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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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization PORTERCARE ADVENTIST HEALTH SYSTEM	D Employer identification number 84-0438224
	Doing Business As	E Telephone number (303) 765-6861
	Number and street (or P O box if mail is not delivered to street address) 2525 S Downing St	Room/suite
	G Gross receipts \$ 817,566,826	
	City or town, state or country, and ZIP + 4 Denver, CO 80210	
	F Name and address of principal officer Gary Campbell 188 INVERNESS DR W Suite 500 Englewood, CO 80112	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶ 1071
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ N/A		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1968
M State of legal domicile CO		

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities Our company, a faith based organization, invests in charity care, community programs and sponsorships designed to nurture the health of the people of Colorado with a goal to keep them healthy		
	2 Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	3
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	0
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	4,726
6 Total number of volunteers (estimate if necessary)	6	1,137	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,187,735	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-1,146,630	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,079,843	1,381,385
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	714,851,396	790,151,213
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,381,798	19,011,977
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	6,797,748	6,556,378
		733,110,785	817,100,953
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,135,228	1,276,130
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	271,165,471	282,214,009
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	390,591,115	439,391,596
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	662,891,814	722,881,735
	19 Revenue less expenses Subtract line 18 from line 12	70,218,971	94,219,218
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	1,144,889,489	1,220,174,007
	21 Total liabilities (Part X, line 26)	486,262,334	478,868,494
	22 Net assets or fund balances Subtract line 21 from line 20	658,627,155	741,305,513

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		2012-05-10				
	Date						
Paid Preparer Use Only	Print/Type preparer's name	MARK STOCKI	Preparer's signature	MARK STOCKI	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ CATHOLIC HEALTH INITIATIVES						Firm's EIN ▶
	Firm's address ▶ 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112						Phone no ▶ (303) 298-9100

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

We extend the healing ministry of Christ by caring for those who are ill and by nurturing the health of the people in our communities

2

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

☐ Yes

☒ No

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

3

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

☐ Yes

☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the exempt purpose achievements for each of the organization’s three largest program services by expenses

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 624,031,395 including grants of \$ 1,276,130) (Revenue \$ 790,649,449)

See Schedule H

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

















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

4e

Total program service expenses \$ 624,031,395

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>	5	
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	Yes
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Parts II and IV.</i>	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		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		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input checked="" type="checkbox"/> Yes <input 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	0
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	
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	4,726
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its 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?	Yes	
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?	Yes	
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?	Yes	
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?		No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. Kyle Engman 188 Inverness Dr West 500 Englewood, CO 80112 (303) 804-8108

Part VII

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

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

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ROBERT HENDERSCHIEDT BOARD MEMBER	1 0	X							961,047	131,668
(2) TERRY SHAW ASST. TREASURER/SECRETARY	1 0	X		X					1,096,656	219,036
(3) RICHARD REINER VICE PRESIDENT/CHAIRMAN	1 0	X		X					1,173,953	208,519
(4) GARY CAMPBELL PRESIDENT/CEO	1 0			X						
(5) RANDY HAFFNER CEO-PORTER HOSPITAL	40 0			X				628,373		191,151
(6) RANDY SAFADY EVP CFO	1 0			X						
(7) JOHN SACKETT CEO-AVISTA ADVENTIST HOSP	40 0				X			381,277		96,755
(8) KENNETH BACON CEO-LITTLETON ADVENTIST HOSP	40 0				X			438,241		137,674
(9) STEVEN CHEN CFO-PORTER ADVENTIST HOSP	40 0				X			307,307		45,991
(10) CHERYL CURRY CFO-AVISTA ADVENTIST HOSP	40 0				X			218,964		33,305
(11) ANDREW GAASCH CFO-PARKER ADVENTIST HOSP	40 0				X			224,888		24,300
(12) DAVID SMITH VP OPS-AVISTA ADVENTIST HOSP	40 0				X			213,663		18,254
(13) TODD FOLKENBERG COO-PORTER ADVENTIST HOSP	40 0				X			290,174		43,404
(14) KARSTEN RANDOLPH CFO-LITTLETON ADVENTIST HOSP	40 0				X			275,481		48,150
(15) TERRY FORDE CEO-PARKER ADVENTIST HOSP	40 0				X			396,070		93,708
(16) JOHN PRALL PHYSICIAN	40 0					X		1,221,488		27,086

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) DAVID VANSICKLE PHYSICIAN	40 0					X		1,065,282		34,591
(18) DAVID SCHRIER PHYSICIAN	40 0					X		753,811		37,213
(19) BERNARD GUIOT PHYSICIAN	40 0					X		740,700		21,873
(20) Robert Bess Physician	40 0					X		687,716		34,710
(21) MICHAEL BLAIR VP FINANCE-ROCKY MOUNTAIN GROU	40 0						X	149,760		
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								7,993,195	3,231,656	1,447,388

