or (loss)				
		d Net rental income or (loss)				
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b Less cost or other basis and sales expenses				
		c Gain or (loss)				
		d Net gain or (loss)				
	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		49,038,834	49,024,504	-4,435	18,765	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	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	1,577,165		1,577,165	
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	18,234,935	18,234,935		
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	669,270	669,270		
9	Other employee benefits	4,868,610	4,868,610		
10	Payroll taxes	1,400,538	1,400,538		
a	Fees for services (non-employees) Management				
b	Legal	113,435		113,435	
c	Accounting				
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	5,725,924	4,404,851	1,321,073	
12	Advertising and promotion	157,366		157,366	
13	Office expenses	4,888,208	4,582,556	305,652	
14	Information technology	1,739,318	408,596	1,330,722	
15	Royalties				
16	Occupancy	2,013,761	2,013,761		
17	Travel	100,782		100,782	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	160		160	
20	Interest	6,586	6,586		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,406,167	2,406,167		
23	Insurance	261,227	197,550	63,677	
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	BAD DEBT EXPENSE	3,315,846	3,315,846		
b	STATE TAX INDIGENT ASSE	2,559,459	2,559,459		
c	REPAIRS & MAINTENANCE	1,163,158	1,163,158		
d	PURCHASED SERVICES	53,028		53,028	
e					
f	All other expenses	139,950		139,950	
25	Total functional expenses. Add lines 1 through 24f	51,394,893	46,231,883	5,163,010	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			3,056	1	3,282
	2	Savings and temporary cash investments			3,805,119	2	3,752,181
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			5,266,763	4	5,880,402
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	68,864
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			945,422	8	1,030,751
	9	Prepaid expenses and deferred charges			205,447	9	180,240
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	41,966,274			
	b	Less: accumulated depreciation	10b	25,053,325	18,956,882	10c	16,912,949
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11			0	13	0
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			553,105	15	125,593
	16	Total assets. Add lines 1 through 15 (must equal line 34)			29,735,794	16	27,954,262
Liabilities	17	Accounts payable and accrued expenses			3,244,224	17	3,288,182
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			6,378,845	25	6,788,444
	26	Total liabilities. Add lines 17 through 25			9,623,069	26	10,076,626
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			20,112,725	27	17,769,148
	28	Temporarily restricted net assets				28	108,488
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			20,112,725	33	17,877,636
	34	Total liabilities and net assets/fund balances			29,735,794	34	27,954,262

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	49,038,834
2	Total expenses (must equal Part IX, column (A), line 25)	2	51,394,893
3	Revenue less expenses Subtract line 2 from line 1	3	-2,356,059
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	20,112,725
5	Other changes in net assets or fund balances (explain in Schedule O)	5	120,970
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	17,877,636

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?	2a	No
b	Were the organization's financial statements audited by an independent accountant?	2b	No
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	
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 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?	3a	No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

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
TAKOMA REGIONAL HOSPITAL INC

Employer identification number
51-0603966

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 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).

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

Open to Public Inspection

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 TAKOMA REGIONAL HOSPITAL INC	Employer identification number 51-0603966
--	--

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

- 1

Provide a description of the organization’s direct and indirect political campaign activities in Part IV
- 2

Political expenditures ▶ \$
- 3

Volunteer hours

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

- 1

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

Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes ☐ No
- 4a

Was a correction made?

☐ Yes ☐ No
- b

If “Yes,” describe in Part IV

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

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ \$
- 3

Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes ☐ No
- 5

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><thead><tr><th>If the amount on line 1e, column (a) or (b) is:</th><th>The lobbying nontaxable amount is:</th></tr></thead><tbody><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></tbody></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		9,758
	j Total lines 1c through 1i			9,758
	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 1.
Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	REPRESENTS THE AMOUNT OF TOTAL DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION, HOSPITAL ALLIANCE OF TENNESSEE, AND TENNESSEE HOSPITAL ASSOCIATION THAT IS COMPRISED OF LOBBYING EXPENDITURES

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
TAKOMA REGIONAL HOSPITAL INC

Employer identification number
51-0603966

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1	Purpose(s) of conservation easements held by the organization (check all that apply) <div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure) <input type="checkbox"/> Preservation of an historically importantly land area</div> <div><input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure</div> <div><input type="checkbox"/> Preservation of open space</div>											
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year											
		<table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		Held at the End of the Year	a	Total number of conservation easements	b	Total acreage restricted by conservation easements	c	Number of conservation easements on a certified historic structure included in (a)	d	Number of conservation easements included in (c) acquired after 8/17/06
	Held at the End of the Year											
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____											
4	Number of states where property subject to conservation easement is located ▶ _____											
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>											
6	Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____											
7	Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____											
8	Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>											
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements											

Part III

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

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

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

	Amount
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

3a(i)

Yes

No

(ii)

related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

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		253,719		253,719
b Buildings		16,527,322	7,185,838	9,341,484
c Leasehold improvements				
d Equipment		23,802,520	17,022,220	6,780,300
e Other		1,382,713	845,267	537,446
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				16,912,949

Schedule D (Form 990) 2010

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
		PART X - AS NOTED IN OUR RESPONSE TO FORM 990 PART VI, SECTION C, LINE 19, THE FINANCIAL STATEMENTS OF THE FILING ORGANIZATION ARE NOT CONSOLIDATED WITHIN THE FINANCIAL STATEMENTS OF EITHER OF ITS MEMBERS. ADDITIONALLY, THE FILING ORGANIZATION DID NOT RECEIVE A SEPARATE AUDITED FINANCIAL STATEMENT FOR THE 6/30/2011 TAX YEAR. ACCORDINGLY, THERE IS NO APPLICABLE FIN 48 FOOTNOTE FOR THIS FILING ORGANIZATION.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TAKOMA REGIONAL HOSPITAL INC

Employer identification number
51-0603966

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	
1b	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"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual 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 type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" 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 checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 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	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
5c	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?	Yes	
6b	If "Yes," did the organization make it available to the public?		No
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)			1,019,323		1,019,323	2 120 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			4,371,399	4,274,711	96,688	0 200 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			5,390,722	4,274,711	1,116,011	2 320 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			137,500		137,500	0 290 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			15,000		15,000	0 030 %
j Total Other Benefits			152,500		152,500	0 320 %
k Total. Add lines 7d and 7j			5,543,222	4,274,711	1,268,511	2 640 %

Part II

Community 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
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other		37,000		37,000	0.080 %
10	Total		37,000		37,000	0.080 %

Part III

Bad 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	1,026,585
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	120,971
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	11,952,554
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,628,200
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7	1,324,354
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 IV

Management Companies and Joint Ventures

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

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? 3

Name and address		Type of Facility (Describe)
1	TAKOMA MEDICAL ASSOCIATES 438 E VANN ROAD GREENEVILLE,TN 37743	PHYSICIAN SERVICES
2	TAKOMA MEDICAL ASSOCIATES 438 E VANN ROAD GREENEVILLE,TN 37743	PHYSICIAN SERVICES
3	TAKOMA MEDICAL ASSOCIATES 438 E VANN ROAD GREENEVILLE,TN 37743	PHYSICIAN SERVICES
4		
5		
6		
7		
8		
9		
10		

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, 6i, 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 I, LINE 7 THE AMOUNTS OF COSTS REPORTED IN THE TABLE IN LINE 7 OF PART I OF SCHEDULE H WERE DETERMINED BY UTILIZING A COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES, CONTAINED IN THE SCHEDULE H INSTRUCTIONS

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF \$3,315,846 WAS INCLUDED ON FORM 990, PART IX, LINE 25, BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE OF TOTAL EXPENSES IN COLUMN (F) OF LINE 7

Identifier	ReturnReference	Explanation
		PART II TAKOMA REGIONAL HOSPITAL, INC (THE HOSPITAL) IS INVOLVED WITH AND SUPPORTIVE OF VARIOUS OTHER COMMUNITY AGENCIES IN ITS SERVICE AREA THAT WORK COLLABORATIVELY TO HELP THOSE IN NEED AND TO IMPROVE THE HEALTH AND SAFETY OF THE RESIDENTS OF THE COMMUNITY THE HOSPITAL PARTICIPATES WITH A NUMBER OF OTHER COMMUNITY ORGANIZATIONS AS AN EXAMPLE, THE HOSPITAL IS AN ACTIVE PARTICIPANT IN THE GREENE COUNTY (TN) PARTNERSHIP THE GREENE COUNTY PARTNERSHIP IS A LOCAL COMMUNITY ORGANIZATION WHOSE MISSION IS TO PROMOTE, PRESERVE, AND ENHANCE THE QUALITY OF LIFE AND ECONOMIC WELL BEING OF ALL GREENE COUNTY RESIDENTS BY PROVIDING COLLECTIVE LEADERSHIP AND SERVING AS A FACILITATOR, CATALYST AND UNIFYING FORCE TO ACHIEVE COMMON COMMUNITY GOALS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 COSTING METHODOLOGY THE AMOUNTS OF BAD DEBT EXPENSE, AT COST, REPORTED ON LINE 2 AND 3 OF SECTION A OF PART III WERE DETERMINED UTILIZING A RATIO OF PATIENT CARE COST TO CHARGES AS SHOWN ON WORKSHEET A CONTAINED IN THE INSTRUCTIONS FOR SCHEDULE H, PART III, LINE 3 DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE RECORDED AS ADJUSTMENTS TO REVENUE, NOT BAD DEBT EXPENSE METHODOLOGY FOR DETERMINING THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE THAT MAY REPRESENT PATIENTS WHO COULD HAVE QUALIFIED UNDER THE FILING ORGANIZATION'S CHARITY CARE POLICY SELF-PAY PATIENTS ARE REQUIRED TO COMPLETE A PATIENT FINANCIAL ASSISTANCE APPLICATION SHORT FORM (PFAA) IF THE PFAA IS NOT COMPLETED AFTER REASONABLE ATTEMPTS TO OBTAIN IT ARE EXHAUSTED, PATIENT INFORMATION IS PROCESSED THROUGH A SCORER PRODUCT THE SCORER PRODUCT UTILIZES PUBLICLY AVAILABLE DATA, SUCH AS CREDIT REPORTS, TO ASSESS AN INDIVIDUAL PATIENT'S FINANCIAL VIABILITY PATIENTS WHO EARN A CERTAIN SCORE ON THE SCORER PRODUCT ARE CONSIDERED TO QUALIFY AS NON-STATE CHARITY PATIENTS GENERALLY, \$200 OF SUCH A PATIENT'S BILL IS WRITTEN OFF AS BAD DEBT EXPENSE, WHILE THE REMAINING PORTION OF THE PATIENT'S BILL IS CONSIDERED TO BE NON-STATE CHARITY THE AMOUNT WRITTEN OFF AS BAD DEBT EXPENSE FOR THOSE PATIENTS WHO POTENTIALLY QUALIFY AS NON-STATE CHARITY USING THE SCORER PRODUCT IS THE AMOUNT SHOWN ON LINE 3 OF SECTION A OF PART III RATIONALE FOR INCLUDING CERTAIN BAD DEBTS IN COMMUNITY BENEFIT THE FILING ORGANIZATION IS DEDICATED TO THE VIEW THAT MEDICALLY NECESSARY HEALTH CARE FOR EMERGENCY AND NON-ELECTIVE PATIENTS SHOULD BE ACCESSIBLE TO ALL, REGARDLESS OF AGE, GENDER, GEOGRAPHIC LOCATION, CULTURAL BACKGROUND, PHYSICIAN MOBILITY, OR ABILITY TO PAY THE FILING ORGANIZATION TREATS EMERGENCY AND NON-ELECTIVE PATIENTS REGARDLESS OF THEIR ABILITY TO PAY OR THE AVAILABILITY OF THIRD-PARTY COVERAGE BY PROVIDING HEALTH CARE TO ALL WHO REQUIRE EMERGENCY OR NON-ELECTIVE CARE IN A NON-DISCRIMINATORY MANNER, THE FILING ORGANIZATION IS PROVIDING HEALTH CARE TO THE BROAD COMMUNITY IT SERVES AS A 501(C)(3) HOSPITAL ORGANIZATION, THE FILING ORGANIZATION MAINTAINS A 24/7 EMERGENCY ROOM PROVIDING CARE TO ALL WHOM PRESENT WHEN A PATIENT'S ARRIVAL AND/OR ADMISSION TO THE FACILITY BEGINS WITHIN THE EMERGENCY DEPARTMENT, TRIAGE AND MEDICAL SCREENING ARE ALWAYS COMPLETED PRIOR TO REGISTRATION STAFF PROCEEDING WITH THE DETERMINATION OF A PATIENT'S SOURCE OF PAYMENT IF THE PATIENT REQUIRES ADMISSION AND CONTINUED NON-ELECTIVE CARE, THE FILING ORGANIZATION PROVIDES THE NECESSARY CARE REGARDLESS OF THE PATIENT'S ABILITY TO PAY THE FILING ORGANIZATION'S OPERATION OF A 24/7 EMERGENCY DEPARTMENT THAT ACCEPTS ALL INDIVIDUALS IN NEED OF CARE PROMOTES THE HEALTH OF THE COMMUNITY THROUGH THE PROVISION OF CARE TO ALL WHOM PRESENT CURRENT INTERNAL REVENUE SERVICE GUIDANCE THAT TAX-EXEMPT HOSPITALS MAINTAIN SUCH EMERGENCY ROOMS WAS ESTABLISHED TO ENSURE THAT EMERGENCY CARE WOULD BE PROVIDED TO ALL WITHOUT DISCRIMINATION THE TREATMENT OF ALL AT THE FILING ORGANIZATION'S EMERGENCY DEPARTMENT IS A COMMUNITY BENEFIT UNDER THE FILING ORGANIZATION'S CHARITY CARE POLICY, EVERY EFFORT IS MADE TO OBTAIN A PATIENT'S NECESSARY FINANCIAL INFORMATION TO DETERMINE ELIGIBILITY FOR CHARITY CARE HOWEVER, NOT ALL PATIENTS WILL COOPERATE WITH SUCH EFFORTS AND A CHARITY CARE ELIGIBILITY DETERMINATION CAN NOT BE MADE IN THIS CASE, A PATIENT'S PORTION OF A BILL THAT REMAINS UNPAID FOR A CERTAIN STIPULATED TIME PERIOD IS WHOLLY OR PARTIALLY CLASSIFIED AS BAD DEBT BAD DEBTS ASSOCIATED WITH PATIENTS WHO HAVE RECEIVED CARE THROUGH THE FILING ORGANIZATION'S EMERGENCY DEPARTMENT SHOULD BE CONSIDERED TO BE COMMUNITY BENEFIT AS CHARITABLE HOSPITALS EXIST TO PROVIDE SUCH CARE IN PURSUIT OF THEIR PURPOSE OF MEETING THE NEED FOR EMERGENCY MEDICAL CARE SERVICES AVAILABLE TO ALL IN THE COMMUNITY THE FILING ORGANIZATION DID NOT HAVE AUDITED FINANCIAL STATEMENTS, THEREFORE, THERE IS NOT A FOOTNOTE TO DESCRIBE BAD DEBT EXPENSE</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 COSTING METHODOLOGY MEDICARE ALLOWABLE COSTS WERE CALCULATED USING A COST-TO-CHARGE RATIO

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 9B AT THE TIME OF PATIENT REGISTRATION, NON-ELECTIVE SELF-PAY PATIENTS ARE INFORMED OF THE MINIMUM DISCOUNT AVAILABLE UNDER THE FILING ORGANIZATION'S SELF-PAY DISCOUNT POLICY SUCH PATIENTS ARE ALSO INFORMED OF THE FILING ORGANIZATION'S CHARITY CARE POLICY AND TOLD THAT THEY WILL BE REQUIRED TO SUBMIT NECESSARY FINANCIAL DATA IN ORDER TO POTENTIALLY RECEIVE ANY ADDITIONAL DISCOUNTS PERCENTAGE DISCOUNTS ARE APPLIED TO A PATIENT'S ACCOUNT (FROM A 100% DISCOUNT TO A 30% DISCOUNT) BASED UPON THE PATIENT'S HOUSEHOLD INCOME AS A PERCENTAGE OF THE FEDERAL POVERTY GUIDELINES UNDER THE FILING ORGANIZATION'S POLICIES, PAYMENT PLANS FOR PARTIAL CHARITY ACCOUNTS WILL BE INDIVIDUALLY DEVELOPED WITH THE PATIENT PARTIAL CHARITY ACCOUNTS RESULT WHEN A FINANCIAL ASSISTANCE ELIGIBILITY DETERMINATION ALLOWS FOR A PERCENTAGE REDUCTION BUT LEAVES THE PATIENT WITH A SELF-PAY BALANCE IF THE PATIENT COMPLIES WITH THE AGREED-UPON PAYMENT PLAN, THE FILING ORGANIZATION DOES NOT PURSUE ANY COLLECTION ACTION WITH RESPECT TO THE PATIENT HOWEVER, IF A PATIENT DOES NOT MAKE ANY PAYMENTS FOR THREE CONSECUTIVE MONTHS, THE ACCOUNT MAY BE REFERRED FOR FURTHER COLLECTION ACTIVITY THE FILING ORGANIZATION DOES NOT PURSUE COLLECTION OF AMOUNTS FROM PATIENTS DETERMINED TO QUALIFY FOR A 100% REDUCTION IN CHARGES UNDER ITS CHARITY CARE POLICY</p>