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▶236

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Critical Care Pulmonary and Sleep A 274 Union Blvd Suite Lakewood, CO 80228	Physician Services	1,701,682
Triage Consulting Group 221 Main St Suite 1100 San Francisco, CA 94105	Collections	832,271
PREMIER SUGERY 7780 S BROADWAY STE 250 LITTLETON, CO 80122	PHYSICIAN SERVICES	404,814
Neurosurgical and Spine Specialists 9399 Crown Crest Blvd Suite 240 Parker, CO 80138	Physician Services	350,000
Brigitta Robinson MD 7690 S Hudson St Centennial, CO 80122	Physician Services	213,925

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 ▶15

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)
				Total revenue	Related or exempt function revenue	Unrelated business revenue	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	1,330,813			
	e	Government grants (contributions)	1e	50,572			
	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		1,381,385			
	Program Service Revenue	2a		Business Code			
		Patient Services	900099	782,854,897	782,854,897		
b		Equity changes of unconsolidated orgs	900099	4,389,653	4,986,006	-596,353	
c		Rental Income	900099	2,665,598	2,665,598		
d		Education	611710	142,948	142,948		
e		Research	900099	98,117		98,117	
f		All other program service revenue					
g		Total. Add lines 2a-2f		790,151,213			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		16,424,993		357
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
	6a	Gross Rents	(i) Real 97,745	(ii) Personal			
	b	Less rental expenses	244,876				
	c	Rental income or (loss)	-147,131				
	d	Net rental income or (loss)			-147,131		-147,131
	7a	Gross amount from sales of assets other than inventory	(i) Securities 235,523	(ii) Other 2,572,458			
	b	Less cost or other basis and sales expenses		220,997			
	c	Gain or (loss)	235,523	2,351,461			
	d	Net gain or (loss)			2,586,984		2,586,984
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events			0		
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0		
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory			0		
Miscellaneous Revenue			Business Code				
11a	Pharmacy Services	446110	2,692,795		2,472,780	220,015	
b	Cafeteria	722100	2,847,532			2,847,532	
c	Gift Shop	453220	417,139			417,139	
d	All other revenue		746,043		212,834	533,209	
e	Total. Add lines 11a-11d		6,703,509				
12	Total revenue. See Instructions		817,100,953	790,649,449	2,187,735	22,882,384	

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,276,130	1,276,130		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	227,274,396	181,819,517	45,454,879	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,525,315	10,020,252	2,505,063	
9	Other employee benefits	26,485,031	21,188,025	5,297,006	
10	Payroll taxes	15,929,267	12,743,414	3,185,853	
a	Fees for services (non-employees) Management	0			
b	Legal	46,563		46,563	
c	Accounting	175,560		175,560	
d	Lobbying	0			
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	105,499,294	84,399,435	21,099,859	
12	Advertising and promotion	2,376,907	1,901,526	475,381	
13	Office expenses	144,325,667	141,348,769	2,976,898	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	13,875,208	11,100,166	2,775,042	
17	Travel	1,237,690	990,152	247,538	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	147,921	118,337	29,584	
20	Interest	19,001,439	19,001,439		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	40,636,336	32,509,069	8,127,267	
23	Insurance	2,835,731	2,268,585	567,146	
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	PHYSICIAN FEES	16,813,250	13,450,600	3,362,650	
b	Bad debts	47,841,208	47,841,208		
c	Dues & subscriptions	1,060,876	848,701	212,175	
d	Repairs and maintenance	10,925,281	8,740,225	2,185,056	
e	Provider Tax	30,990,868	30,990,868		
f	All other expenses	1,601,797	1,474,977	126,820	0
25	Total functional expenses. Add lines 1 through 24f	722,881,735	624,031,395	98,850,340	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			982,036	1	628,592
	2	Savings and temporary cash investments			53,374,931	2	34,568,396
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			86,331,560	4	95,981,428
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Schedule L				6	
	7	Notes and loans receivable, net			4,310,807	7	4,804,161
	8	Inventories for sale or use			14,508,898	8	13,983,713
	9	Prepaid expenses and deferred charges			1,695,685	9	2,030,926
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	752,399,105	444,241,626	10c	474,924,976
	b	Less: accumulated depreciation	10b	277,474,129			
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11			40,104,141	12	49,685,722
	13	Investments—program-related. See Part IV, line 11			381,895,244	13	448,926,581
	14	Intangible assets			88,111,520	14	88,097,520
	15	Other assets. See Part IV, line 11			29,333,041	15	6,541,992
16	Total assets. Add lines 1 through 15 (must equal line 34)			1,144,889,489	16	1,220,174,007	
Liabilities	17	Accounts payable and accrued expenses			56,842,743	17	57,943,097
	18	Grants payable				18	
	19	Deferred revenue			26,007	19	49,216
	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			429,393,584	25	420,876,181
	26	Total liabilities. Add lines 17 through 25			486,262,334	26	478,868,494
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			657,533,420	27	740,211,778
	28	Temporarily restricted net assets			1,093,735	28	1,093,735
	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			658,627,155	33	741,305,513
34	Total liabilities and net assets/fund balances			1,144,889,489	34	1,220,174,007	

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	817,100,953
2	Total expenses (must equal Part IX, column (A), line 25)	2	722,881,735
3	Revenue less expenses Subtract line 2 from line 1	3	94,219,218
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	658,627,155
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-11,540,860
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	741,305,513

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

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).

Name of organization PORTERCARE ADVENTIST HEALTH SYSTEM	Employer identification number 84-0438224
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Part III

Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. (Complete columns (a) through (e) and the following line entry)
For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc , contributions of **\$1,000 or less** for the year (Enter this information once See instructions) ▶ \$ 0

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
—	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>
	<div>(e) Transfer of gift</div> <div>Transferee's name, address, and ZIP + 4Relationship of transferor to transferee</div>		
	<div></div> <div></div> <div></div>		
—	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>
	<div>(e) Transfer of gift</div> <div>Transferee's name, address, and ZIP + 4Relationship of transferor to transferee</div>		
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	<div>(e) Transfer of gift</div> <div>Transferee's name, address, and ZIP + 4Relationship of transferor to transferee</div>		
	<div></div> <div></div> <div></div>		
—	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>
	<div>(e) Transfer of gift</div> <div>Transferee's name, address, and ZIP + 4Relationship of transferor to transferee</div>		
	<div></div> <div></div> <div></div>		

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
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

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</div> <div><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</div> <div><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)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

2a

Total number of conservation easements

2b

Total acreage restricted by conservation easements

2c

Number of conservation easements on a certified historic structure included in (a)

2d

Number of conservation easements included in (c) acquired after 8/17/06

Held at the End of the Year

2a

2b

2c

2d

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes

☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes

☐ No

9

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

Part III

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

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

Part III

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

(continued)

3

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

a

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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)

b

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

3b

4

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

Part VI

Investments—Land, Buildings, and Equipment.

See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,395,329	64,274,184		65,669,513
b Buildings	298,071	451,079,166	161,862,039	289,515,198
c Leasehold improvements		0	0	0
d Equipment	17,564	167,109,950	108,244,930	58,882,584
e Other		68,224,841	7,367,160	60,857,681
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				474,924,976

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
REPORTING OF LIABILITY FOR UNCERTAIN TAX POSITIONS UNDER FIN 48 (ASC 740)	Schedule D Part X	Portercare Adventist Health System's financial information is included in the consolidated audited financial statements of ADVENTIST HEALTH SYSTEM (AHS), a related organization AHS's FIN 48 FOOTNOTE FOR THE YEAR ENDED DECEMBER 31, 2010 IS AS FOLLOWS "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 "

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
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> 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 checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input 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	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		No
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

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)			21,257,628		21,257,628	3 150 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			20,295,015		20,295,015	3 010 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			41,552,643		41,552,643	6 160 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,515,865	36,311	1,479,554	0 220 %
f Health professions education (from Worksheet 5)			2,795,232		2,795,232	0 410 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			881,216		881,216	0 130 %
j Total Other Benefits			5,192,313	36,311	5,156,002	0 760 %
k Total. Add lines 7d and 7j			46,744,956	36,311	46,708,645	6 920 %

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	2	3,211		3,211	
10	Total	2	3,211		3,211	

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	17,616,287
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	
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	160,690,242
6	Enter Medicare allowable costs of care relating to payments on line 5	6	230,895,082
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-70,204,840
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
b	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				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 4

Schedule H (Form 990) 2010

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Porter Adventist Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)	18		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a <input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b <input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c <input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Littleton Adventist Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)	18		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a <input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b <input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c <input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Parker Adventist Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Avista Adventist Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 4

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)	18		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a <input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b <input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c <input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

Part V

Facility Information (continued)