Identifier	ReturnReference	Explanation
	SUPPLEMENTAL SCHEDULE TO SCHEDULE H, PART III, SECTION B	RECONCILIATION OF SCHEDULE H REPORTED MEDICARE SURPLUS/(SHORTFALL) TO UNREIMBURSED MEDICARE COSTS ASSOCIATED WITH THE PROVISION OF SERVICES TO ALL MEDICARE BENEFICIARIES THE MEDICARE REVENUE AND ALLOWABLE COSTS OF CARE REPORTED IN SECTION B OF PART III OF SCHEDULE H ARE BASED UPON THE AMOUNTS REPORTED IN THE FILING ORGANIZATION'S MEDICARE COST REPORT IN ACCORDANCE WITH THE IRS INSTRUCTIONS FOR SCHEDULE H ON AN ANNUAL BASIS, THE FILING ORGANIZATION ALSO DETERMINES ITS TOTAL UNREIMBURSED COSTS ASSOCIATED WITH PROVIDING SERVICES TO ALL MEDICARE PATIENTS THE PRIMARY RECONCILING ITEMS BETWEEN THE MEDICARE SURPLUS/(SHORTFALL) SHOWN ON LINE 7 OF SECTION B OF PART III OF SCHEDULE H AND THE FILING ORGANIZATION'S UNREIMBURSED COSTS OF SERVICES PROVIDED TO MEDICARE PATIENTS ARE AS FOLLOWS - MEDICARE SURPLUS/(SHORTFALL) SHOWN ON LINE 7 OF SECTION B OF SCHEDULE H \$ 1,324,354- DIFFERENCE IN COSTING METHODOLOGY 300,801- UNREIMBURSED COSTS INCURRED FOR SERVICES PROVIDED TO MEDICARE PATIENTS THAT ARE NOT INCLUDED IN THE ORGANIZATION'S MEDICARE COST REPORT (1,798,908) - -----TOTAL UNREIMBURSED COSTS OF SERVING ALL MEDICARE PATIENTS \$ (173,753)AS INDICATED ABOVE, THE PRIMARY DIFFERENCES BETWEEN THE MEDICARE SURPLUS/(SHORTFALL) REPORTED ON SCHEDULE H, PART III, SECTION B, LINE 7 AND THE FILING ORGANIZATION'S TOTAL UNREIMBURSED COSTS ASSOCIATED WITH PROVIDING SERVICES TO ALL MEDICARE PATIENTS IS DUE TO A DIFFERENCE IN THE COSTING METHODOLOGY AND DIFFERENCES IN THE POPULATION OF MEDICARE PATIENTS WITHIN THE CALCULATION THE COST METHODOLOGY UTILIZED IN CALCULATING THE TOTAL UNREIMBURSED COSTS ASSOCIATED WITH PROVIDING SERVICES TO ALL MEDICARE PATIENTS IS BASED UPON THE COST-TO-CHARGE RATIO OUTLINED IN WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS THE SAME COST-TO-CHARGE RATIO IS USED TO DETERMINE THE COSTS ASSOCIATED WITH SERVICES PROVIDED TO CHARITY CARE PATIENTS AND MEDICAID PATIENTS AS REPORTED IN SCHEDULE H, PART I, LINE 7 IN ADDITION, THE MEDICARE COST REPORT EXCLUDES SERVICES PROVIDED TO MEDICARE PATIENTS FOR PHYSICIAN SERVICES, SERVICES PROVIDED TO PATIENTS ENROLLED IN MEDICARE HMOS, AND CERTAIN SERVICES PROVIDED BY OUTPATIENT DEPARTMENTS OF THE FILING ORGANIZATION THAT ARE REIMBURSED ON A FEE SCHEDULE

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 THE FILING ORGANIZATION DOES NOT CURRENTLY CONDUCT ANY FORMAL ANNUAL HEALTH CARE NEEDS ASSESSMENT HOWEVER, A VARIETY OF PRACTICES AND PROCESSES ARE IN PLACE TO ENSURE THAT THE FILING ORGANIZATION IS RESPONSIVE TO THE HEALTH NEEDS OF ITS COMMUNITY SUCH PRACTICES AND PROCESSES INVOLVE THE FOLLOWING 1 A HOSPITAL OPERATING/COMMUNITY BOARD COMPOSED OF INDIVIDUALS BROADLY REPRESENTATIVE OF THE COMMUNITY, COMMUNITY LEADERS, AND THOSE WITH SPECIALIZED MEDICAL TRAINING AND EXPERTISE, 2 POST-DISCHARGE PATIENT FOLLOW-UP RELATED TO THE ON-GOING CARE AND TREATMENT OF PATIENTS WHO SUFFER FROM CHRONIC DISEASES, 3 SPONSORSHIP AND PARTICIPATION IN COMMUNITY HEALTH AND WELLNESS ACTIVITIES THAT REACH A BROAD SPECTRUM OF THE FILING ORGANIZATION'S COMMUNITY, AND 4 COLLABORATION WITH OTHER LOCAL COMMUNITY GROUPS TO ADDRESS THE HEALTH CARE NEEDS OF THE FILING ORGANIZATION'S COMMUNITY</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 TAKOMA REGIONAL HOSPITAL HAS A PROCESS IN PLACE WHEREBY PATIENTS ARE INFORMED ABOUT THE HOSPITAL'S CHARITY CARE POLICY AND OTHER FORMS OF FINANCIAL ASSISTANCE, SUCH AS SELF-PAY DISCOUNTS SIGNAGE IS POSTED IN THE EMERGENCY ROOM INDICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE FOR THOSE SELF-PAY PATIENTS MEETING ELIGIBILITY REQUIREMENTS AFTER EMTALA MEDICAL SCREENING AND STABILIZATION REQUIREMENTS ARE MET, REGISTRATION PERSONNEL WILL SECURE FINANCIAL INFORMATION ON AS MANY SELF-PAY PATIENTS AS POSSIBLE AT THE TIME OF SERVICE FOR THOSE WHO APPEAR TO QUALIFY FOR MEDICAID OR UNDER THE HOSPITAL'S CHARITY CARE POLICY, THE FINANCIAL COUNSELORS WILL CONTINUE TO WORK WITH THOSE PATIENTS UNTIL FINAL ACCOUNT RESOLUTION IS ACHIEVED ALL OTHER SELF-PAY PATIENTS ARE COVERED UNDER THIS PROCESS AT ANY TIME DURING THE PROCESS THAT DATA IS PROVIDED SHOWING THAT A PATIENT QUALIFIES FOR ASSISTANCE UNDER THE CHARITY CARE POLICY THE DISCOUNTS EXTENDED UNDER THAT POLICY WILL BE APPLIED AS PART OF THE BILLING PROCESS, THE HOSPITAL INCLUDES THE APPLICATION FOR CHARITY CARE ASSISTANCE ALONG WITH THE INITIAL PATIENT BILL THE HOSPITAL'S CHARITY CARE APPLICATION IS ALSO AVAILABLE TO PATIENTS ON THE HOSPITAL'S WEB-SITE IN BOTH AN ENGLISH AND SPANISH VERSION ADDITIONALLY, THE HOSPITAL'S FINANCIAL COUNSELORS ARE AVAILABLE TO WORK WITH EVERY PATIENT DURING THE FIRST 120 DAYS OF THE BILLING PROCESS TO ASSIST THE PATIENT WITH COMPLETING CHARITY CARE APPLICATIONS AND INVESTIGATING OTHER POTENTIAL SOURCES OF THIRD-PARTY ASSISTANCE THE DETERMINATION OF A PATIENT'S ELIGIBILITY FOR CHARITY CARE IS MADE ON A CASE-BY-CASE BASIS VARIOUS FACTORS ARE CONSIDERED IN THAT DETERMINATION EACH INDIVIDUAL PATIENT WHO IS IDENTIFIED AS POTENTIALLY BEING ELIGIBLE TO RECEIVE CHARITY CARE IS SEEN BY A FINANCIAL COUNSELOR AT THE HOSPITAL THE FINANCIAL COUNSELOR WILL WORK WITH THE PATIENT TO MAKE SURE THAT OTHER SOURCES OF ASSISTANCE (PUBLIC OR OTHERWISE) HAVE BEEN SOUGHT TO THE FULLEST EXTENT POSSIBLE WHEN OTHER FORMS OF ASSISTANCE ARE NOT AVAILABLE OR HAVE BEEN EXHAUSTED, THE HOSPITAL WILL GATHER CERTAIN FINANCIAL INFORMATION FROM THE PATIENT TO DETERMINE THE PATIENT'S ABILITY TO PAY BASED UPON LEVEL OF INCOME</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 TAKOMA REGIONAL HOSPITAL (THE HOSPITAL) IS A 100-BED ACUTE CARE FACILITY THAT HAS PROVIDED QUALITY HEALTH CARE SERVICES TO THE RESIDENTS OF NORTHEASTERN TENNESSEE FOR OVER 81 YEARS. IN 1974, TAKOMA ADVENTIST HOSPITAL BECAME A MEMBER OF THE SOUTHERN ADVENTIST HEALTH AND HOSPITAL SYSTEM. MAY OF 2007 BROUGHT ADDITIONAL CHANGE TO TAKOMA WHEN WELLMONT HEALTH SYSTEM BOUGHT A 60% SHARE OF THE HOSPITAL AND TAKOMA ADVENTIST HOSPITAL BECAME TAKOMA REGIONAL HOSPITAL. THE HOSPITAL IS LOCATED IN THE FOOTHILLS OF THE GREAT SMOKEY MOUNTAINS IN HISTORIC GREENEVILLE, TENNESSEE. THE HOSPITAL'S PRIMARY MARKET HAS A POPULATION OF APPROXIMATELY 74,000, WITH AN ESTIMATED 13,000 OVER THE AGE OF 65. THE HOSPITAL IS A CRUCIAL COMMUNITY AND REGIONAL ASSET. TAKOMA REGIONAL HOSPITAL IS ONE OF TWO HOSPITALS IN GREENEVILLE, TN. THE NEAREST PROVIDER DOES NOT OFFER MANY OF THE SERVICES OFFERED AT THE HOSPITAL, SUCH AS HYPERBARIC MEDICINE THERAPY, WOUND CARE CLINIC, GERIATRIC PSYCHIATRIC INPATIENT SERVICES, OUTPATIENT BEHAVIORAL SERVICES, AND A CENTER FOR INPATIENT REHABILITATION. THE HOSPITAL IS ALSO THE LARGEST EMPLOYER IN THE CITY OF GREENEVILLE, TN. THE CITY OF GREENEVILLE, TN COVERS 15.1 SQUARE MILES. THE WEIGHTED AVERAGE HOUSEHOLD INCOME, BASED ON POPULATION, IN THE PRIMARY MARKET IS APPROXIMATELY \$46,000. ABOUT 19% OF GREENE COUNTY'S RESIDENTS HAVE INCOMES BELOW THE FEDERAL POVERTY LEVEL. HIGH SCHOOL GRADUATES ACCOUNT FOR APPROXIMATELY 75% OF GREENE COUNTY, WITH AN ESTIMATED 13% HAVING A BACHELOR'S DEGREE OR HIGHER. GREENE COUNTY'S CURRENT UNEMPLOYMENT RATE IS ABOUT 13%. APPROXIMATELY 47% OF THE HOSPITAL'S PATIENTS DURING FISCAL YEAR 2010 WERE MEDICARE PATIENTS, ABOUT 18% WERE MEDICAID PATIENTS, ABOUT 7% WERE SELF-PAY PATIENTS, AND THE REMAINING PERCENTAGE WERE PATIENTS COVERED UNDER COMMERCIAL INSURANCE. APPROXIMATELY 64% OF THE HOSPITAL'S IN-PATIENTS ARE ADMITTED THROUGH THE EMERGENCY DEPARTMENT.</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 THE PROVISION OF COMMUNITY BENEFIT IS CENTRAL TO TAKOMA REGIONAL HOSPITAL'S MISSION OF SERVICE AND COMPASSION RESTORING AND PROMOTING THE HEALTH AND QUALITY OF LIFE OF THOSE IN THE COMMUNITIES SERVED BY THE HOSPITAL IS A FUNCTION OF "EXTENDING THE HEALING MINISTRY OF CHRIST" AND EMBODIES THE HOSPITAL'S COMMITMENT TO ITS VALUES AND PRINCIPLES THE HOSPITAL COMMITS SUBSTANTIAL RESOURCES TO PROVIDE A BROAD RANGE OF SERVICES TO BOTH THE UNDERPRIVILEGED AS WELL AS THE BROADER COMMUNITY IN ADDITION TO THE COMMUNITY BENEFIT INFORMATION PROVIDED IN PARTS I, II AND III OF THIS SCHEDULE H, THE HOSPITAL CAPTURES THE BENEFITS PROVIDED TO ITS COMMUNITY THROUGH FAITH-BASED CARE EXAMPLES OF SUCH BENEFITS INCLUDE THE COST ASSOCIATED WITH CHAPLAINCY CARE PROGRAMS AND MISSION PEER REVIEWS AND MISSION CONFERENCES DURING THE CURRENT YEAR, HOSPITAL PROVIDED \$40,037 OF BENEFIT WITH RESPECT TO THE FAITH-BASED AND SPIRITUAL NEEDS OF THE COMMUNITY IN CONJUNCTION WITH ITS OPERATION OF A COMMUNITY HOSPITAL THE HOSPITAL ALSO PROVIDES BENEFITS TO ITS COMMUNITY'S INFRASTRUCTURE BY INVESTING IN CAPITAL IMPROVEMENTS TO ENSURE THAT FACILITIES AND TECHNOLOGY PROVIDE THE BEST POSSIBLE CARE TO THE COMMUNITY DURING THE CURRENT YEAR, THE HOSPITAL EXPENDED \$287,190 IN NEW CAPITAL IMPROVEMENTS AS A FAITH-BASED MISSION-DRIVEN COMMUNITY HOSPITAL, THE HOSPITAL IS CONTINUALLY INVOLVED IN MONITORING ITS COMMUNITY, IDENTIFYING UNMET HEALTH CARE NEEDS AND DEVELOPING SOLUTIONS AND PROGRAMS TO ADDRESS THOSE NEEDS IN ACCORDANCE WITH ITS CONSERVATIVE APPROACH TO FISCAL RESPONSIBILITY, SURPLUS FUNDS OF THE HOSPITAL ARE CONTINUALLY BEING INVESTED IN RESOURCES THAT IMPROVE THE AVAILABILITY AND QUALITY OF DELIVERY OF HEALTH CARE SERVICES AND PROGRAMS TO ITS COMMUNITY</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 7 AS EXPLAINED IN OUR RESPONSE TO FORM 990, PART VI, SECTION A, LINE 6, TAKOMA REGIONAL HOSPITAL (TRH OR THE HOSPITAL) HAS TWO MEMBERS THE MEMBERS ARE ADVENTIST HEALTH SYSTEM/SUNBELT, INC AND WELLMONT HEALTH SYSTEM TRH IS ABLE TO DRAW UPON THE EXPERTISE AND LEADERSHIP OF BOTH ITS HEALTH SYSTEM MEMBERS IN ITS EFFORT TO CREATE EXCELLENT PATIENT EXPERIENCES AND OFFER A BROAD SPECTRUM OF HEALTH SERVICES NEEDED IN ITS COMMUNITY DURING ITS 2010 TAX YEAR, TRH WAS MANAGED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC) AHSSHC IS AN ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) AHSSHC AND ITS SUBSIDIARY ORGANIZATIONS OPERATE 43 HOSPITALS IN 10 STATES THROUGHOUT THE U S , PRIMARILY IN THE SOUTHEASTERN PORTION OF THE U S AHSSHC AND ITS SUBSIDIARIES ALSO OPERATE 16 NURSING HOME FACILITIES AND OTHER ANCILLARY HEALTH CARE PROVIDER FACILITIES, SUCH AS AMBULATORY SURGERY CENTERS AND DIAGNOSTIC IMAGING CENTERS AHSSHC PROVIDES EXECUTIVE LEADERSHIP AND OTHER PROFESSIONAL SUPPORT SERVICES TO TAKOMA REGIONAL HOSPITAL PROFESSIONAL SUPPORT SERVICES INCLUDE AMONG OTHERS CORPORATE COMPLIANCE, LEGAL, HUMAN RESOURCES, REIMBURSEMENT, RISK MANAGEMENT, AND TAX AS WELL AS TREASURY FUNCTIONS THE PROVISION OF THESE EXECUTIVE AND SUPPORT SERVICES ON A CENTRALIZED BASIS BY AHSSHC PROVIDES AN APPROPRIATE BALANCE BETWEEN PROVIDING TAKOMA REGIONAL HOSPITAL WITH MISSION-DRIVEN CONSISTENT LEADERSHIP AND SUPPORT WHILE ALLOWING THE HOSPITAL ORGANIZATION TO FOCUS ITS RESOURCES ON MEETING THE SPECIFIC HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES THE READER OF THIS FORM 990 SHOULD KEEP IN MIND THAT THIS REPORTING ENTITY MAY DIFFER IN CERTAIN AREAS FROM THAT OF A STAND-ALONE HOSPITAL ORGANIZATION DUE TO ITS MANAGEMENT BY AHSSHC THE FILING ORGANIZATION BENEFITS FROM REDUCED COSTS DUE TO ITS AFFILIATION WITH AHSSHC, SUCH AS LARGE GROUP PURCHASING DISCOUNTS, AND THE AVAILABILITY OF INTERNAL RESOURCES SUCH AS INTERNAL LEGAL COUNSEL TAKOMA REGIONAL HOSPITAL PAYS A MANAGEMENT FEE TO AHSSHC FOR THE INTERNAL SERVICES PROVIDED BY AHSSHC AS A RESULT, MANAGEMENT FEE EXPENSE REPORTED BY TAKOMA REGIONAL HOSPITAL MAY APPEAR GREATER IN RELATION TO MANAGEMENT FEE EXPENSE THAT MAY BE REPORTED BY A SINGLE STAND-ALONE HOSPITAL WITH NO SUCH AFFILIATION THE SINGLE STAND-ALONE HOSPITAL WOULD LIKELY REPORT COSTS ASSOCIATED WITH MANAGEMENT AND OTHER PROFESSIONAL SERVICES ON VARIOUS EXPENSE LINE ITEMS IN ITS STATEMENT OF REVENUE AND EXPENSE AS OPPOSED TO REPORTING SUCH COSTS IN ONE OVERALL MANAGEMENT FEE EXPENSE</p>