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? 37

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
1	
2	
3	
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 3c		If applicable, describe the income-based criteria for determining eligibility for free or discounted care under the organization's charity care policy Also describe whether the organization uses the asset test or other threshold regardless of income to determine eligibility for free or discounted care PorterCare Adventist Health System has an established charity care policy based on the Federal Poverty Level Charity is provided to patients based on a sliding scale that considers the patient's family size and income level The charity provided ranges from 100% of the patient's bill for individuals whose household income is at 100% or less of the Federal poverty level, to a 60% deduction for individuals whose income is at 400% of the Federal poverty level In addition, PorterCare Adventist Health System takes into account specific facts and circumstances in granting charity in situations such as a catastrophic illness where the patient does not have liquid assets

Identifier	ReturnReference	Explanation
PART I, Line 6a		If the organization's community benefit report is contained in a report prepared by a related organization, rather than a separate report prepared by the organization, identify the related organization. PorterCare Adventist Health System is operated by Centura Health Corporation (CHC). CHC prepares its own written community benefit report which includes the activities of PorterCare Adventist Health System and other entities managed by CHC. The annual report is published on Centura's website and available to anyone interested.

Identifier	ReturnReference	Explanation
Part I, Line 7, Column (f)		If applicable, state the bad debt expense included on Form 990 Part IX, line 25, column (A) but subtracted for purposes of calculating the percentage in this column. PorterCare Adventist Health System recorded \$47.8 million in bad debt expense for the fiscal year. The bad debt expense recorded, while included in functional expenses, was excluded from the calculation of community benefit expense.

Identifier	ReturnReference	Explanation
Part I, Line 7		Provide an explanation of the costing methodology used to calculate the amounts reported in the table. If a cost accounting system was used, indicate whether the cost accounting system addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured or self pay). Also indicate whether a cost-to-charge ratio was used for any of the figures reported in the table. Describe whether this cost-to-charge ratio was derived from Worksheet 2, and, if not, what kind of cost-to-charge ratio was used and how it was derived. If some other costing methodology was used besides a cost accounting system, cost-to-charge ratio, or a combination of the two, describe the method used. PorterCare Adventist Health System does not use a cost accounting system to determine the cost of charity care provided. The estimated cost of care is calculated by applying the ratio of each facility's total expenses to total gross revenue, applied to the applicable gross revenues (e.g., Medicare, Medicaid). Worksheet 2 was not used to develop the cost to charge ratio.

Identifier	ReturnReference	Explanation
Part III, Section A, Line 4		<p>Provide the rationale and the costing methodology used to determine the amount reported in Part III lines 2 and 3</p> <p>Describe how the organization accounts for discounts and payments on patient accounts in determining bad debt expense</p> <p>Also describe the method the organization uses to determine the amount that reasonably could be attributable to patients who likely would qualify for financial assistance under the hospital's charity care policy, if sufficient information has been available to make a determination as to their eligibility</p> <p>Also, provide if applicable, the text of the footnote to the organization's financial statements that describes bad debt expense</p> <p>If the organization's financial statements include a footnote on these issues that also includes other information, report only the relevant portions of the footnote</p> <p>If the organization's financial statements do not contain such a footnote, state that the organization's financial statements do not include such a footnote and explain how the financial statements account for bad debt, if at all</p> <p>Portercare Adventist Health System uses the overall cost to gross charge ratio applicable to each facility to determine the costs in Part III lines 2 and 3</p> <p>Portercare Adventist Health System automatically discounts all self-pay patient accounts by 30% and also offers a prompt pay discount</p> <p>This allowance is not included in the calculation of the cost of bad debts in instances where a patient does not pay his or her bill</p> <p>Portercare Adventist Health System provides information to patients at the time of registration with respect to its financial assistance policies</p> <p>However, in some instances patients do not complete the necessary forms to apply for financial assistance</p> <p>As a result, Portercare Adventist Health System uses an outside vendor to assist in determining a patient's eligibility for financial assistance</p> <p>This includes a review of the patient's financial situation based on the vendor's database of external information</p> <p>In instances where the review indicates that the patient qualifies for financial assistance, Portercare Adventist Health System adjusts the patient's bill to match its charity policy and does not pursue collection from the patient for the portion of the patient's obligation that qualifies for charity</p> <p>Portercare Adventist Health System does not issue separate audited financial statements, however, PAHS is included in the consolidated financial statements of AHS and their footnote is referenced below</p> <p>Bad debt expense is reported on Portercare Adventist Health System's internal financial statements as an expense</p> <p>The amount reported is based on the amount deemed to not be collectible by patients who have the ability to pay</p> <p>Financial Statement Footnote Related to Accounts Receivable and Allowance for Uncollectible Accounts</p> <p>The System serves certain patients whose medical care costs are not paid at established rates</p> <p>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</p> <p>Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered</p> <p>The System is subject to retroactive revenue adjustments due to future audits, reviews, and investigations</p> <p>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</p> <p>Adjustments to revenue related to prior period increased patient service revenue by approximately \$29,500,000 and \$23,900,000 for the years ended December 31, 2010 and 2009, respectively</p> <p>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</p> <p>Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation</p> <p>As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term</p> <p>The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements</p> <p>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</p> <p>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</p> <p>The provision for bad debts is based on management's assessment of historical</p>

Identifier	ReturnReference	Explanation
Part III, Section A, Line 4		ical 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

Identifier	ReturnReference	Explanation
Part III, Section B, Line 8		<p>Describe the costing methodology used to determine the Medicare allowable costs reported in the organization's Medicare Cost Report, as reflected in the amount reported in Part III, line 6 Describe, if applicable, the extent to which any shortfall reported in Part III, line 7 should be treated as a community benefit, and the rationale for the organization's position Cost for each hospital's cost report is pulled from year end trial balances The cost is then evaluated and all non-allowable cost is removed via adjustments The remaining allowable cost is then allocated to appropriate patient care and non-patient care cost centers based on Medicare allocation principles Rationale for Including a Medicare Shortfall as Community Benefit As a 501(c)(3) organization, the filing organization provides emergency and non-elective care to all regardless of ability to pay All hospital services are provided in a non-discriminatory manner to patients who are covered beneficiaries under the Medicare program As a public insurance program, Medicare provides a pre-established reimbursement rate/amount to health care providers for the services they provide to patients In some cases, the reimbursement amount provided to a hospital may exceed its costs of providing a particular service or services to a patient In other cases, the Medicare reimbursement amount may result in the hospital experiencing a shortfall of reimbursement received over costs incurred In those cases where an overall shortfall is generated for providing services to all Medicare patients, the shortfall amount should be considered as a benefit to the community Tax-exempt hospitals are required to accept all Medicare patients regardless of the profitability, or lack thereof, with respect to the services they provide to Medicare patients The population of individuals covered under the Medicare program is sufficiently large so that the provision of services to the population is a benefit to the community and relieves the burdens of government In those situations where the provision of services to the total Medicare patient population of a tax-exempt hospital during any year results in a shortfall of reimbursement received over the cost of providing care, the tax-exempt hospital has provided a benefit to a class of persons broad enough to be considered a benefit to the community Despite a financial shortfall, a tax-exempt hospital must and will continue to accept and care for Medicare patients Typically, tax-exempt hospitals provide health care services based upon an assessment of the health care needs of their community as opposed to their taxable counterparts where profitability often drives decisions about patient care services that are offered Patient care provided by tax-exempt hospitals that results in Medicare shortfalls should be considered as providing a benefit to the community and relieving the burdens of government</p>

Identifier	ReturnReference	Explanation
Part III, Section C, Line 9b		<p>If the organization has a written debt collection policy and answered "yes" to Part III, line 9b, describe the collection practices set forth in the policy that apply to patients who it knows qualify for charity care or financial assistance, whether or not such practices apply specifically to such patients or more broadly to also cover other types of patients. PorterCare Adventist Health System's debt collection policy provides the performance of a reasonable review of each patient's account prior to turning an account over to a third-party collection agent and prior to instituting any legal action for non-payment. The review of patient accounts is done to assure that the patient or their guarantor is not eligible for assistance through PorterCare Adventist Health System's charity care policy, uninsured discount policy or another financial assistance program (i.e. Medicaid). PorterCare Adventist Health System requires the following of its third-party collection agencies: -Neither PorterCare Adventist Health System hospitals or their collection agencies will request bench or arrest warrants as a result of non-payment, -Neither PorterCare Adventist Health System hospitals or their collection agencies will seek liens that would require the sale or foreclosure of a primary residence, and -No PorterCare Adventist Health System collection agency may seek court action without hospital approval.</p>