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 TAKOMA REGIONAL HOSPITAL INC	Employer identification number 51-0603966
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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		
	<input type="checkbox"/> First-class or charter travel		
	<input checked="" type="checkbox"/> Housing allowance or residence for personal use		
	<input checked="" type="checkbox"/> Travel for companions		
	<input type="checkbox"/> Payments for business use of personal residence		
	<input checked="" type="checkbox"/> Tax idemnification and gross-up payments		
	<input checked="" type="checkbox"/> Health or social club dues or initiation fees		
	<input checked="" type="checkbox"/> Discretionary spending account		
	<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	Yes
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<input type="checkbox"/> Compensation committee		
	<input type="checkbox"/> Written employment contract		
	<input type="checkbox"/> Independent compensation consultant		
	<input type="checkbox"/> Compensation survey or study		
	<input type="checkbox"/> Form 990 of other organizations		
	<input type="checkbox"/> Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	Yes
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
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	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DANIEL WOLCOTT	(i)	222,755	36,076	84,793	24,131	44,407	412,162	0
	(ii)	0	0	0	0	0	0	0
(2) CLAES SVENDSEN MD	(i)	188,122	10,263	4,588	10,389	16,127	229,489	0
	(ii)	0	0	0	0	0	0	0
(3) JR MCKINNEY MD	(i)	164,484	52	198	5,143	198	170,075	0
	(ii)	0	0	0	0	0	0	0
(4) DANIEL LEWIS MD	(i)	180,382	52	4,093	9,731	16,524	210,782	0
	(ii)	0	0	0	0	0	0	0
(5) TOM VANDENHOVEN	(i)	129,429	23,656	648	7,736	13,674	175,143	0
	(ii)	0	0	0	0	0	0	0
(6) FRED MYERS MD	(i)	158,375	276	3,929	8,282	14,748	185,610	0
	(ii)	0	0	0	0	0	0	0
(7) TERESA L MARCUM	(i)	133,656	18,941	1,909	7,706	31,692	193,904	0
	(ii)	0	0	0	0	0	0	0
(8) GORDON L MARSA MD	(i)	281,374	33,872	10,456	13,343	15,472	354,517	0
	(ii)	0	0	0	0	0	0	0
(9) WILLIAM R BRIDGES MD	(i)	253,429	52	6,598	13,343	17,422	290,844	0
	(ii)	0	0	0	0	0	0	0
(10) GREGORY S UHL MD	(i)	240,436	36	7,005	13,058	16,047	276,582	0
	(ii)	0	0	0	0	0	0	0
(11) ROBERT W LOCKLEAR MD	(i)	154,822	63,788	3,992	12,057	16,183	250,842	0
	(ii)	0	0	0	0	0	0	0
(12) WILLIAM C DIEBOLD MD	(i)	209,554	52	4,456	9,955	17,634	241,651	0
	(ii)	0	0	0	0	0	0	0
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	AS DISCUSSED IN OUR RESPONSE TO SECTION B, PART VI, QUESTION 15A & B, THE FILING ORGANIZATION IS 40% OWNED BY ADVENTIST HEALTH SYSTEM/SUNBELT, INC. (AHSSI). AHSSI IS PART OF THE SYSTEM OF HEALTHCARE ORGANIZATIONS KNOWN AS ADVENTIST HEALTH SYSTEM (AHS). THE FILING ORGANIZATION IS MANAGED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC), THE PARENT ORGANIZATION OF AHSSI. IN CONJUNCTION WITH THE MANAGEMENT AGREEMENT WITH AHSSHC, MEMBERS OF THE FILING ORGANIZATION'S EXECUTIVE MANAGEMENT TEAM THAT HOLD THE POSITION OF VICE-PRESIDENT OR ABOVE ARE COMPENSATED BY AND ON THE PAYROLL OF AHSSHC. AHSSHC IS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3). THE FILING ORGANIZATION REIMBURSES AHSSHC FOR THE SALARY AND BENEFIT COST OF THOSE EXECUTIVES ON THE PAYROLL OF AHSSHC THAT PROVIDE SERVICES AND ARE ON THE MANAGEMENT TEAM OF THE FILING ORGANIZATION. FOR ADMINISTRATIVE EASE, EXECUTIVE EMPLOYEES ON THE PAYROLL OF AHSSHC WHO PROVIDE SERVICES FOR THE FILING ORGANIZATION RECEIVE REIMBURSEMENTS OF TRAVEL AND OTHER BUSINESS-RELATED EXPENSES FROM THE FILING ORGANIZATION. TRAVEL FOR COMPANIONS: AHSSHC HAS A CORPORATE EXECUTIVE POLICY THAT PROVIDES A BENEFIT TO ALLOW FOR A TRAVELING AHSSHC EXECUTIVE TO HAVE HIS OR HER SPOUSE ACCOMPANY THE EXECUTIVE ON TWO BUSINESS TRIPS EACH YEAR. TYPICALLY, REIMBURSEMENT IS ONLY PROVIDED TO VICE PRESIDENTS AND ABOVE AND IS LIMITED TO ONE BUSINESS TRIP PER YEAR AND THE ANNUAL AHS PRESIDENT'S COUNCIL BUSINESS MEETING. THE AHSSHC CORPORATE EXECUTIVE SPOUSAL TRAVEL POLICY WAS ORIGINALLY APPROVED AND REVIEWED BY THE AHSSHC BOARD STRATEGY & COMPENSATION COMMITTEE, AN INDEPENDENT BODY OF THE AHSSHC BOARD OF DIRECTORS. ALL SPOUSAL TRAVEL COSTS REIMBURSED TO THE EXECUTIVE ARE CONSIDERED TAXABLE COMPENSATION TO THE EXECUTIVE. TAX INDEMNIFICATION AND GROSS-UP PAYMENTS: AHS HAS A SYSTEM-WIDE POLICY ADDRESSING GROSS-UP PAYMENTS PROVIDED IN CONNECTION WITH EMPLOYER-PROVIDED BENEFITS/OTHER TAXABLE ITEMS. UNDER THE POLICY, CERTAIN TAXABLE BUSINESS-RELATED REIMBURSEMENTS (I.E., TAXABLE BUSINESS-RELATED MOVING EXPENSES, TAXABLE ITEMS PROVIDED IN CONNECTION WITH EMPLOYMENT) PROVIDED TO ANY EMPLOYEE MAY BE GROSSED-UP AT A 25% RATE UPON APPROVAL OF THE FILING ORGANIZATION'S CEO AND CFO. ADDITIONALLY, EMPLOYEES AT THE DIRECTOR LEVEL AND ABOVE ARE ELIGIBLE FOR GROSS-UP PAYMENTS ON GIFTS RECEIVED FOR BOARD OF DIRECTOR SERVICES. DISCRETIONARY SPENDING ACCOUNT: A NOMINAL DISCRETIONARY SPENDING AMOUNT WAS PROVIDED IN THE CURRENT YEAR TO ALL ELIGIBLE EXECUTIVES WHO ATTEND THE ANNUAL AHS PRESIDENT'S COUNCIL BUSINESS MEETING (\$500 PER EXECUTIVE). ELIGIBLE EXECUTIVES INCLUDE ALL AHSSHC VICE PRESIDENTS AND ABOVE AND ALL AHSSHC SUBSIDIARY ORGANIZATION CEOS AND REGIONAL CFOS. THE PAYMENT PROVIDED TO EACH EXECUTIVE WAS CONSIDERED TAXABLE COMPENSATION TO THE EXECUTIVE. HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE: AHSSHC HAS A CORPORATE EXECUTIVE POLICY THAT ADDRESSES ASSISTANCE TO EXECUTIVES WHO HAVE BEEN RELOCATED BY THE COMPANY DURING THE YEAR. RELOCATION ASSISTANCE PROVIDED TO EXECUTIVES MAY INCLUDE RELOCATION ALLOWANCES TO ASSIST WITH DUPLICATE HOUSING EXPENSES. RELOCATION ASSISTANCE IS ADMINISTERED PER AHSSHC POLICY BY AN EXTERNAL RELOCATION COMPANY. ANY TAXABLE REIMBURSEMENTS MADE TO EXECUTIVES IN CONNECTION WITH RELOCATION ASSISTANCE ARE TREATED AS WAGES TO THE EXECUTIVE AND ARE SUBJECT TO ALL PAYROLL WITHHOLDING AND REPORTING REQUIREMENTS. HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES: AHSSHC HAS A CORPORATE EXECUTIVE POLICY THAT ADDRESSES BUSINESS DEVELOPMENT EXPENDITURES. UNDER THIS POLICY, CERTAIN AHS ELIGIBLE EXECUTIVES MAY BE REIMBURSED FOR MEMBER DUES AND USAGE CHARGES FOR A COUNTRY CLUB OR OTHER SOCIAL CLUB UPON AUTHORIZATION. CLUB MEMBERSHIPS MUST BE RECOMMENDED BY THE CEO OF THE AHS HOSPITAL ORGANIZATION AND APPROVED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE ORGANIZATION. IN ADDITION, THE PROPOSED MEMBERSHIP MUST BE APPROVED ANNUALLY BY THE AHSSHC BOARD STRATEGY & COMPENSATION COMMITTEE, AN INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS OF AHSSHC. ELIGIBLE EXECUTIVES ARE LIMITED TO CERTAIN SENIOR LEVEL EXECUTIVES (HOSPITAL ORGANIZATION CEOS, THE CEO OF THE NURSING HOME DIVISION OF AHS, SENIOR VICE PRESIDENTS AT THREE LARGE HOSPITAL ORGANIZATIONS, REGIONAL CEOS AND CFOS AND THE PRESIDENT AND SENIOR VICE PRESIDENTS OF AHSSHC). IN THE CURRENT YEAR, FOR THIS FILING ORGANIZATION, ONE EXECUTIVE WAS ELIGIBLE TO RECEIVE REIMBURSEMENT FOR CLUB FEES. EACH AHS EXECUTIVE WHO IS APPROVED FOR A CLUB MEMBERSHIP MUST SUBMIT AN ANNUAL REPORT TO THE AHSSHC BOARD STRATEGY & COMPENSATION COMMITTEE THAT DESCRIBES HOW THE MEMBERSHIP BENEFITED THEIR ORGANIZATION DURING THE PRECEDING YEAR.
	PART I, LINE 6	THE FILING ORGANIZATION'S PHYSICIAN COMPENSATION FORMULA IS DESIGNED TO RESULT IN TOTAL COMPENSATION THAT WOULD BE REASONABLE FOR EACH PHYSICIAN. SINCE IMPLEMENTING THE PRODUCTIVITY-BASED INCENTIVE COMPENSATION MODEL, THE FINANCIAL LOSSES FROM THE OPERATIONS OF ORGANIZATION'S PHYSICIAN PRACTICES HAVE SIGNIFICANTLY DECREASED, AND ESTABLISHED PHYSICIAN PRACTICES HAVE GENERALLY BECOME PROFITABLE. THE FILING ORGANIZATION UTILIZES NATIONAL SURVEY PRODUCTIVITY, COST, AND COMPENSATION DATA IN FORMULATING ALL ASPECTS OF THE COMPENSATION PLAN. PHYSICIAN COMPENSATION ARRANGEMENTS INCLUDE A CEILING OR REASONABLE MAXIMUM ON THE AMOUNT A PHYSICIAN MAY EARN. THE FILING ORGANIZATION'S EMPLOYED PHYSICIANS ENTER INTO A WRITTEN AGREEMENT THAT REQUIRES THE PHYSICIANS TO PROVIDE MEDICAL CARE TO INDIVIDUALS WHO ARE REFERRED BY THE FILING ORGANIZATION. PURSUANT TO THE AGREEMENT, AN INDIVIDUAL MAY NOT BE REJECTED AS A PATIENT BY A PHYSICIAN DUE TO RACE, SEX, AGE, COLOR, CREED, NATIONAL ORIGIN OR INABILITY TO PAY. THE FILING ORGANIZATION'S COMPENSATION ARRANGEMENT DOES NOT USE A METHOD OF COMPENSATION THAT IS BASED UPON A PERCENTAGE OF THE ORGANIZATION'S NET INCOME. RATHER, UNDER THE COMPENSATION ARRANGEMENT, PHYSICIAN BASE SALARY IS SET BASED ON FAIR MARKET VALUE BENCHMARKS, AND ANY ADDITIONAL COMPENSATION IS BASED ON A PERCENTAGE OF THE PRACTICE/LOCATION NET REVENUE.
SUPPLEMENTAL INFORMATION	PART III	PART I, QUESTION 3: AS NOTED IN OUR RESPONSE TO QUESTION 15 OF PART VI OF FORM 990, THE INDIVIDUAL WHO SERVES AS THE CEO OF THE FILING ORGANIZATION IS COMPENSATED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC) FOR THAT INDIVIDUAL'S ROLE IN SERVING AS THE CEO. COMPENSATION AND BENEFITS PROVIDED TO THIS INDIVIDUAL ARE DETERMINED PURSUANT TO POLICIES, PROCEDURES, AND PROCESSES OF AHSSHC THAT ARE DESIGNED TO ENSURE COMPLIANCE WITH THE INTERMEDIATE SANCTIONS LAWS AS SET FORTH IN IRC SECTION 4958. AHSSHC USES ALL OF THE FOLLOWING TO ESTABLISH COMPENSATION OF THE CEO: - COMPENSATION COMMITTEE, - INDEPENDENT COMPENSATION CONSULTANT, - COMPENSATION SURVEY OR STUDY, AND - APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
SUPPLEMENTAL INFORMATION	PART III	FORM 990, PART VII, SECTION A, LINE 5: AS DISCUSSED IN OUR RESPONSE TO SCHEDULE J, PART I, LINE 1A, 40% OF THE MEMBERSHIP INTEREST IN THE FILING ORGANIZATION IS HELD BY ADVENTIST HEALTH SYSTEM/SUNBELT, INC. (AHSSI). AHSSI IS A WHOLLY-OWNED SUBSIDIARY OF ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC). BOTH AHSSI AND AHSSHC ARE ORGANIZATIONS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3). THE FOLLOWING INDIVIDUAL OFFICERS AND KEY EMPLOYEES OF THE FILING ORGANIZATION ARE ON THE PAYROLL OF AND COMPENSATED BY AHSSHC FOR SERVICES PROVIDED TO THE FILING ORGANIZATION: - DANIEL WOLCOTT - TOM VANDENHOVEN - FRED MYERS - TERESA MARCUM. THE TYPE AND AMOUNT OF COMPENSATION PAID TO EACH OF THE INDIVIDUALS LISTED ABOVE BY AHSSHC FOR SERVICES RENDERED TO THE FILING ORGANIZATION IS DETAILED IN PART II OF THIS SCHEDULE J.