Identifier	ReturnReference	Explanation
Part VI, Items 2,4,5		<p>Line 2 Describe how the organization assesses the health care needs of the communities it serves Line 4 Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves Line 5 Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting health of the community (e.g. open medical staff, community board, use of surplus funds, etc) PorterCare Adventist Health System Colorado Across Colorado, more than 4,000 associates of PorterCare Adventist Health System (PAHS) are changing lives in our hospitals, senior living communities, clinics and homes in which they work Through the many community programs and the charity care they provide for people throughout Colorado, PAHS associates receive great satisfaction from fulfilling a mission of extending the healing ministry of Christ The Community Benefit Report is a collective list of various activities through which PAHS supports its neighbors throughout the state Community benefits are offered in the form of outreach and education, support groups, activities and clinics, as well as charity care As a nonprofit, faith-based organization, PAHS is committed to providing support and programs for those less fortunate in our communities In hard times those numbers grow, while resources shrink In response to this, we seek how to make the most impact in every community we touch In the most recent fiscal year PAHS invested the following in its communities Community Benefit Annual Report FY 2011 Summary Introduction PorterCare Adventist Health System (PAHS), a faith-based, nonprofit health care entity, since their earliest days, have placed an emphasis on whole person care and on illness prevention, have preserved an unwavering commitment to their values and an understanding of the vital role that ministering to spiritual needs can play in health care Committed to the mission of continuing the healing ministry of Christ, PAHS builds upon its unique history, heritage and traditions to create a faith-based entity designed to advance the mission of their individual organizations Today, PAHS operates 4 hospitals Avista Adventist Hospital, Littleton Adventist Hospital, Parker Adventist Hospital and Porter Adventist Hospital In keeping with our mission, PAHS provides care for all regardless of ability to pay In fiscal year 2011, PAHS provided \$46.7 million in healthcare to underprivileged individuals and the broader community through charity care, community education and outreach, and unpaid costs of Medicaid Quality healthcare is delivered to persons in these service areas - Denver, Boulder, Littleton, Parker and their surrounding communities in the State of Colorado Uncompensated Care PorterCare Adventist Health System provides a significant amount of uncompensated care each year The above table indicates that in fiscal year 2011, the cost of traditional charity care provided was \$21.2 million PAHS also incurred \$20.3 million in unreimbursed costs for services provided to Medicaid patients Frequently, the costs of providing services to participants of Medicaid are greater than the payments received from the program The same is true for Medicare PAHS incurred \$70.2 million in unreimbursed costs for Medicare Community Outreach for Persons who are Poor Project Cure Collection of Medical Supplies and Equipment is palletized and shrink wrapped for donation Social Assistance Prescriptions This program provides medications at the time of discharge for low-income patients Cab Vouchers for Low Income Patients Community Outreach for the Broader Community Community Contributions PAHS Hospitals are proud to contribute to the local charities and organizations that help to meet their mission and care for the people of their community New Life Education Classes PAHS provides numerous child birthing preparation, sibling preparation, and exercise classes Safety Safari Provides safety information to children in the community Community Education Provides education regarding disease processes, safety and promoting health in the community Family Education Women's Services offers a variety of classes for the community, including CPR, Lactation and others Vim and Vigor Magazine Free community health and wellness magazine Published quarterly Diabetes Awareness Classes In these classes, Diabetics and their families learn to manage diabetes through nutrition, exercise, foot care, medications and the ins and outs of monitoring blood sugar Body of Knowledge - Community Talks A series of public lectures that cover various topics from cardiology and heart health to orthopedic surgery to new treatments for Parkinson's Disease Educational Programs for Clinical Professionals Th</p>

Identifier	ReturnReference	Explanation
Part VI, Items 2,4,5		<p>e Porter Hospital Transplant Program conducts numerous programs and seminars designed to e ducate the greater community on the latest advancements in transplant medicine</p> <p>Ask-a Nurs e Calls Free health information and physician referral service for our community Nurses a lso assess health conditions from neck pain to a fever, and give free professional advice on what action to take next This program provides information and registration for hospit al classes and events</p> <p>Student Precepting Supervising healthcare related students from vari ous local and regional colleges and vocational schools</p> <p>Curious George Hospital Tours This program is geared to children aged 4-10 Based on the story "Curious George goes to the H ospital" and involves taking tours of all the departments that George visited The tour co mpliments the hospitals focus on creating a healing environment Children see a hospital a s a less scary, helpful place</p>

Identifier	ReturnReference	Explanation
Part VI, Item 3		Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy. Information concerning financial assistance is included on Centura's website. The website not only lists phone numbers for patients to call to discuss financial assistance, but also includes Centura's policy for charity care and its policies related to uninsured patients. In addition, at the time of registration, uninsured patients are screened to determine if the patients qualify for any Federal, State or County programs. Uninsured patients are also sent a letter requesting that the patient call to determine eligibility for various assistance programs, including charity.

Identifier	ReturnReference	Explanation
Part VI, Item 6		<p>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</p> <p>Portercare Adventist Health System is operated as part of Centura Health Corporation ("Centura") Centura and its affiliated organizations are dedicated to extending the healing ministry of Christ by caring for those who are ill and by nurturing the health of the people in our communities Specifically, Centura has launched a system-wide strategic plan to improve the quality, consistency, availability, and affordability of health care to communities throughout Colorado The three main components of this strategy are (1) to continue investing in technology advancements that improve the quality, costs, and coordination of care including the establishment of electronic health records linking our physicians, clinics, hospitals, long-term facilities and home care services, (2) providing wellness care, thereby potentially reducing health care costs by helping patients to maintain good health, growing the level of support and outreach provided to rural communities, and increasing access, affordability and quality of health care, and (3) coordinate and develop systems of care, looking to each facility and entity in Centura to share best practices and improve overall efficiency and communication system-wide from birth to home care</p>

Additional Data

Software ID:

Software Version:

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest)	
How many non-hospital facilities did the organization operate during the tax year? <u>37</u>	
Name and address	Type of Facility (Describe)
Dimension Pain Management 80 Health Park Drive Suite 50 Louisville,CO 80027	EMP PHYSICIAN GROUP
Gunbarrel Family Medicine 5365 Spine Road Suite C BOULDER,CO 80301	EMP PHYSICIAN GROUP
Boulder Holistic Medicine 805 S Broadway Suite 103 Boulder,CO 80305	EMP PHYSICIAN GROUP
Avista Brain and Spine Institute 90 Health Park Drive Suite 320 LOUISVILLE,CO 80027	EMP PHYSICIAN GROUP
South Denver Neurosurgery 7780 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Center for Orthopedics 7720 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Highlands Ranch Women's Care 8671 S Quebec St HIGHLANDS RANCH,CO 80130	EMP PHYSCIAN GROUP
Chatfield Family Medicine 7720 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Chatfield Women's Care 7720 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Center Endocrinology and Diabetes 7780 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Mile High Oncology 7750 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Willow Crest Health 10371 Park Glenn Way Ste 230 PARKER,CO 80138	EMP PHYSICIAN GROUP
Cypress Hemotology and Oncology 2525 S Downing St DENVER,CO 80210	EMP PHYSICIAN GROUP
Colorado Regional Head and Neck 2525 S Downing St DENVER,CO 80210	EMP PHYSICIAN GROUP
Aracea Women's Center 300 S Jackson St DENVER,CO 80209	EMP PHYSICIAN GROUP
Creekside Family Medicine 300 S Jackson St DENVER,CO 80209	EMP PHYSICIAN GROUP
Endoscopy Center at Porter 2525 S Downing St DENVER,CO 80210	JOINT VENTURE
Porter Pre-Admission Testing Clinic 2525 S Downing St DENVER,CO 80210	EMP PHYSICIAN GROUP
South Suburban Internal Medicine 7750 S BROADWAY LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Southlands Family Medicine 6240 So Main St Ste 255 AURORA,CO 80016	EMP PHYSICIAN GROUP
Colorado ENT Specialists 9397 Crown Crest Blvd Ste 431 PARKER,CO 80138	EMP PHYSICIAN GROUP
Bariatric and Metabolic Center 9399 Crown Crest Blvd Ste 110 PARKER,CO 80138	EMP PHYSICIAN GROUP
Timberview Clinic at Parker 9399 Crown Crest Blvd Ste 200 PARKER,CO 80138	EMP PHYSICIAN GROUP
Access Family Medicine 19284 Cottonwood Drive Suite 201 PARKER,CO 80138	EMP PHYSICIAN GROUP
Cypress Oncology PKR 9399 Crown Crest Blvd Suite 215 PARKER,CO 80138	EMP PHYSICIAN GROUP
Primary Care (Metros) 950 E Harvard Ave Suite 530 DENVER,CO 80210	EMP PHYSICIAN GROUP
Primary Care (Harvard Park) 950 E Harvard Ave Suite 660 DENVER,CO 80210	EMP PHYSICIAN GROUP
Comprehensive Breast Care 2555 S Downing St Suite 130 DENVER,CO 80210	EMP PHYSICIAN GROUP
EP Clinic 2525 S Downing St Cardiac Cath La DENVER,CO 80210	EMP PHYSICIAN GROUP
Colorado Joint Replacement 2535 S Downing St Suites 100 19 DENVER,CO 80210	EMP PHYSICIAN GROUP
Avista Family Medicine (Erie) 611 Mitchell Way ERIE,CO 80516	EMP PHYSICIAN GROUP
Mountain View Family Physicians 2020 Oneida St DENVER,CO 80224	EMP PHYSICIAN GROUP
SOUTHLANDS FAMILY MEDICINE 6240 South Main St AURORA,CO 80016	EMP PHYSICIAN GROUP
Avista Internal Medicine 511 Crossing Dr LAFAYETTE,CO 80026	EMP PHYSICIAN GROUP
Northwest Gastroenterology 80 Health Park Drive LOUISVILLE,CO 80027	EMP PHYSICIAN GROUP
Arapahoe Women's Care 7750 S Broadway LITTLETON,CO 80122	EMP PHYSICIAN GROUP
Porter Hospice 1391 Speer Blvd 600 DENVER,CO 80204	ADMIN OFFICE HOME HOSPICE COORDINATION

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☐ Yes

☒ No
- 2

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

Part II

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

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

2

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

20

3

Enter total number of other organizations

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
Schedule I Part I Q 2	Procedures for monitoring the use of grants	Grants are made at the discretion of the facility CEOs. The CEOs make requests for funding, which CAN BE EITHER a donation to A SPECIFIC entity OR an invoice for a specific expense. Most all recipients of monies are 501(c)(3) entities. As such, they ensure that all monies received are used for their intended purpose only.