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TAKOMA REGIONAL HOSPITAL INC

Employer identification number

51-0603966

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
(1) CLAES SVENDSEN MD EMPLOYMENT RELATED		X	100,000	10,083		No		No	Yes	
(2) DANIEL LEWIS MD EMPLOYMENT RELATED		X	125,000	58,781		No		No	Yes	
Total ▶ \$				68,864						

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) LORI VANDENHOVEN	FAMILY OF BOARD MEMBER	30,281	EMPLOYEE COMPENSATION		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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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2010**Open to Public
Inspection****Name of the organization**
TAKOMA REGIONAL HOSPITAL INC**Employer identification number**

51-0603966

Identifier	Return Reference	Explanation
	FORM 990, PART IV, LINE 20B	<p>TAKOMA REGIONAL HOSPITAL, INC (TRH OR THE HOSPITAL) DID NOT UNDERGO AN INDEPENDENT FINANCIAL STATEMENT AUDIT FOR ITS TAX YEAR BEGINNING JULY 1, 2010 AND ENDING JUNE 30, 2011 TRH IS A NOT-FOR-PROFIT MEMBERSHIP ORGANIZATION WITH TWO MEMBERS THE MEMBERS OF THE FILING ORGANIZATION ARE ADVENTIST HEALTH SYSTEM/SUNBELT, INC (AHSSI) AND WELLMONT HEALTH SYSTEM (WHS) (COLLECTIVELY, THE MEMBERS) BOTH AHSSI AND WHS ARE NOT-FOR-PROFIT CORPORATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3) EACH OF THE TWO MEMBERS HAS THE RIGHT TO ELECT, APPOINT OR REMOVE ANY THREE OF THE SIX MEMBERS OF THE BOARD OF DIRECTORS OF TRH BASED UPON THIS DIVISION OF CONTROL OVER THE POWER TO APPOINT THE GOVERNING BODY OF THE HOSPITAL, BOTH OF THE MEMBERS ACCOUNT FOR THEIR INTEREST IN TRH USING THE EQUITY METHOD AND DO NOT CONSOLIDATE TRH INTO THEIR OWN FINANCIAL STATEMENTS OR FINANCIAL STATEMENT AUDITS IRC SECTION 6033(B)(15)(B) STATES THAT A FORM 990 FILING ORGANIZATION THAT IS SUBJECT TO THE REQUIREMENTS OF IRC SECTION 501(R) MUST ATTACH A COPY OF ITS AUDITED FINANCIAL STATEMENTS (OR, IN THE CASE OF ANY ORGANIZATION THE FINANCIAL STATEMENTS OF WHICH ARE INCLUDED IN A CONSOLIDATED FINANCIAL STATEMENT WITH OTHER ORGANIZATIONS, SUCH CONSOLIDATED FINANCIAL STATEMENT) IRS ANNOUNCEMENT 2011-37 STATES THAT A HOSPITAL ORGANIZATION MUST ATTACH ITS MOST RECENT AUDITED FINANCIAL STATEMENTS TO ITS 2010 FORM 990 IF ITS TAX YEAR BEGAN AFTER MARCH 23, 2010, REGARDLESS OF WHETHER IT COMPLETES PART V, B OF SCHEDULE H OF FORM 990 TRH WOULD BE REQUIRED TO ATTACH AN AUDITED SEPARATE OR APPLICABLE CONSOLIDATED FINANCIAL STATEMENT FOR ITS TAX YEAR BEGINNING JULY 1, 2010 IF IT HAD RECEIVED AN AUDIT FOR THIS FILING PERIOD OR WAS INCLUDED IN A CONSOLIDATED FINANCIAL STATEMENT OF EITHER OF ITS TWO MEMBERS HOWEVER, AS NOTED ABOVE, TRH DID NOT RECEIVE A SEPARATE AUDITED FINANCIAL STATEMENT FOR ITS TAX YEAR BEGINNING JULY 1, 2010 AND ENDING JUNE 30, 2011 NOR WAS IT INCLUDED IN A CONSOLIDATED FINANCIAL STATEMENT OF EITHER OF ITS TWO MEMBERS ACCORDINGLY, THERE IS NO APPLICABLE AUDITED FINANCIAL STATEMENT TO ATTACH TO THIS FORM 990 TO DATE, THE HOSPITAL IS NOT AWARE OF ANY GUIDANCE THAT HAS BEEN ISSUED BY THE IRS THAT ADDRESSES A SITUATION IN WHICH A HOSPITAL ORGANIZATION SUBJECT TO THE REQUIREMENTS OF SECTION 501(R) DOES NOT RECEIVE A SEPARATE AUDITED FINANCIAL STATEMENT AND IS NOT INCLUDED IN A CONSOLIDATED FINANCIAL STATEMENT WITH OTHER ORGANIZATIONS THERE IS NO STATED REQUIREMENT IN IRC SECTIONS 501(R) OR 6033(B)(15) THAT REQUIRES A FINANCIAL STATEMENT AUDIT FOR A HOSPITAL ORGANIZATION SUBJECT TO THE PROVISIONS OF SECTION 501(R) BY THE INCLUSION OF THIS EXPLANATORY STATEMENT, TRH BELIEVES THAT IT HAS MET THE REQUIREMENTS FOR A PROPERLY COMPLETED FORM 990 AND HAS INCLUDED ALL INFORMATION REQUIRED TO BE PROVIDED ON ALL SCHEDULES OF FORM 990</p>

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		ELIZABETH WARD AND GARY MILLER - BUSINESS RELATIONSHIP ELIZABETH WARD AND BOB BURGIN - BUSINESS RELATIONSHIP ELIZABETH WARD AND MARGARET DENARVAEZ - BUSINESS RELATIONSHIP MARK WILLIAMS AND SHARON FOLK - BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		TAKOMA REGIONAL HOSPITAL, INC (THE FILING ORGANIZATION) HAS TWO MEMBERS THE MEMBERS OF THE FILING ORGANIZATION ARE ADVENTIST HEALTH SYSTEM/SUNBELT, INC (AHSSI) AND WELLMONT HEALTH SYSTEM (WHS) BOTH AHSSI AND WHS ARE NOT-FOR-PROFIT CORPORATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3) THERE ARE NO OTHER CLASSES OF MEMBERSHIP IN THE FILING ORGANIZATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE BOARD OF DIRECTORS OF THE FILING ORGANIZATION ARE APPOINTED BY AHSSI AND WHS, THE TWO MEMBERS OF THE FILING ORGANIZATION EACH OF THE TWO MEMBERS HAS THE RIGHT TO ELECT, APPOINT OR REMOVE ANY THREE OF THE SIX MEMBERS OF THE BOARD OF DIRECTORS OF THE FILING ORGANIZATION IN ADDITION, THE MEMBERS OF THE FILING ORGANIZATION APPOINT THE MEMBERS OF THE FILING ORGANIZATION'S HOSPITAL COMMUNITY BOARD

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FILING ORGANIZATION'S CURRENT YEAR FORM 990 WAS REVIEWED BY THE BOARD OF DIRECTORS PRIOR TO ITS FILING WITH THE IRS. THE REVIEW CONDUCTED BY THE BOARD OF DIRECTORS DID NOT INCLUDE THE REVIEW OF ANY SUPPORTING WORKPAPERS THAT WERE USED IN PREPARATION OF THE CURRENT YEAR FORM 990, BUT DID INCLUDE A REVIEW OF THE ENTIRE FORM 990 AND ALL SUPPORTING SCHEDULES.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	<p>THE CONFLICT OF INTEREST POLICY OF THE FILING ORGANIZATION APPLIES TO MEMBERS OF ITS BOARD OF DIRECTORS, HOSPITAL COMMUNITY BOARD, AND ITS PRINCIPAL OFFICERS (TO BE KNOWN AS INTERESTED PERSONS) IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICT OF INTERESTS, ANY INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF ANY FINANCIAL INTEREST WITH THE FILING ORGANIZATION AND MUST BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS CONCERNING THE FINANCIAL INTEREST/ARRANGEMENT TO THE BOARD OF DIRECTORS/HOSPITAL COMMUNITY BOARD OF THE FILING ORGANIZATION OR TO ANY MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS THAT IS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT SUBSEQUENT TO ANY DISCLOSURE OF ANY FINANCIAL INTEREST/ARRANGEMENT AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE RELEVANT BOARD MEMBER OR PRINCIPAL OFFICER, THE REMAINING MEMBERS OF THE BOARD OF DIRECTORS/HOSPITAL COMMUNITY BOARD OR COMMITTEE WITH BOARD DELEGATED POWERS SHALL DISCUSS, ANALYZE, AND VOTE UPON THE POTENTIAL FINANCIAL INTEREST/ARRANGEMENT TO DETERMINE IF A CONFLICT OF INTEREST EXISTS ACCORDING TO THE FILING ORGANIZATION'S CONFLICT OF INTEREST POLICY, AN INTERESTED PERSON MAY MAKE A PRESENTATION TO THE BOARD OF DIRECTORS/HOSPITAL COMMUNITY BOARD (OR COMMITTEE WITH BOARD DELEGATED POWERS), BUT AFTER SUCH PRESENTATION, SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN A CONFLICT OF INTEREST EACH INTERESTED PERSON, AS DEFINED UNDER THE FILING ORGANIZATION'S CONFLICT OF INTEREST POLICY, SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICT OF INTERESTS POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE FILING ORGANIZATION IS A CHARITABLE ORGANIZATION THAT MUST PRIMARILY ENGAGE IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS EXEMPT PURPOSES THE FILING ORGANIZATION'S CONFLICT OF INTEREST POLICY ALSO REQUIRES THAT PERIODIC REVIEWS SHALL BE CONDUCTED TO ENSURE THAT THE FILING ORGANIZATION OPERATES IN A MANNER CONSISTENT WITH ITS CHARITABLE PURPOSES</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>ADVENTIST HEALTH SYSTEM/SUNBELT, INC (AHSSI) HOLDS A 40% MEMBER INTEREST IN THE FILING ORGANIZATION. THE TOP-TIER PARENT OF AHSSI IS ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC). AHSSHC IS THE PARENT ORGANIZATION OF A HEALTHCARE SYSTEM, KNOWN AS ADVENTIST HEALTH SYSTEM, THAT OPERATES HOSPITALS, NURSING HOME FACILITIES, AND OTHER HEALTHCARE PROVIDER ORGANIZATIONS. AHSSHC IS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) PURSUANT TO A GROUP RULING ISSUED TO THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS. THE INDIVIDUALS WHO SERVE AS THE CEO, CFO OR VICE PRESIDENT OF THE FILING ORGANIZATION ARE COMPENSATED BY AHSSHC FOR SERVICES PROVIDED TO THE FILING ORGANIZATION. COMPENSATION AND BENEFITS PROVIDED TO THESE INDIVIDUALS IS DETERMINED PURSUANT TO POLICIES, PROCEDURES, AND PROCESSES OF AHSSHC THAT ARE DESIGNED TO ENSURE COMPLIANCE WITH THE INTERMEDIATE SANCTIONS LAWS AS SET FORTH IN IRC SECTION 4958. AHSSHC HAS TAKEN STEPS TO ENSURE THAT PROCESSES ARE IN PLACE TO SATISFY THE REBUTTABLE PRESUMPTION OF REASONABLENESS STANDARD AS SET FORTH IN TREASURY REGULATION 53.4958-6 WITH RESPECT TO ITS ACTIVE EXECUTIVE-LEVEL POSITIONS. THE AHSSHC BOARD STRATEGY AND COMPENSATION COMMITTEE (THE COMMITTEE) SERVES AS THE GOVERNING BODY FOR ALL EXECUTIVE COMPENSATION MATTERS. THE COMMITTEE IS COMPOSED OF CERTAIN MEMBERS OF THE BOARD OF TRUSTEES (THE BOARD) OF AHSSHC. VOTING MEMBERS OF THE COMMITTEE INCLUDE ONLY INDIVIDUALS WHO SERVE ON THE BOARD AS INDEPENDENT REPRESENTATIVES OF THE COMMUNITY, WHO HOLD NO EMPLOYMENT POSITIONS WITH AHSSHC AND WHO DO NOT HAVE RELATIONSHIPS WITH ANY OF THE INDIVIDUALS WHOSE COMPENSATION IS UNDER THEIR REVIEW THAT IMPACTS THEIR BEST INDEPENDENT JUDGMENT AS FIDUCIARIES OF AHSSHC. THE COMMITTEE'S ROLE IS TO REVIEW AND APPROVE ALL COMPONENTS OF THE EXECUTIVE COMPENSATION PLAN OF AHSSHC. AS AN INDEPENDENT GOVERNING BODY WITH RESPECT TO EXECUTIVE COMPENSATION, IT SHOULD BE NOTED THAT THE COMMITTEE WILL OFTEN CONFER IN EXECUTIVE SESSIONS ON MATTERS OF COMPENSATION POLICY AND POLICY CHANGES. IN SUCH EXECUTIVE SESSIONS, NO MEMBERS OF MANAGEMENT OF AHSSHC ARE PRESENT. THE COMMITTEE IS ADVISED BY AN INDEPENDENT THIRD PARTY COMPENSATION ADVISOR. THIS ADVISOR PREPARES ALL THE BENCHMARK STUDIES FOR THE COMMITTEE. COMPENSATION LEVELS ARE BENCHMARKED WITH A NATIONAL PEER GROUP OF OTHER NOT-FOR-PROFIT HEALTHCARE SYSTEMS AND HOSPITALS OF SIMILAR SIZE AND COMPLEXITY TO AHS AND EACH OF ITS AFFILIATED ENTITIES. THE FOLLOWING PRINCIPLES GUIDE THE ESTABLISHMENT OF INDIVIDUAL EXECUTIVE COMPENSATION - THE SALARY OF THE PRESIDENT/CEO OF AHS WILL NOT EXCEED THE 40TH PERCENTILE OF COMPARABLE SALARIES PAID BY SIMILARLY SITUATED ORGANIZATIONS, AND - OTHER EXECUTIVE SALARIES SHALL BE ESTABLISHED USING MARKET MEDIANS. THE COMPENSATION PHILOSOPHY, POLICIES, AND PRACTICES OF AHSSHC ARE CONSISTENT WITH THE ORGANIZATION'S FAITH-BASED MISSION AND CONFORM TO APPLICABLE LAWS, REGULATIONS, AND BUSINESS PRACTICES. AS A FAITH-BASED ORGANIZATION SPONSORED BY THE SEVENTH-DAY ADVENTIST CHURCH (THE CHURCH), AHSSHC'S PHILOSOPHY AND PRINCIPLES WITH RESPECT TO ITS EXECUTIVE COMPENSATION PRACTICES REFLECT THE CONSERVATIVE APPROACH OF THE CHURCH'S MISSION OF SERVICE AND WERE DEVELOPED IN COUNSEL WITH THE CHURCH'S LEADERSHIP.</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE FINANCIAL STATEMENTS OF THE FILING ORGANIZATION ARE NOT GENERALLY MADE AVAILABLE TO THE PUBLIC AS A WHOLE. AS NOTED PREVIOUSLY IN OUR RESPONSES TO QUESTION 6 OF SECTION A OF PART VI OF THIS FORM 990, THE FILING ORGANIZATION HAS TWO MEMBERS. AS NEITHER MEMBER IS CONSIDERED TO CONTROL THE FILING ORGANIZATION, THE FINANCIAL STATEMENTS OF THE FILING ORGANIZATION ARE NOT CONSOLIDATED WITHIN THE FINANCIAL STATEMENTS OF EITHER MEMBER. EACH MEMBER ACCOUNTS FOR ITS PROPORTIONATE OWNERSHIP SHARE OF THE EQUITY OF THE FILING ORGANIZATION IN ITS FINANCIAL STATEMENTS. THE FILING ORGANIZATION DOES NOT GENERALLY MAKE ITS GOVERNING DOCUMENTS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC.

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	DONATED PROPERTY 4,444 TRANSFER FROM FOUNDATION 8,037 DONOR RESTRICTED FUNDS 108,489 TOTAL TO FORM 990, PART XI, LINE 5 120,970

Identifier	Return Reference	Explanation
	PART VI, SECTION A, LINE 1A	THE GOVERNMENT AND MANAGEMENT OF THE AFFAIRS OF TAKOMA REGIONAL HOSPITAL (TRH) IS VESTED IN ITS BOARD OF DIRECTORS. THE BOARD OF DIRECTORS HAS SUPERVISION, CONTROL AND DIRECTION OF THE MANAGEMENT, AFFAIRS AND PROPERTY OF THE CORPORATION, SHALL DETERMINE ITS POLICIES AND PERIODICALLY REVIEW THEM, AND SHALL ACTIVELY PURSUE ITS POLICIES AND OBJECTIVES AND SUPERVISE THE DISBURSEMENT OF ITS FUNDS. THE BOARD OF DIRECTORS IS COMPOSED OF SIX INDIVIDUALS AND VOTES ON ALL MATTERS THAT COME BEFORE THIS GOVERNING BODY. THE BYLAWS OF TRH ALSO PROVIDE FOR A HOSPITAL COMMUNITY BOARD THAT MAY INCLUDE UP TO FIFTEEN VOTING MEMBERS. THE HOSPITAL COMMUNITY BOARD IS APPOINTED BY THE MEMBERS OF TRH, NAMELY ADVENTIST HEALTH SYSTEM/SUNBELT, INC. AND WELLMONT HEALTH SYSTEM. THE HOSPITAL COMMUNITY BOARD IS RESPONSIBLE TO OVERSEE THE OPERATION OF THE HOSPITAL AND POSSESSES ALL POWER RELATED TO THE MEDICAL STAFF OF THE HOSPITAL, INCLUDING THE POWER TO APPROVE ALL BYLAWS, RULES AND REGULATIONS WITH RESPECT TO THE MEDICAL STAFF.

**Audited
Consolidated
Financial
Statements**

December 31, 2010

Adventist Health System

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Consolidated Balance Sheets

December 31, 2010
and 2009

(dollars in thousands)

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,025,207	\$ 992,949
Investments (including investments pledged under securities lending program of \$50,374 in 2010 and \$192,032 in 2009)	2,549,305	2,165,615
Current portion of assets whose use is limited	171,790	149,689
Collateral held under securities lending program	51,450	196,776
Patient accounts receivable, less allowance for uncollectible accounts of \$367,963 in 2010 and \$305,464 in 2009	330,043	243,575
Other receivables	275,331	242,455
Inventories	131,746	109,740
Prepaid expenses and other current assets	53,492	47,831
	<u>4,588,364</u>	<u>4,148,630</u>
Property and Equipment	4,294,470	3,658,157
Assets Whose Use is Limited, net of current portion	523,885	303,572
Other Assets	<u>409,687</u>	<u>370,172</u>
	<u>\$ 9,816,406</u>	<u>\$ 8,480,531</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 603,233	\$ 520,781
Estimated settlements to third parties	156,095	127,825
Payable under securities lending program	51,450	196,776
Other current liabilities	171,080	114,122
Short-term financings	238,415	241,019
Current maturities of long-term debt	67,409	56,609
	<u>1,287,682</u>	<u>1,257,132</u>
Long-Term Debt, net of current maturities	3,231,988	2,966,304
Other Noncurrent Liabilities	<u>568,026</u>	<u>373,272</u>
	5,087,696	4,596,708
Net Assets		
Unrestricted		
Controlling interest	4,527,996	3,712,338
Noncontrolling interests in subsidiaries	32,912	30,518
	<u>4,560,908</u>	<u>3,742,856</u>
Temporarily restricted – controlling interest	167,802	140,967
	<u>4,728,710</u>	<u>3,883,823</u>
Commitments and Contingencies	<u>\$ 9,816,406</u>	<u>\$ 8,480,531</u>

Consolidated Statements of Operations and Changes in Net Assets

For the years ended
December 31, 2010
and 2009

(dollars in thousands)

	2010	2009
Revenue		
Patient service	\$ 6,370,703	\$ 5,775,662
Other	246,447	230,861
Total operating revenue	6,617,150	6,006,523
Expenses		
Employee compensation	3,045,578	2,810,874
Supplies	1,145,807	1,012,965
Professional fees	366,813	357,711
Provision for bad debts	318,294	312,967
Other	888,777	741,687
Interest	156,907	142,688
Depreciation and amortization	359,929	342,733
Total operating expenses	6,282,105	5,721,625
Income from Operations	335,045	284,898
Nonoperating Gains (Losses)		
Investment income	118,055	123,722
Change in fair value of interest rate swaps	4,900	8,400
Loss from early extinguishment of debt	(15,472)	(46,984)
Excess of fair value of assets acquired over liabilities assumed in acquisitions	378,512	—
Total nonoperating gains	485,995	85,138
Excess of Revenue and Gains over Expenses	821,040	370,036
Less: Excess of Revenue and Gains over Expenses Attributable to Noncontrolling Interests	(6,260)	(6,481)
Excess of Revenue and Gains over Expenses Attributable to Controlling Interest	814,780	363,555

Consolidated Statements of Operations and Changes in Net Assets (continued)

For the years ended
December 31, 2010
and 2009

(dollars in thousands)

	2010	2009
Unrestricted Net Assets		
Excess of revenue and gains over expenses attributable to controlling interest	\$ 814,780	\$ 363,555
Excess of revenue and gains over expenses attributable to noncontrolling interests	6,260	6,481
Change in unrealized gains and losses on investments	(25,896)	9,296
Change in fair value of cash flow hedges	(27,846)	52,157
Net assets released from restrictions for purchase of property and equipment	20,125	23,205
Reclassification of accumulated losses related to terminated cash flow hedges to loss from early extinguishment of debt	—	32,446
Reclassification from temporarily restricted net assets	—	11,204
Pension related changes other than net periodic pension benefit	23,500	—
Other	7,129	(997)
Increase in unrestricted net assets	818,052	497,347
Temporarily Restricted Net Assets		
Investment income	2,097	2,380
Gifts and grants	33,753	24,099
Net assets released from restrictions for purchase of property and equipment or use in operations	(34,348)	(39,721)
Reclassification to unrestricted net assets	—	(11,204)
Net assets received in acquisitions	22,244	—
Other	3,089	4,360
Increase (decrease) in temporarily restricted net assets	26,835	(20,086)
Increase in Net Assets	844,887	477,261
Net assets, beginning of year	3,883,823	3,406,562
Net assets, end of year	<u>\$ 4,728,710</u>	<u>\$3,883,823</u>

Consolidated Statements of Cash Flows

For the years ended
December 31, 2010
and 2009

(dollars in thousands)

	2010	2009
Operating Activities	\$ 904,932	\$ 840,454
Investing Activities		
Cash acquired in acquisitions	57,365	—
Purchases of property and equipment, net	(435,857)	(440,986)
Sales and maturities of investments	14,831,395	9,271,472
Purchases of investments	(15,186,896)	(8,989,358)
Sales and maturities of assets whose use is limited	449,471	935,952
Purchases of assets whose use is limited	(588,966)	(1,020,492)
Decrease in collateral held under securities lending program	145,326	363,483
Increase in other assets	(14,597)	(20,698)
	<u>(742,759)</u>	<u>99,373</u>
Financing Activities		
Repayments of long-term borrowings	(595,335)	(1,648,935)
Additional long-term borrowings	583,716	1,637,304
Repayments of short-term borrowings	(7,328)	(4,927)
Payment of deferred financing costs	(1,492)	(16,231)
Decrease in payable under securities lending program	(145,326)	(363,483)
Restricted gifts and grants and investment income	35,850	26,479
	<u>(129,915)</u>	<u>(369,793)</u>
Increase in Cash and Cash Equivalents	32,258	570,034
Cash and cash equivalents at beginning of year	992,949	422,915
Cash and Cash Equivalents at End of Year	<u>\$ 1,025,207</u>	<u>\$ 992,949</u>
Operating Activities		
Increase in net assets	\$ 844,887	\$ 474,791
Increase in net assets from acquisitions	(400,756)	—
Depreciation	357,295	330,380
Amortization of goodwill and other intangible assets	2,634	12,353
Amortization of deferred financing costs and original issue discounts and premiums	(585)	(5,316)
Change in unrealized gains and losses on investments	25,896	(9,296)
Change in fair value of interest rate swaps	22,946	(60,557)
Loss on extinguishment of debt, excluding the reclassification of accumulated losses related to terminated cash flow hedges	15,472	14,538
Restricted gifts and grants and investment income	(35,850)	(26,479)
Changes in operating assets and liabilities		
Patient accounts receivable	(22,494)	39,986
Other receivables	(20,068)	(7,255)
Other current assets	(7,106)	(21,638)
Accounts payable and accrued liabilities	(2,985)	43,168
Estimated settlements to third parties	16,135	26,158
Other current liabilities	28,190	3,542
Other noncurrent liabilities	81,321	26,079
	<u>\$ 904,932</u>	<u>\$ 840,454</u>

Notes to Consolidated Financial Statements

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1. Significant Accounting Policies

Reporting Entity

Adventist Health System Sunbelt Healthcare Corporation d/b/a Adventist Health System (Healthcare Corporation) is a not-for-profit healthcare corporation that operates and controls hospitals, nursing homes, and philanthropic foundations (referred to herein collectively as the System). The affiliated hospitals, nursing homes, and philanthropic foundations are controlled through their by-laws, governing board appointments, and operating agreements by Healthcare Corporation. The System's 42 hospitals, 16 nursing homes, and philanthropic foundations operate in 10 states – Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, North Carolina, Tennessee, Texas, and Wisconsin.

Healthcare Corporation and the System are collectively controlled by the Lake Union Conference of Seventh-day Adventists, the Mid-America Union Conference of Seventh-day Adventists, the Southern Union Conference of Seventh-day Adventists, and the Southwestern Union Conference of Seventh-day Adventists.

SunSystem Development Corporation (Foundation) is a charitable foundation operated by the System for the benefit of the hospitals that are divisions or controlled affiliates of Healthcare Corporation. The board of directors is appointed by the board of directors of the System. The Foundation is involved in philanthropic activities.

Mission

The System exists solely to improve and enhance our local communities that we serve in harmony with Christ's healing ministry. All financial resources and excess of revenue and gains over expenses are used to benefit the communities in the areas of patient care, research, education, community service, and capital reinvestment.

Specifically, the System provides

- Benefit to the underprivileged, by offering services free of charge or deeply discounted to those who cannot pay, and by supplementing the unreimbursed costs of the government's Medicaid assistance program.

- Benefit to the elderly, as provided through governmental Medicare funding, by subsidizing the unreimbursed costs associated with this care.

- Benefit to the community's overall health and wellness through clinics and primary care services, health education and screenings, in-kind donations, extended education, and research.

- Benefit to the faith-based and spiritual needs of the community in accordance with our mission of extending the healing ministry of Christ.

- Benefit to the community's infrastructure by investing in capital improvements to ensure the facilities and technology provide the best possible care to the community.

Notes to Consolidated Financial Statements

*For the years ended
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Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Adventist Health System/Sunbelt, Inc. (Sunbelt), the Foundation, and other affiliated organizations that are controlled by Healthcare Corporation. Any subsidiary or other operations owned and controlled by divisions or controlled affiliates of Healthcare Corporation are included in these consolidated financial statements. Investments in entities where the Healthcare Corporation does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities of \$7,446 and \$12,829 for 2010 and 2009, respectively, is included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06), which the System adopted effective January 1, 2010. ASU 2010-06 amends the Fair Value Measurements and Disclosures Topic of the Accounting Standards Codification (ASC) (ASC 820) to add new requirements for disclosures regarding transfers of financial assets and financial liabilities into and out of Levels 1 and 2 in the fair value hierarchy and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures regarding the level of disaggregation and the inputs and valuation techniques used to measure fair value. See note 14 for the additional disclosures required by ASU 2010-06.

In January 2010, the FASB issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions* (ASU 2010-07), which codified FASB Statement of Financial Accounting Standards (SFAS) 164. The key provisions of ASU 2010-07 are as follows:

Provides new guidance on the recognition and measurement of mergers and acquisitions of not-for-profit entities and requires more extensive disclosures to enable users to evaluate the nature and financial effect of the merger or acquisition. This guidance requires any inherent contribution received from an acquisition to be included in the excess of revenue and gains over expenses. This guidance is effective for mergers and acquisitions that occur on or after January 1, 2010.

Requires a not-for-profit entity to adopt the accounting provisions for goodwill and indefinite-lived intangible assets in the Intangibles – Goodwill and Other Topic of the ASC (ASC 350). As such, effective January 1, 2010, the System no longer amortizes goodwill and indefinite-lived intangible assets; rather, they are evaluated annually for potential impairment. The adoption of ASC 350 did not result in any goodwill impairment.

Notes to Consolidated Financial Statements

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Requires not-for-profit entities to adopt SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* (SFAS 160). SFAS 160 was codified in the Consolidation Topic of the ASC (ASC 810) and established new guidance governing the accounting for and reporting of noncontrolling interests in partially owned consolidated subsidiaries. The Not-for-Profit Entities Consolidation Topic of the ASC (ASC 958-810) requires that noncontrolling interests (previously referred to as minority interests) be reported as a separate component of the appropriate class of net assets. Previously, the System reported noncontrolling interests in other noncurrent liabilities. The System adopted ASC 958-810 effective January 1, 2010, and its provisions were applied to all noncontrolling interests prospectively, except for the presentation and disclosure requirements, which were applied retrospectively to all periods presented. As a result, upon adoption, the System reclassified the noncontrolling interests from other noncurrent liabilities to net assets. ASC 958-810 also requires a schedule of total changes in consolidated net assets, including excess of revenue and gains over expenses, attributable to the System and the noncontrolling interests (see note 13). Previously, the System reported the excess of revenue and gains over expenses attributable to noncontrolling interests as nonoperating gain or loss from minority interests.

In August 2010, the FASB issued ASU No. 2010-23, *Measuring Charity Care for Disclosure* (ASU 2010-23). The provisions of ASU 2010-23 are intended to reduce the diversity in how charity care is calculated and disclosed by healthcare entities. Charity care is required to be measured at cost, defined as the direct and indirect costs of providing the charity care. As the System does not recognize revenue when charity care is provided, ASU 2010-23 will have no effect on the consolidated statements of operations and changes in net assets. ASU 2010-23 only requires additional disclosures, including the method used to estimate the cost of charity care. This new guidance is effective for fiscal years beginning after December 15, 2010, with early application permitted. The System will adopt the new disclosure requirement in its consolidated financial statements for the year ended December 31, 2011.

In August 2010, the FASB issued ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24). ASU 2010-24 prohibits the netting of insurance recoveries against a related claim liability and requires the claim liability to be calculated without consideration of insurance recoveries. This guidance is effective for fiscal years beginning after December 15, 2010, with early application permitted. The System will adopt ASU 2010-24 in the first quarter of 2011. The new guidance is not expected to have a material impact on the System's consolidated financial position or results of operations.

Patient Service Revenue, Patient Accounts Receivable, and Allowance for Uncollectible Accounts

The System serves certain patients whose medical care costs are not paid at established rates. These patients include those sponsored under government programs such as Medicare and Medicaid, those sponsored under private contractual agreements, charity patients, and other uninsured patients who have limited ability to pay.

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Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered. The System is subject to retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Adjustments to revenue related to prior periods increased patient service revenue by approximately \$29,500 and \$23,900 for the years ended December 31, 2010 and 2009, respectively.

Revenue from the Medicare and Medicaid programs represents approximately 35% of the System's patient service revenue for the years ended December 31, 2010 and 2009. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. To the extent the System realizes additional losses resulting from higher credit risk for patients who are not identified as meeting or do not meet the charity definition described below, such additional losses are included in the provision for bad debts. Other than the accounts receivable related to the Medicare and Medicaid programs, there are no significant concentrations of accounts receivable due from an individual payor at December 31, 2010 and 2009.

The provision for bad debts is based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in healthcare coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon the payor composition and aging of accounts receivable as well as retrospective reviews of subsequent cash collections. The results of these reviews are then used to make any modifications to the provision for bad debts to establish an estimated allowance for uncollectible accounts. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies.

Charity Care

The System's patient acceptance policy is based on its mission statement and its charitable purposes. Accordingly, the System accepts patients in immediate need of care, regardless of their ability to pay. A patient is classified as a charity patient based on the established policies of the System. These policies define charity services as those services for which no payment is due for all or a portion of the patient's bill from either the patient or other third parties. For financial reporting purposes, charity care is excluded from patient service revenue. The amount of charity care provided, determined on the basis of charges, was 5.4% and 5.5% of gross patient service revenue for the years ended December 31, 2010 and 2009, respectively.

Excess of Revenue and Gains over Expenses

The consolidated statements of operations and changes in net assets include excess of revenue and gains over expenses, which is analogous to income from continuing operations of a for-profit enterprise. Changes in unrestricted net assets that are excluded from excess of revenue and gains over expenses, consistent with industry practice, include changes in unrealized gains and losses on certain investments.

Notes to Consolidated Financial Statements

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changes in the fair value of derivative financial instruments that qualify as cash flow hedges, pension related changes other than net periodic pension costs, and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets)

Contributed Resources

Resources restricted by donors for specific operating purposes or a specified time period are held as temporarily restricted net assets until expended for the intended purpose or until the specified time restrictions are met, at which time they are reported as other revenue. Resources restricted by donors for additions to property and equipment are held as temporarily restricted net assets until the assets are placed in service, at which time they are reported as transfers to unrestricted net assets. Gifts, grants, and bequests not restricted by donors are reported as other revenue. At December 31, 2010 and 2009, temporarily restricted net assets are available for various programs and capital expenditures at the System's hospitals. In 2009, management performed a detailed analysis of certain temporarily restricted net assets, which resulted in a reclassification of \$11.204 of net assets from temporarily restricted to unrestricted net assets.

Cash Equivalents

Cash equivalents include all highly liquid investments, including certificates of deposit and commercial paper with maturities not in excess of three months when purchased. Interest income on cash equivalents is included in investment income.

Functional Expenses

The System does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the System receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged its stewardship responsibilities.

Investments

Investment securities, excluding alternative investments accounted for under the equity method, are recorded at fair value. The cost of securities sold is based on the specific identification method. Investment income or loss includes realized gains and losses, interest, dividends, and certain unrealized gains and losses. The investment income or loss on investments that are restricted by donor or law is recorded as increases or decreases to temporarily restricted net assets. The System accounts for investment transactions on a settlement-date basis.

Management has designated primarily all fixed income instruments as other than trading securities and, accordingly, changes in unrealized gains and losses are included in unrestricted net assets. The System's primary equity investment portfolio includes various domestic stock exchange indices. In addition, to limit its risk from the equity markets, the portfolio also includes equity options, including puts and calls. Management has designated these equity instruments in its primary equity investment portfolio as trading securities and, accordingly, changes in unrealized gains and losses are included in the excess of revenue and gains over expenses. Certain other equity investments, primarily held by the System's foundations, are designated as other than trading securities and the related changes in unrealized gains and losses are included in unrestricted net assets.

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Alternative Investments – Equity Method

As part of its investment strategy, the System invests in alternative investments (primarily hedge funds) through partnership investment trusts. The partnership investment trusts generally contract with a manager who has full discretionary authority over the investment decisions. These alternative investments take their positions in part through derivative contracts. The System accounts for its ownership interest in these alternative investments under the equity method. Accordingly, the System's share of the hedge funds' income or loss, both realized and unrealized, is recognized as investment income or loss, which is a component of excess of revenue and gains over expenses. Alternative investments accounted for using the equity method totaled \$361,363 and \$397,090 at December 31, 2010 and 2009, respectively, and were classified as investments and assets whose use is limited in the accompanying consolidated balance sheets.

Alternative Investments – Fair Value

Effective July 1, 2010, the System formed a wholly-owned subsidiary, AHS-K2 Alternatives Portfolio, Ltd. (the Fund), that primarily invests in alternative investments through partnership investment trusts. The Fund is managed by an external investment manager (the Manager) in accordance with the investment guidelines contained within the limited liability company agreement. The Fund follows the Financial Services-Investment Companies Topic of the ASC (ASC 946-10), which requires that the investments in the underlying funds be recorded at fair value. The fair value of the underlying hedge funds is determined in good faith by the Manager and generally represents the Fund's proportionate share of the net assets of the underlying funds as reported by the managers. Unrealized appreciation and depreciation resulting from valuing the underlying funds is recognized as investment income or loss, which is a component of excess of revenue and gains over expenses. Alternative investments accounted for at fair value totaled \$106,438 as of December 31, 2010, and were classified as investments and assets whose use is limited in the accompanying consolidated balance sheets.

The Fund follows ASC 820-10 for estimating the fair value of the underlying funds that have calculated a net asset value (NAV) per share in accordance with ASC 946-10. Accordingly, the Fund uses NAV as reported by the managers as a practical expedient to determine the fair value of those underlying funds that do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. As of December 31, 2010, the fair value of all underlying funds has been determined using the NAV.

The Manager uses its best judgment in estimating the fair value of these investments. As there are inherent limitations in any estimation technique, the fair value estimates presented herein are not necessarily indicative of an amount that could be realized in an actual transaction and the differences could be material.

The strategies of the underlying funds held by the Fund, as of December 31, 2010, are described below.

Alternate strategies. The underlying funds invest in products other than traditional investments such as stocks and bonds. This strategy is a tool to reduce overall investment risk through diversification.

Commodity. The underlying funds trade in agricultural, metal and energy markets at various stages in the commodity cycle.

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Currency The underlying funds invest both long and short in currencies (i.e., spot, forward, futures or options) on a global basis

Event Driven The underlying funds focus on identifying and analyzing securities that may benefit from the occurrence of specific corporate events

Long Short The underlying funds invest both long and short, primarily in common stocks, based on the manager's perception of such securities being undervalued or overvalued in the market. Some of the managers may specialize in specific sectors or industries

Relative Value The underlying funds utilize non-directional strategies. Relative value investing involves trading around the mispricing of two related securities using various types of securities or instruments

Specialist Credit The underlying funds seek to generate superior risk-adjusted returns from a combination of capital appreciation and current income by opportunistically investing and trading in a diversified portfolio of credit-related securities and other instruments

The Fund has the ability to liquidate its investments periodically in accordance with the provisions of the respective agreements of the 23 underlying funds. Eight of these funds have monthly redemption terms, 14 have quarterly redemption terms and one has an annual redemption term. At December 31, 2010, certain of the underlying funds also have lock-up provisions. Four of the underlying funds, totaling \$18,191 at December 31, 2010, have lock-up provisions that expire by June 30, 2011. Additionally, nine other underlying funds totaling \$37,729 at December 31, 2010, may charge a withdrawal fee ranging from 3% to 6% if the Fund liquidates its investment prior to the expiration of the lock-up periods, which expire by June 30, 2011. The remaining ten funds have no such lock-up provisions.

Assets Whose Use is Limited

Certain of the System's investments are limited as to use through board resolution, by provisions of contractual arrangements, under the terms of bond indentures or under the terms of other trust agreements. These investments are classified as assets whose use is limited in the accompanying consolidated balance sheets. Interest and dividend income and realized gains and losses on assets whose use is limited are reported as investment income within nonoperating gains (losses).

Securities Lending Program

The System participates in securities lending transactions with the custodian of its investments, whereby a portion of its investments is loaned to certain brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis. Collateral provided by brokers is maintained at levels approximating 102% of the fair value of the securities on loan and is adjusted for daily market fluctuations. The fair value of collateral held for loaned securities is reported as collateral held under securities lending program, with a corresponding obligation reported for repayment of such collateral upon settlement of the lending transaction.

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Derivative Financial Instruments

The System accounts for its derivative financial instruments as required by ASC 815 and the Health Care Entities Derivative and Hedging Subtopic of the ASC (ASC 954-815). ASC 954-815 requires that not-for-profit healthcare organizations apply the provisions of ASC 815 (including the provisions pertaining to cash flow hedge accounting) in the same manner as for-profit enterprises.

ASC 815 requires companies to recognize all derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation.

The System is exposed to certain risks relating to its ongoing operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate risk associated with the System's fixed and variable-rate borrowings. In accordance with ASC 815, the System designates certain interest rate swaps as cash flow hedges of variable-rate borrowings. The System has no derivative instruments that are designated as fair value hedges or as hedges of the foreign currency exposure of a net investment in a foreign operation.

Sale of Patient Accounts Receivable

The System and certain of its member affiliates maintain a program (Program) for the continuous sale of certain patient accounts receivable to Highlands County Health Facilities Authority (Highlands) on a nonrecourse basis. Highlands has partially financed the purchase of the patient accounts receivable through the issuance of tax-exempt bonds (Bonds), of which Highlands had \$304,230 outstanding as of December 31, 2010 and 2009. These Bonds are supported by a bank letter of credit arrangement that expires in December 2013. As of December 31, 2010 and 2009, the estimated net realizable value, as defined in the underlying agreements, of patient accounts receivable sold by the System and removed from the accompanying consolidated balance sheets was \$526,305 and \$498,853, respectively. The patient accounts receivable sold consist primarily of amounts due from government programs and commercial insurers. The proceeds received from Highlands consist of cash from the Bonds, a note on a subordinated basis with the Bonds and a note on a parity basis with the Bonds. The note on a subordinated basis with the Bonds is in an amount to provide the required overcollateralization of the Bonds and was \$85,808 at December 31, 2010 and 2009. The note on a parity basis with the Bonds is the excess of eligible accounts receivable sold over the sum of cash received and the subordinated note and was \$136,267 and \$108,815 at December 31, 2010 and 2009, respectively. These notes are included in other receivables (current) in the accompanying consolidated balance sheets. Due to the nature of the patient accounts receivable sold, collectability of the subordinated and parity notes is not significantly impacted by credit risk.

Inventories

Inventories (primarily pharmaceuticals and medical supplies) are stated at the lower of cost or market using the first-in, first-out method of valuation.

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Adventist Health System

Property and Equipment

Property and equipment are reported on the basis of cost, except for donated items, which are recorded at fair value at the date of the donation. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized.

Depreciation is computed primarily utilizing the straight-line method over the expected useful lives of the assets. Amortization of capitalized leased assets is included in depreciation expense and allowances for depreciation.

Goodwill

Goodwill represents the excess of the purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of the businesses acquired. These amounts are included in other assets (noncurrent) and are evaluated annually for impairment or when there is an indicator of impairment.

Deferred Financing Costs

Direct financing costs are included in other assets (noncurrent) and deferred and amortized over the remaining lives of the financings using the effective interest method.

Interest in the Net Assets of Unconsolidated Foundations

Interest in the net assets of unconsolidated foundations represents contributions received on behalf of the System or its member affiliates by independent fund-raising foundations. As the System cannot influence the foundations to the extent that it can determine the timing and amount of distributions, the System's interest in the net assets of the foundations are included in other assets (noncurrent) and changes in that interest are included in temporarily restricted net assets.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value.

Bond Discounts and Premiums

Bonds payable, including related original issue discounts and/or premiums, are included in long-term debt. Discounts and premiums are being amortized over the life of the bonds using the effective interest method.

Income Taxes

Healthcare Corporation and its affiliated organizations, other than North American Health Services, Inc. and its subsidiaries (NAHS), are exempt from state and federal income taxes. Accordingly, Healthcare Corporation and its tax-exempt affiliates are not subject to federal, state, or local income taxes except for any net unrelated business taxable income. For the years ended December 31, 2010 and 2009, unrelated business income activities conducted by Healthcare Corporation and its tax-exempt affiliates did not generate a material amount of combined federal, state, and local income tax.

NAHS is a wholly owned, for-profit subsidiary of Healthcare Corporation. NAHS and its subsidiaries are subject to federal and state income taxes. NAHS files a consolidated federal income tax return and, where appropriate, consolidated state

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income tax returns. For the years ended December 31, 2010 and 2009, NAHS generated taxable income of approximately \$1,500 and \$1,200, respectively. This taxable income was fully offset by net operating loss carryforwards for both federal and state income tax purposes. Accordingly, there is no provision for current federal or state income tax for the years ended December 31, 2010 and 2009.

NAHS also has temporary deductible differences of approximately \$68,400 and \$69,900 at December 31, 2010 and 2009, respectively, primarily as a result of net operating loss carryforwards. At December 31, 2010, NAHS has net operating loss carryforwards of approximately \$68,000, of which \$21,000 will expire in 2023, with the remaining \$47,000 expiring beginning in 2012 through 2026. Some of these net operating losses are subject to the separate return limitation year rules. Deferred taxes have been provided for these amounts, resulting in a net deferred tax asset of approximately \$26,000 and \$26,600 at December 31, 2010 and 2009, respectively. A valuation allowance of approximately \$26,000 and \$26,600 at December 31, 2010 and 2009, respectively, has been provided to offset the deferred tax asset since Healthcare Corporation has determined that it is more likely than not that the benefit of the net operating loss carryforwards will not be realized in future years.

The Income Taxes Topic of the ASC (ASC 740) prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Reclassifications

Certain reclassifications were made to the 2009 consolidated financial statements to conform to the classifications used in 2010. These reclassifications had no impact on the consolidated excess of revenue and gains over expenses and changes in net assets previously reported.

2. Acquisitions

University Community Hospital, Inc.

The System entered into a Merger and Affiliation Agreement (the Agreement) with University Community Hospital, Inc. (UCH) under which, the System became the sole member of UCH effective September 1, 2010 (the acquisition date). UCH is comprised of three hospitals and one long-term acute care facility in the Tampa, Florida market.

The transaction was accounted for as an acquisition under ASC 805. Under the terms of the Agreement, the System assumed the liabilities of UCH. The assets acquired and liabilities assumed were recorded based on their acquisition-date fair values. The excess of the acquisition-date fair values of identifiable assets acquired over the liabilities assumed resulted in an inherent unrestricted contribution received of \$352,338. Additionally, temporarily restricted net assets totaling \$22,223 were contributed from UCH to the System as a part of this transaction.

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The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows

Assets	
Cash	\$ 51,389
Investments	52,242
Patient accounts receivable	56,087
Prepaid expenses and other current assets	28,900
Assets whose use is limited	86,016
Property and equipment	511,724
Other assets	51,363
	<u>837,721</u>

Liabilities	
Accounts payable and accrued liabilities	\$ 77,570
Estimated settlements to third parties	9,720
Other current liabilities	12,325
Long-term debt and capital lease obligations	252,527
Other noncurrent liabilities	111,018
	<u>463,160</u>

Excess of fair value of assets acquired over liabilities assumed in acquisition of UCH	<u>\$ 374,561</u>
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In accordance with ASC 805, the initial accounting for the acquisition is subject to adjustment for up to one year after the acquisition date as additional information on asset and liability valuations becomes available. Any changes to the initial estimates of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities and any residual amounts will be allocated to the initial contribution. Management does not anticipate that further adjustments to these amounts will be significant.

UCH's results of operations and changes in net assets were included in the System's consolidated financial statements beginning September 1, 2010, and were as follows for the four-month period ended December 31, 2010:

Revenue	\$ 175,251
Excess of revenue and gains over expenses before loss from early extinguishment of debt	10,554
Loss from early extinguishment of debt	(11,871)
Increase in unrestricted net assets	24,349
Decrease in temporarily restricted net assets	(1,170)

Subsequent to the acquisition, the System extinguished the outstanding bonds of UCH, which resulted in a loss from early extinguishment of debt of \$11,871 (see note 8).

The following pro forma combined results of operations give effect to the acquisition as if it had occurred on January 1, 2009. The pro forma combined results of operations do not necessarily represent the System's consolidated results of operations had the acquisition occurred on the date assumed, nor are these results necessarily indicative of the System's future consolidated results of operations. The System expects to realize certain benefits from integrating UCH into the System and to incur certain one-time costs. The pro forma combined results of operations do not

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reflect these benefits or costs. These combined results reflect the impact of amortizing certain acquisition accounting adjustments such as fair value adjustments to property and equipment as of January 1, 2009.

	Year Ended December 31	
	2010	2009
Pro forma total operating revenue	<u>\$ 6,958,007</u>	<u>\$ 6,517,657</u>
Pro forma excess of revenue and gains over expenses, excluding unrestricted contribution from acquisition	\$ 450,770	\$ 361,120
Pro forma unrestricted contribution from acquisition	<u>—</u>	<u>352,338</u>
Pro forma excess of revenue and gains over expenses	<u>\$ 450,770</u>	<u>\$ 713,458</u>
Pro forma changes in unrestricted net assets	<u>\$ 429,048</u>	<u>\$ 824,884</u>
Pro forma changes in temporarily restricted net assets, excluding restricted contribution from acquisition	\$ 4,998	\$ (21,991)
Pro forma temporarily restricted contribution from acquisition	<u>—</u>	<u>22,223</u>
Pro forma changes in temporarily restricted net assets	<u>\$ 4,998</u>	<u>\$ 232</u>

Bert Fish Medical Center

Effective July 1, 2010, the System entered into a Merger and Affiliation Agreement whereby the System became the sole member of Bert Fish Medical Center (BFMC) and assumed a lease of a hospital facility with the Southeast Volusia Hospital District (the District). BFMC leases and operates a 112-bed hospital in New Smyrna Beach, Florida.

The transaction was accounted for as an acquisition under ASC 805 during the year ended December 31, 2010. The assets acquired and liabilities assumed were recorded based on their acquisition-date fair values. The excess of the acquisition-date fair values of identifiable assets acquired over the liabilities assumed resulted in an inherent unrestricted contribution received of \$26,174. Additionally, temporarily restricted net assets totaling \$21 were contributed from BFMC to the System as a part of this transaction. This acquisition did not have a material impact on the System's financial position or results of operations.

BFMC's results of operations and changes in net assets were included in the System's consolidated financial statements beginning July 1, 2010, and were as follows for the six-month period ended December 31, 2010:

Revenue	\$ 46,070
Excess of revenue and gains over expenses	261
Change in unrestricted net assets	2,027
Change in temporarily restricted net assets	—

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3. Investments and Assets Whose Use is Limited

Investments

Investments are comprised of the following

	December 31	
	2010	2009
Other than trading portfolio		
Fixed income instruments		
agencies and sponsored	\$1,385,992	\$1,429,140
entities		
corporate bonds	61,761	980
Residential mortgage-backed	158,128	—
Collateralized debt obligations	125,703	—
Accrued interest	9,665	10,632
	<u>1,741,249</u>	<u>1,440,752</u>
Equity instruments		
Domestic	3,377	3,562
Foreign	1,524	1,255
	<u>4,901</u>	<u>4,817</u>
Trading portfolio		
Equity instruments – domestic		
Index securities	363,090	301,560
Options	19,945	21,396
	<u>383,035</u>	<u>322,956</u>
Alternative investments – fair value		
Alternate strategies	6,835	—
Commodity	8,552	—
Currency	5,302	—
Event driven	3,165	—
Long/short	25,420	—
Relative value	3,000	—
Specialist credit	19,386	—
	<u>71,660</u>	<u>—</u>
Alternative investments – equity method	<u>348,460</u>	<u>397,090</u>
	<u>\$ 2,549,305</u>	<u>\$ 2,165,615</u>

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Assets Whose Use is Limited

Assets whose use is limited is comprised of the following

	December 31	
	2010	2009
Other than trading portfolio		
Fixed income instruments		
U S government agencies and sponsored entities	\$ 280,692	\$ 262,807
U S corporate bonds	12,899	1,361
Accrued interest	2,261	1,645
	<u>295,852</u>	<u>265,813</u>
Equity instruments		
Domestic	7,092	5,185
Foreign	847	679
	<u>7,939</u>	<u>5,864</u>
Trading portfolio		
Fixed income instruments		
U S government agencies and sponsored entities	5,417	—
U S corporate bonds	28,829	—
	<u>34,246</u>	<u>—</u>
Equity instruments – domestic		
Equities	5,475	—
Index securities	11,158	—
Options	613	—
	<u>17,246</u>	<u>—</u>
Alternative investments – fair value		
Alternate strategies	3,317	—
Commodity	4,151	—
Currency	2,573	—
Event driven	1,536	—
Long/short	12,337	—
Relative value	1,456	—
Specialist credit	9,408	—
	<u>34,778</u>	<u>—</u>
Alternative investments – equity method	12,903	—
Cash and cash equivalents	<u>292,711</u>	<u>181,584</u>
	<u>\$ 695,675</u>	<u>\$ 453,261</u>

Assets whose use is limited include investments held by bond trustees, investments held under other trust agreements, and investments designated by boards for employee retirement plans and capital expenditures. Amounts to be used for the payment of current liabilities are classified as current assets.

Indenture requirements of tax-exempt financings by the System provide for the establishment and maintenance of various accounts with trustees. These arrangements require the trustee to control the expenditure of debt proceeds, as well as the payment of interest and the payment of debt to bondholders. Medical

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malpractice trust funds are maintained to provide funds to settle medical malpractice claims

A summary of the major limitations as to the use of these assets consists of the following

	December 31	
	2010	2009
Investments held by bond trustees		
Construction funds and other	\$ 75,000	\$ 21,844
Required bond funds	59,080	42,782
	<u>134,080</u>	<u>64,626</u>
Malpractice trust funds	292,455	253,646
Employee benefits funds	132,272	119,732
Board designated funds for capital expenditures	78,110	—
Other	58,758	15,257
	<u>695,675</u>	<u>453,261</u>
Less amounts to pay current liabilities	<u>(171,790)</u>	<u>(149,689)</u>
	<u>\$ 523,885</u>	<u>\$ 303,572</u>

Investment Income and Unrealized Gains and Losses

Investment income from cash and cash equivalents, investments, and assets whose use is limited amounted to \$118,055 and \$123,722 for the years ended December 31, 2010 and 2009, respectively, and consisted of the following

	Year Ended December 31	
	2010	2009
Interest and dividend income	\$ 34,407	\$ 55,322
Net realized and unrealized gains/losses	52,821	51,318
The System's share of alternative investments' income	30,827	17,082
	<u>\$ 118,055</u>	<u>\$ 123,722</u>

Changes in unrealized gains and losses that are included as a (reduction of) increase to unrestricted net assets in the consolidated statements of operations and changes in net assets totaled \$(25,896) and \$9,296 for 2010 and 2009, respectively

At December 31, 2010 and 2009, the total fair value of investments and assets whose use is limited, excluding alternative investments and the trading portfolio, amounted to \$2,342,652 and \$1,898,830, respectively. The net unrealized gain associated with these holdings approximated \$6,100 at December 31, 2010, which is comprised of gross unrealized gains of approximately \$25,400 and gross unrealized losses of approximately \$19,300. The net unrealized gain associated with these holdings approximated \$31,900 at December 31, 2009, which is comprised of gross unrealized gains of approximately \$35,300 and gross unrealized losses of approximately \$3,400.

Accounting principles generally accepted in the United States require that the System recognize in excess of revenue and gains over expenses all declines in fair value below the cost basis of investment securities that are considered other-than-temporary. Management has evaluated the investments with unrealized losses and has concluded that none of the above losses should be considered other-than-temporary as of December 31, 2010 and 2009.

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4. Unrestricted Cash and Investments

The System's unrestricted cash and cash equivalents, investments and board designated funds consist of the following

	December 31	
	2010	2009
Cash and cash equivalents	\$ 1,025,207	\$ 992,949
Investments	2,549,305	2,165,615
Board designated funds for capital expenditures	78,110	—
	<u>\$ 3,652,622</u>	<u>\$ 3,158,564</u>
Days cash and investments on hand	<u>212</u>	<u>214</u>

Days cash and investments on hand is calculated as unrestricted cash and cash equivalents, investments and certain board designated funds divided by daily operating expenses (excluding depreciation and amortization) The annualized operating expenses of UCH and BFMC were included in this calculation

5. Property and Equipment

Property and equipment consists of the following

	December 31	
	2010	2009
Land and improvements	\$ 549,328	\$ 497,897
Buildings and improvements	3,604,287	3,034,276
Equipment	2,985,561	2,794,814
	<u>7,139,176</u>	<u>6,326,987</u>
Less allowances for depreciation	<u>(3,058,357)</u>	<u>(2,816,100)</u>
	4,080,819	3,510,887
Construction in progress	213,651	147,270
	<u>\$ 4,294,470</u>	<u>\$ 3,658,157</u>

Certain hospitals have entered into construction contracts for which costs have been incurred and included in construction in progress These and other committed projects will be financed through operations, proceeds from borrowings, and board designated funds (see note 3) The estimated costs to complete these projects approximated \$175,000 at December 31, 2010

During periods of construction, interest costs are capitalized to the respective property accounts Interest capitalized approximated \$4,700 and \$7,600 for the years ended December 31, 2010 and 2009, respectively

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6. Goodwill

The System adopted ASC 350 effective January 1, 2010, and accordingly, ceased the amortization of its goodwill

A reconciliation of the excess of revenue and gains over expenses, adjusted to exclude amortization expense for the period prior to adoption, is as follows

	Years Ended December 31	
	2010	2009
Reported excess of revenue and gains over expenses	\$ 821,040	\$ 370,036
Add back Goodwill amortization	—	10,135
Adjusted excess of revenue and gains over expenses	<u>\$ 821,040</u>	<u>\$ 380,171</u>

7. Other Assets

Other assets consists of the following

	December 31	
	2010	2009
Goodwill	\$ 135,606	\$ 135,315
Deferred financing costs	27,315	31,416
Notes and loans receivable	51,452	45,871
Interests in net assets of unconsolidated foundations	65,162	37,154
Investments in unconsolidated entities	57,578	66,543
Other noncurrent assets	72,574	53,873
	<u>\$ 409,687</u>	<u>\$ 370,172</u>

8. Long-Term Debt

Long-term debt consists of the following:

	December 31	
	2010	2009
Fixed-rate Hospital Revenue Bonds, interest rates from 2.00% to 6.25%, payable through 2039	\$ 2,228,740	\$ 1,898,610
Variable-rate Hospital Revenue Bonds, payable through 2037	977,840	1,060,220
Capitalized leases payable	58,280	34,029
Other indebtedness	13,556	6,213
Unamortized original issue premium, net	20,981	23,841
	<u>3,299,397</u>	<u>3,022,913</u>
Less current maturities	<u>(67,409)</u>	<u>(56,609)</u>
	<u>\$ 3,231,988</u>	<u>\$ 2,966,304</u>

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Master Trust Indenture

Long-term debt has been issued primarily on a tax-exempt basis. Substantially all bonds are secured under a master trust indenture, which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property, and limitations on additional borrowings.

Variable-Rate Bonds

Certain variable-rate bonds may be put to the System at the option of the bondholder. The variable-rate bonds have associated remarketing agreements, which generally provide the System the option to market the obligations at the then prevailing market rates for periods ranging from seven days to the maturity dates.

The obligations have been primarily marketed for seven-day periods during 2010, with annual interest rates ranging from 0.02% to 1.25%. The System has various sources of liquidity in the event any variable-rate bonds are put and not remarketed, including bank letter of credit agreements. The bank letter of credit agreements provide, among other things, that in the event a market for these obligations is not sustained, the bank would purchase the obligations at rates that vary with prime or, in certain cases, the London Interbank Offer Rate (LIBOR). The System's obligation to the bank would be payable in accordance with the variable-rate bonds' original maturities over the remaining term of the letter of credit agreements, with the remaining amount due upon expiration of the letter of credit agreements.

The System has a revolving credit agreement (Revolving Note) with a syndicate of banks (Syndicate) in the aggregate amount of \$1,885,200 for letter of credit agreements, liquidity facilities and general corporate needs, including working capital, capital expenditures, and acquisitions. The Revolving Note, which expires in December 2011, has certain prime rate and LIBOR-based pricing options. At December 31, 2010 and 2009, the System had \$736,377 and \$759,261, respectively, of the Revolving Note committed to letter of credit agreements that secure variable-rate bonds. At December 31, 2010 and 2009, \$5,000 and \$8,000, respectively, was outstanding under the Revolving Note, which is included as short-term financings in the accompanying consolidated balance sheets.

In December 2010, the System amended the Revolving Note (New Revolving Note) with a revised group of banks (New Syndicate). The New Revolving Note totals \$1,750,000 and has an expiration date of December 2015. The New Revolving Note was executed in December 2010 and will become effective in March 2011, upon the replacement of the existing letters of credit with letters of credit issued by the New Syndicate.

As of December 31, 2010 and 2009, the System had \$81,390 and \$81,505, respectively, of variable-rate bonds supported by a standby bond purchase agreement. This agreement provides, among other things, that in the event a market for certain obligations is not sustained, the bank would purchase the obligations at rates that vary with the higher of the prime rate or the federal funds rate. The System's obligation to the bank would be payable in accordance with the variable-rate bonds' original maturities over the remaining term of the standby bond purchase agreement, with the remaining amount due upon expiration of the standby bond purchase agreement in March 2013.

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Variable-rate bonds that are not supported by or exceed the limits under bank letter of credit agreements or are supported by agreements that expire within a year are included in short-term financings in the accompanying consolidated balance sheets

2010 Debt Transactions

During September 2010, the System drew \$225,000 on its Revolving Note and used the proceeds to extinguish the outstanding bonds of UCH. During December 2010, the System issued bonds with par amounts totaling \$357,000 with final maturity dates in 2036. Bonds with par amounts totaling \$282,000 have fixed interest rates ranging from 2.39% to 2.96% through a mandatory tender date of January 2018. Bonds with par amounts of \$75,000 have a fixed interest rate of 3.57% through a mandatory tender date of January 2021. The interest rate on these bonds may be reset at the respective mandatory tender dates to either a fixed-rate or variable-rate mode. Proceeds from these bonds were used to repay the draw on the Revolving Note, extinguish certain other debt and provide funding for certain pension plans and working capital needs of acquired facilities. In connection with these debt extinguishments, the System recorded a loss from early extinguishment of debt in the consolidated statements of operations and changes in net assets of approximately \$15,472.

2009 Debt Transactions

During 2009, the fronting bank providing letters of credit under the Revolving Note was downgraded by several rating agencies and management subsequently replaced the letters of credit on bonds with par amounts totaling \$720,205 with banks within the Syndicate (LOC substitutions). The LOC substitutions involved a purchase and remarketing of the related bonds and were accounted for as an extinguishment and reissuance for accounting purposes. The LOC substitutions resulted in a loss of approximately \$6,400, which is included in the loss from early extinguishment of debt in the consolidated statements of operations and changes in net assets.

Additionally, the related indenture agreements provide multiple methods of determining interest rates and the option for the System to change the method of determining these interest rates (mode changes). During 2009, the System completed several transactions, including mode changes, in an effort to restructure its overall debt position by reducing the amount of variable-rate bonds that are supported by bank letters of credit and increasing the amount of fixed-rate bonds. In connection with these restructuring activities, the System issued fixed-rate bonds with par amounts totaling \$766,875 with fixed interest rates ranging from 2.00% to 5.75% and maturity dates ranging from 2010 to 2039 and issued self-liquidity variable-rate bonds with par amounts totaling \$125,000. With the proceeds, the System reduced certain outstanding variable-rate demand bonds and fixed-rate bonds in addition to financing or refinancing certain costs of acquisition, construction, renovation, and equipping of certain facilities. Variable-rate demand bonds and fixed-rate bonds were reduced by \$529,610 and \$261,110, respectively. In connection with these transactions, the System recorded a loss from early extinguishment of debt in the consolidated statements of operations and changes in net assets of approximately \$40,600. Approximately \$32,446 of the loss resulted from the reclassification of accumulated losses related to terminated cash flow hedges (see note 9).

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Debt Maturities

Maturities of long-term debt consist of the following

2011	\$	67,409
2012		78,195
2013		68,036
2014		67,988
2015		71,510
Thereafter		2,925,278

9. Derivative Financial Instruments

Derivatives Designated as Hedging Instruments

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows associated with certain of the System's variable-rate borrowings), the effective portion of the gain or loss on the derivative instrument is reported as a component of unrestricted net assets and reclassified into earnings in the same line item (interest expense) associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects excess of revenue and gains over expenses.

The ineffective portion, which represents the remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, or hedge components excluded from the assessment of effectiveness, are recognized in excess of revenue and gains over expenses in the consolidated statements of operations and changes in net assets during the current period.

The System utilizes interest rate swaps, including forward-starting interest rate swaps, which effectively modify the System's exposure to interest rate risk by converting a portion of its variable-rate borrowings to a fixed-rate basis, thus reducing the impact of interest-rate changes on future interest expense. These agreements involve the receipt of variable-rate amounts in exchange for fixed-rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The agreements expire in periods beginning in 2012 through 2017. Approximately \$1,106,000 and \$1,133,000 of the System's outstanding variable-rate debt classified as both short-term financings and long-term debt had its interest payments designated as the hedged forecasted transactions to interest rate swap agreements at December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009, the notional values of the System's forward-starting interest rate swaps totaled \$300,000.

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The changes in the accumulated loss included in unrestricted net assets associated with the System's cash flow hedges is as follows

	Years Ended December 31	
	2010	2009
Accumulated net derivative loss included in unrestricted net assets at beginning of year	\$ (102,818)	\$ (193,561)
Net change associated with current period hedging transactions	(27,846)	52,157
Net reclassifications into excess of revenue and gains over expenses	7,546	38,586
Accumulated net derivative loss included in unrestricted net assets at end of year	<u>\$ (123,118)</u>	<u>\$ (102,818)</u>

The accumulated net derivative loss included in unrestricted net assets will be reclassified into earnings in the same periods during which the hedged transaction affects excess of revenue and gains over expenses or in the event it is determined that the original forecasted transactions are not probable of occurring by the end of the originally specified period or within the additional period of time allowed in ASC 815. In connection with the early extinguishment of certain variable-rate bonds in 2009 (see note 8), accumulated losses of \$32,446 related to previously terminated cash flow hedges were reclassified into the excess of revenue and gains over expenses. The System expects that the amount of net losses existing in unrestricted net assets to be reclassified into excess of revenue and gains over expenses within the next 12 months will be approximately \$7,100, excluding amounts recognized in connection with any future early extinguishments of debt.

Derivatives Not Designated as Hedging Instruments

The System has entered into certain interest rate swap agreements that do not qualify as hedging instruments. These interest rate swaps are primarily utilized to reduce the cost associated with the System's fixed-rate borrowings. The gain or loss on these derivative instruments is reported as a component of nonoperating gains (losses) in the period it occurs. As of December 31, 2010 and 2009, the total notional amount of the System's interest rate swaps not qualifying for hedge accounting was approximately \$325,000 and \$478,000, respectively.

Credit-Risk-Related Contingent Features of Derivative Instruments

Substantially all of the System's derivative instruments contain provisions that require the System to maintain an investment-grade credit rating. If the System's credit rating were to fall below investment grade, it would be in violation of such provisions, and the counterparties to the derivative instruments could request immediate payment on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position on December 31, 2010 and 2009, is \$113,628 and \$90,667, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2010, the System could have been required to settle the agreements with the counterparties, requiring cash or other liquid assets of \$52,247, in addition to the collateral posted of \$61,381. Collateral is included in investments in the accompanying consolidated balance sheets.

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Financial Statement Presentation

The System's derivative financial instruments are reported in the accompanying consolidated balance sheets as follows

		Asset Derivatives	
		Fair Value	
		December 31	
	Balance Sheet Location	2010	2009
Derivatives designated as hedging instruments:			
Interest rate swap agreements	Other noncurrent assets	\$ —	\$ 3,199
	Other noncurrent liabilities	—	3,470
		<u>—</u>	<u>3,470</u>
		<u>\$ —</u>	<u>\$ 6,669</u>
		Liability Derivatives	
		Fair Value	
		December 31	
	Balance Sheet Location	2010	2009
Derivatives designated as hedging instruments:			
Interest rate swap agreements	Other noncurrent liabilities	\$ 103,633	\$ 81,056
Derivatives not designated as hedging instruments:			
Interest rate swap agreements	Other noncurrent liabilities	9,995	9,611
		<u>\$ 113,628</u>	<u>\$ 90,667</u>

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The effects of the System's derivative financial instruments on the accompanying consolidated statements of operations and changes in net assets are as follows

	Years Ended December 31	
	2010	2009
Interest rate swap agreements in cash flow hedging relationships:		
(Loss) gain recognized in unrestricted net assets (effective portion)	\$ (27.846)	\$ 52.157
Loss reclassified from unrestricted net assets into interest expense (effective portion)	(7.546)	(6.140)
Loss reclassified from unrestricted net assets into loss from early extinguishment of debt	—	(32.446)
(Loss) gain recognized in nonoperating gains (ineffective portion)	(1.437)	1.726
Interest rate swap agreements not designated as hedging instruments:		
Gain recognized in nonoperating gains	\$ 6.337	\$ 6.674
Gain recognized in other operating expenses	482	4,426

Investment Derivatives

The System also uses derivative instruments within its primary equity investment portfolio, which is comprised of long positions in various domestic stock exchange indices. In order to limit the System's market risk from the equity markets, the portfolio includes derivative instruments such as puts and calls. Management has designated the instruments within its primary equity investment portfolio as trading securities and, accordingly, both realized and unrealized gains and losses are included in investment income in the period they occur. The net gains or losses on these trading activities, including both the long positions and the derivative instruments, are included in investment income. For the years ended December 31, 2010 and 2009, the System recorded a net gain of approximately \$7,500 and a net loss of approximately \$12,700, respectively.

10. Retirement Plans

Defined Contribution Plans

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(dollars in thousands)*

Defined Benefit Plans

Prior to January 1, 1992, substantially all of the System's entities participated in a multiemployer, noncontributory defined benefit retirement plan (Old Plan) administered by the General Conference of Seventh-day Adventists that is exempt from the Employee Retirement Income Security Act of 1974. During 1992, the Old Plan was suspended and the Plan was established. The System, along with the other participants in the Old Plan, may be required to make future contributions to the Old Plan to fund any difference between the present value of the Old Plan benefits and the fair value of the Old Plan assets. Future funding amounts and the funding time periods have not been determined by the Old Plan administrators, however, management believes the impact of any such future decisions will not have a material adverse effect on the System's consolidated financial statements.

As of the date of their acquisition by the System, both UCH and BFMC sponsored noncontributory defined benefit pension plans (the Pension Plans). The System froze the Pension Plans in December 2010, such that no new benefits will be accrued in the future. As a result of freezing future benefits, the System recognized a curtailment gain of approximately \$4.882 during the year ended December 31, 2010, which is included in employee compensation in the accompanying consolidated statements of operations and changes in net assets.

ASC Topic 715, Compensation – Retirement Benefits, requires employers that sponsor defined benefit plans to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the year-end statement of financial position, and provide additional disclosures.

The following table sets forth the combined benefit obligations and the assets of the Pension Plans at December 31, 2010, the components of net periodic benefit costs for the year then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

Accumulated benefit obligation, end of year	<u>\$ 196,206</u>
Change in projected benefit obligation	
Projected benefit obligation, beginning of year	\$ –
Projected benefit obligation assumed in acquisitions	212,835
Service cost	552
Interest cost	3,836
Curtailment gain	(4,882)
Benefits paid	(2,363)
Actuarial gain	<u>(13,772)</u>
Projected benefit obligation, end of year	196,206
Change in plan assets	
Fair value of plan assets, beginning of year	–
Fair value of plan assets at acquisition	114,083
Actual return on plan assets	12,990
Employer contributions	1,559
Benefits paid	<u>(2,363)</u>
Fair value of plan assets, end of year	<u>126,269</u>
Deficiency of fair value of plan assets over projected benefit obligation, included in other noncurrent liabilities	<u>\$ (69,937)</u>

Notes to Consolidated Financial Statements

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Included in unrestricted net assets at December 31, 2010, are unrecognized actuarial gains of approximately \$23,500 that have not yet been recognized in net periodic pension expense. The actuarial gain included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending December 31, 2011 is \$186.

The components of net periodic pension benefit for the year ended December 31 2010, were as follows:

Service cost	\$ 552
Interest cost	3,836
Expected return on plan assets	(3,262)
Curtailment gain	(4,882)
Net periodic pension benefit	<u>\$ (3,756)</u>

The assumptions used to determine the benefit obligation and net periodic benefit cost for the Pension Plans are set forth below:

Used to determine projected benefit obligation

Discount rate	5.35 – 5.50%
---------------	--------------

Used to determine benefit cost

Discount rate	4.80 – 5.50%
Expected long-term rate of return on plan assets	8.00 – 8.50%
Rate of compensation increase	3.00 – 3.50%

The Pension Plans' assets are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating funds to various asset classes and investment styles and by retaining multiple investment managers with complementary styles, philosophies, and approaches.

The Pension Plans' assets are managed solely in the interest of the Pension Plans' participants and their beneficiaries. The expected long-term rate of return on the Pension Plans' assets is based on historical and projected rates of return for current and planned asset categories in the Pension Plans' investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

At December 31, 2010, the Pension Plans' assets consist primarily of cash and cash equivalents, publicly traded common stocks of both U.S. and international corporations, and fixed income securities. The System is in the process of reallocating the investment portfolio of the Pension Plans to a new asset allocation.

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009 (dollars in thousands)

The weighted-average asset allocation for the Pension Plans at December 31, 2010, by asset category, is as follows

Cash and cash equivalents	56%
Equities	40
Fixed income	4
	<u>100%</u>

The following table presents the Pension Plans' financial instruments as of December 31, 2010, measured at fair value on a recurring basis by the valuation hierarchy defined in note 14

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 71.198	\$ 71.198	\$ –	\$ –
Equity instruments				
Domestic	47.027	36.992	10.035	–
Foreign	2.761	2.761	–	–
Fixed income	5.283	5.283	–	–
	<u>\$ 126.269</u>	<u>\$ 116.234</u>	<u>\$ 10.035</u>	<u>\$ –</u>

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in note 14

Expected employer contributions for the year ending December 31, 2011, are \$43.800. The following represents the expected benefit plan payments for the next five years and the five years thereafter

Year ending December 31	
2011	\$ 6.201
2012	6.725
2013	7.314
2014	7.927
2015	8.567
2016-2020	53.581

11. Medical Malpractice

The System established a self-insured revocable trust (Trust) that covers the System's facilities for claims below a specified level (Excess Level). Claims above the Excess Level are covered by a claims-made policy with a commercial insurance company. An Excess Level of \$2,000 was established for the year ended December 31, 2001. The Excess Level was increased to \$7,500 and \$15,000 effective January 1, 2002 and 2003, respectively, and has remained at \$15,000 through December 31, 2010.

Notes to Consolidated Financial Statements

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The Trust funds are recorded in the accompanying consolidated balance sheets as assets whose use is limited in the amount of \$292.455 and \$253.646 at December 31, 2010 and 2009, respectively. The related accrued malpractice claims are recorded in the accompanying consolidated balance sheets as other current liabilities in the amount of \$60.054 and \$57.141 and as other noncurrent liabilities in the amount of \$207.008 and \$181.930 at December 31, 2010 and 2009, respectively.

Management, with the assistance of consulting actuaries, estimates claim liabilities at the present value of future claim payments using a discount rate of 4.5% and 6.0% at December 31, 2010 and 2009, respectively.

12. Commitments and Contingencies

Operating Leases

The System leases certain property and equipment under operating leases. Lease and rental expense was approximately \$90,600 and \$77,900 for the years ended December 31, 2010 and 2009, respectively.

Net future minimum lease payments under noncancelable operating leases as of December 31, 2010, are as follows:

2011	\$	27,247
2012		24,508
2013		15,613
2014		12,055
2015		9,936
Thereafter		24,031

Litigation

Certain of the System's affiliated organizations are involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without material adverse effect to the System's consolidated financial statements.

Subsequent to the acquisition of BFMC, the Bert Fish Foundation, Inc. filed a lawsuit against the District, BFMC and the System. The lawsuit alleges the acquisition was not completed in accordance with applicable Florida statutes and seeks to unwind the transaction. The System has disputed the allegations and is defending the lawsuit.

Notes to Consolidated Financial Statements

For the years ended
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13. Changes in Consolidated Unrestricted Net Assets

Changes in consolidated unrestricted net assets that are attributable to the System and the noncontrolling interests in subsidiaries are as follows

	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2010	\$ 3,742,856	\$ 3,712,338	\$ 30,518
Excess of revenue and gains over expenses	821,040	814,780	6,260
Distributions	(3,866)	—	(3,866)
Other activity	878	878	—
Change in net assets	818,052	815,658	2,394
Balance December 31, 2010	<u>\$ 4,560,908</u>	<u>\$ 4,527,996</u>	<u>\$ 32,912</u>
	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2009	\$ 3,245,509	\$ 3,217,461	\$ 28,048
Excess of revenue and gains over expenses	370,036	363,555	6,481
Distributions	(4,011)	—	(4,011)
Other activity	131,322	131,322	—
Change in net assets	497,347	494,877	2,470
Balance December 31, 2009	<u>\$ 3,742,856</u>	<u>\$ 3,712,338</u>	<u>\$ 30,518</u>

14. Fair Value Measurements

The System follows ASC 820, which provides a framework for measuring the fair value of certain assets and liabilities and disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. 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).

Certain of the System's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments, exchange-traded derivatives, collateral under the securities lending program and interest rate swap agreements. The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the System has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing

Notes to Consolidated Financial Statements

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models whose inputs are observable for substantially the full term of the asset or liability. Instruments in this category include certain U.S. government agency and sponsored entity debt securities, interest rate swap agreements, certain alternative investments and collateral held under the securities lending program.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The System has no financial assets or financial liabilities with significant Level 3 inputs.

Fair Values

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

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis at December 31, 2010, was as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Cash and cash equivalents	\$ 1,025,207	\$ 978,611	\$ 46,596	\$ –
INVESTMENTS				
Debt Securities				
U.S. government agencies and sponsored entities	1,385,992	–	1,385,992	–
U.S. corporate bonds	61,761	1,631	60,130	–
Residential mortgage-backed	158,128	–	158,128	–
Collateralized debt obligations	125,703	–	125,703	–
Equity Securities				
Domestic equities	3,377	3,377	–	–
Foreign equities	1,524	1,524	–	–
Domestic equity index securities	363,090	363,090	–	–
Domestic equity options	19,945	19,945	–	–
Alternative Investments				
Alternate strategies	6,835	–	6,835	–
Commodity	8,552	–	8,552	–
Currency	5,302	–	5,302	–
Event driven	3,165	–	3,165	–
Long short	25,420	–	25,420	–
Relative value	3,000	–	3,000	–
Specialist credit	19,386	–	19,386	–
Total investments	<u>2,191,180</u>	<u>389,567</u>	<u>1,801,613</u>	<u>–</u>

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*For the years ended
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	As of December 31, 2010 (cont.)			
	Total	Level 1	Level 2	Level 3
ASSETS WHOSE USE IS LIMITED				
Cash and cash equivalents	292,711	292,711	—	—
Debt Securities				
U.S. government agencies and sponsored entities	286,109	6,128	279,981	—
U.S. corporate bonds	41,728	1,841	39,887	—
Equity Securities				
Domestic equities	12,567	12,567	—	—
Foreign equities	847	847	—	—
Domestic equity index securities	11,158	11,158	—	—
Domestic equity options	613	613	—	—
Alternative Investments				
Alternate strategies	3,317	—	3,317	—
Commodity	4,151	—	4,151	—
Currency	2,573	—	2,573	—
Event driven	1,536	—	1,536	—
Long short	12,337	—	12,337	—
Relative value	1,456	—	1,456	—
Specialist credit	9,408	—	9,408	—
Total assets whose use is limited	680,511	325,865	354,646	—
Collateral held under securities lending program	51,450	—	51,450	—
	<u>\$ 3,948,348</u>	<u>\$ 1,694,043</u>	<u>\$ 2,254,305</u>	<u>\$ —</u>
LIABILITIES				
Interest rate swaps	<u>\$ 113,628</u>	<u>\$ —</u>	<u>\$ 113,618</u>	<u>\$ —</u>

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The fair value of financial assets and financial liabilities measured at fair value on a recurring basis at December 31, 2009, was as follows

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Cash and cash equivalents	\$ 992,949	\$ 972,949	\$ 20,000	\$ —
Investments				
U S government agencies and sponsored entities	1,429,140	—	1,429,140	—
U S corporate bonds	980	980	—	—
Domestic equities	3,562	3,562	—	—
Foreign equities	1,255	1,255	—	—
Domestic equity index securities	301,560	301,560	—	—
Domestic equity options	21,396	21,396	—	—
Total investments	<u>1,757,893</u>	<u>328,753</u>	<u>1,429,140</u>	<u>—</u>
Assets whose use is limited				
Cash and cash equivalents	181,584	181,584	—	—
U S government agencies and sponsored entities	262,807	2,505	260,302	—
U S corporate bonds	1,361	1,361	—	—
Domestic equities	5,185	5,185	—	—
Foreign equities	679	679	—	—
Total assets whose use is limited	<u>451,616</u>	<u>191,314</u>	<u>260,302</u>	<u>—</u>
Collateral held under securities lending program				
	196,776	—	196,776	—
Interest rate swaps	<u>6,669</u>	<u>—</u>	<u>6,669</u>	<u>—</u>
	<u>\$ 3,405,903</u>	<u>\$ 1,493,016</u>	<u>\$ 1,912,887</u>	<u>\$ —</u>
LIABILITIES				
Interest rate swaps	<u>\$ 90,667</u>	<u>\$ —</u>	<u>\$ 90,667</u>	<u>\$ —</u>

Notes to Consolidated Financial Statements

For the years ended
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The carrying values of accounts receivable, accounts payable, accrued liabilities and payable under the securities lending program are reasonable estimates of their fair values due to the short-term nature of these financial instruments. The fair values of the System's fixed-rate bonds are based on quoted market prices for the same or similar issues and approximated \$2,265,997 and \$1,912,800 as of December 31, 2010 and 2009, respectively. The carrying values of these fixed-rate bonds were \$2,228,740 and \$1,898,610 as of December 31, 2010 and 2009, respectively. The carrying amount approximates fair value for all other long-term debt (see note 8).

Reconciliation to the Consolidated Balance Sheets

Financial assets are reflected in the consolidated balance sheets as follows

	December 31	
	2010	2009
Investments measured at fair value	\$ 2,191,180	\$ 1,757,893
Alternative investments accounted for under the equity method	348,460	397,090
Accrued interest	9,665	10,632
Total investments	<u>\$ 2,549,305</u>	<u>\$ 2,165,615</u>
Assets whose use is limited measured at fair value	\$ 680,511	\$ 451,616
Alternative investments accounted for under the equity method	12,903	—
Accrued interest	2,261	1,645
Total assets whose use is limited	<u>\$ 695,675</u>	<u>\$ 453,261</u>

See note 9 for the location of interest rate swap assets and liabilities in the consolidated balance sheets

Valuation Techniques and Inputs

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 financial assets and financial liabilities were determined as follows

Cash equivalents, U.S. government agencies and sponsored entities, U.S. corporate bonds, residential mortgage-backed and collateralized debt obligations – These Level 2 securities were valued through the use of third party pricing services that use evaluated bid prices adjusted for specific bond characteristics and market sentiment

Alternative investments – These underlying funds are valued using the NAV as a practical expedient to determine fair value. Several factors are considered in appropriately classifying the underlying funds in the fair value hierarchy. An underlying fund is generally classified as Level 2 if the System has the ability to withdraw its investment with the underlying fund at NAV at the measurement date. An underlying fund is generally classified as Level 3 if the System does not have the ability to withdraw its investment with the underlying fund at NAV such as investments in closed end funds, side pockets or funds with suspended withdrawals imposed. If the System cannot withdraw its investment with the underlying funds at NAV when such investment is subject to lock-up or gate, or its withdrawal period does not coincide with the System's measurement date, the

Notes to Consolidated Financial Statements

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system considers the length of time until the investment will become redeemable in determining whether the fair value measurement of the investment should be classified as a Level 2 or Level 3 fair value measurement

Collateral held under securities lending program – The System participates in securities lending transactions with the custodian of its investments (the program), whereby a portion of its investments is loaned to certain brokerage firms in return for cash from the brokers as collateral for the investments loaned. This cash collateral is invested by the System in a securities lending quality trust (SLQT). The fair value of the System's interest in the SLQT was determined by considering its NAV and actual issuances and redemptions of interests in the SLQT.

The SLQT invests in short-term portfolio instruments in order to preserve capital and produce a moderate rate of return. Issuances and redemptions of interests in the SLQT are made each business day. Currently, interests in the SLQT are purchased and redeemed at a constant NAV of \$1.00 per unit for daily operational liquidity purposes, although redemptions for certain other purposes, such as termination of the System's participation in the program, may be in-kind.

Interest rate swaps – The fair value of these Level 2 financial assets and financial liabilities was determined through the use of widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. The analysis reflects the contractual terms of the interest rate swaps, including the period to maturity, and uses observable market-based inputs, such as interest rate curves. In addition, credit valuation adjustments are included to reflect both the System's nonperformance risk and the respective counterparty's nonperformance risk. The System pays fixed rates ranging from 2.63% to 3.83% and receives cash flows based primarily on percentages of LIBOR, ranging from 64% to 67% percent of LIBOR.

15. Subsequent Events

The System evaluated events and transactions occurring subsequent to December 31, 2010 through February 24, 2011, the date the consolidated financial statements were issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements. Additionally, there were no nonrecognized subsequent events that required disclosure.

Notes to Consolidated Financial Statements

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16. Fourth Quarter Results of Operations (Unaudited)

The System's operating results for the three months ended December 31, 2010, are presented below

Revenue	
Patient service	\$ 1,717,692
Other	66,256
Total operating revenue	<u>1,783,948</u>
Expenses	
Employee compensation	815,668
Supplies	323,413
Professional fees	104,446
Provision for bad debts	101,731
Other	251,542
Interest	39,890
Depreciation and amortization	102,542
Total operating expenses	<u>1,739,232</u>
Income from Operations	44,716
Nonoperating Gains (Losses)	
Investment income	42,411
Change in fair value of interest rate swaps	5,615
Loss from early extinguishment of debt	(3,612)
Adjustments to excess of fair value of assets acquired over liabilities assumed in acquisitions	(12,653)
Total nonoperating gains	<u>31,761</u>
Excess of Revenue and Gains over Expenses	76,477
Less: Excess of Revenue and Gains over Expenses Attributable to Noncontrolling Interests	<u>(1,283)</u>
Excess of Revenue and Gains over Expenses Attributable to Controlling Interests	75,194
Other changes in unrestricted net assets, net	69,262
Decrease in temporarily restricted net assets, net	(15,632)
Increase in Net Assets	<u><u>\$ 128,824</u></u>

Report of Independent Certified Public Accountants

The Board of Directors
Adventist Health System Sunbelt Healthcare Corporation
d/b/a Adventist Health System

We have audited the accompanying consolidated balance sheets of Adventist Health System and its subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Adventist Health System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Adventist Health System's internal control over financial reporting. Our audits included 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 Adventist Health System'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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adventist Health System and its subsidiaries at December 31, 2010 and 2009, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Orlando, Florida
February 24, 2011

Additional Data

Software ID:
Software Version:
EIN: 51-0603966
Name: TAKOMA REGIONAL HOSPITAL INC

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			
RICHARD REINER CHAIRMAN/DIRECTOR	1 00	X						0	0	0
BOB BURGIN VICE CHAIRMAN/DIRECTOR (END 8/10)	1 00	X						0	0	0
MARGARET D DENARVAEZ VICE CHAIRMAN/DIRECTOR (BEG 8/10)	1 00	X						0	0	0
AL GILES DIRECTOR (BEG 11/10)	1 00	X						0	0	0
JOHN HOWARD DIRECTOR (BEG 4/11)	1 00	X						0	0	0
GARY MILLER DIRECTOR (END 12/10)	1 00	X						0	0	0
DANIEL WOLCOTT CEO/DIRECTOR	50 00	X		X				343,624	0	68,538
KELLY PETTIJOHN DIRECTOR (END 3/11)	1 00	X						0	0	0
RANDOLPH KARSTEN DIRECTOR (BEG 5/11)	1 00	X						0	0	0
JIMM BUNCH DIRECTOR	1 00	X						0	0	0
ELIZABETH WARD DIRECTOR	1 00	X						0	0	0
PATRICIA L SMITH EDD RN DIRECTOR	1 00	X						0	0	0
MARK WILLIAMS DIRECTOR	1 00	X						0	0	0
DON SMITH DIRECTOR	1 00	X						0	0	0
CLAES SVENDSEN MD DIRECTOR	50 00	X						202,973	0	26,516
JR MCKINNEY MD DIRECTOR	50 00	X						164,734	0	5,341
RANDY RUMLEY DIRECTOR	1 00	X						0	0	0
JOEY BALLARD DIRECTOR	1 00	X						0	0	0
JAMES KILGORE PHD DIRECTOR	1 00	X						0	0	0
ED WRIGHT DIRECTOR	1 00	X						0	0	0
SHARON FOLK DIRECTOR	1 00	X						0	0	0
DANIEL LEWIS MD DIRECTOR/CHIEF OF STAFF	50 00	X						184,527	0	26,255
TOM VANDENHOVEN CFO	50 00			X				153,733	0	21,410
FRED MYERS MD CMO	50 00				X			162,580	0	23,030
TERESA L MARCUM CNO	50 00				X			154,506	0	39,398

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			
GORDON L MARSA MD PHYSICIAN	45 00					X		325,702	0	28,815
WILLIAM R BRIDGES MD PHYSICIAN	45 00					X		260,079	0	30,765
GREGORY S UHL MD PHYSICIAN	45 00					X		247,477	0	29,105
ROBERT W LOCKLEAR MD PHYSICIAN	45 00					X		222,602	0	28,240
WILLIAM C DIEBOLD MD PSYCHIATRIST	45 00					X		214,062	0	27,589