Software ID:

Software Version:

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Doctors Care191 E Orchard Rd Ste 102NE Littleton, CO 80121	84-1150815	501(c)(3)	20,000				
PARKER TASK FORCE 20118 E Mainstreet Unit D Parker, CO 80138	74-2494265	501(c)(3)	5,150				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Denver Botanic Gardens909 York Street Denver, CO 80206	84-0440359	501(c)(3)	6,666				
Colorado Women's Chamber of Commerce1624 Market Street Suite 340 Denver, CO 80202	32-0248696	501(c)(3)	6,725				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Arthritis Foundation2280 S Albion Street Denver,CO 80222	38-3826066	501(c)(3)	16,000				
Campion Academy300 SW 42nd Street Loveland,CO 80537	84-0459259	501(c)(3)	5,396	12,500	FMV	Sports Equipment	

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Littleton Firefighters FND 3465 Witford Dr Highland Ranch, CO 80126	84-1502497	501(c)(3)	8,000				
Colorado Police & Fire Athletic Association10495 South Progress Way Suite 104 Parker, CO 80134	74-2416051	501(c)(3)	6,000				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Women's Crisis CenterPO Box 367 Castle Rock,CO 80104	74-2385006	501(c)(3)	10,000				
Colorado Wellness Connection4960 E Mineral Circle Centennial,CO 80122	84-1504515	501(c)(3)	8,006				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Clinica Campesina (Family Health Services)1345 Plaza Court North Suite 1A Lafayette, CO 80026	84-0743432	501(c)(3)	165,504				
University of Denver2201 S Gaylord St Denver, CO 80208	84-0404231	501(c)(3)	54,868				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
The Community Foundation 1123 Spruce St Boulder,CO 80302	84-1171836	501(c)(3)	10,000				
New Day Christian Seventh Day Adventist905 N Hwy 83 Franktown,CO 80116	84-0719073	501(c)(3)	11,250				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Union College3800 S 48th Street Lincoln, NE 68506	47-0405319	501(c)(3)	10,000				
ACS Community Lift5045 W 1st Ave Denver, CO 80219	84-0527826	501(c)(3)	60,000				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Mile High Academy711 E Yale Ave Denver, CO 80210	84-0525223	501(c)(3)	15,000				
Glacier View Ranch8748 Overland Rd Ward, CO 80481	84-0968738	501(c)(3)	42,180				

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Rocky Mountain Adventist Healthcare Foundation7995 E Prentice Ave Suite 204 Greenwood Village, CO 80111	84-0745018	501(c)(3)	654,389				

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
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input checked="" type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
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		
	<div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	Yes
8	Were any amounts reported in Form 990, Part VII, paid or 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				
See Additional Data Table								
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
BENEFITS PROVIDED TO EXECUTIVES	990 SCH J, PART I, Q 1A	SENIOR VPS AND HOSPITAL CEOs ARE PAID THROUGH CENTURA HEALTH CORP AND ARE ELIGIBLE FOR THE FOLLOWING BENEFITS: TRAVEL FOR COMPANIONS, HEALTH OR SOCIAL CLUB DUES, AND REIMBURSEMENT UP TO \$10,000 FOR PERSONAL SERVICES SUCH AS TAX, FINANCIAL, AND ESTATE PLANNING SERVICES, ALONG WITH TAX GROSS-UP PAYMENTS FOR ANY REIMBURSEMENTS INCLUDED IN TAXABLE COMPENSATION. ALL BENEFITS ARE PROVIDED PURSUANT TO A WRITTEN POLICY GOVERNING PAYMENT AND REIMBURSEMENT, SUBSTANTIATION IS REQUIRED FOR ALL EXPENSES SUBMITTED FOR REIMBURSEMENT, AND REIMBURSEMENTS ARE INCLUDED IN TAXABLE COMPENSATION WHERE APPROPRIATE.
METHODS USED TO ESTABLISH CEO COMPENSATION	990 SCH J, PART I, Q 3	PAHS's CEO is paid by Centura Health Corporation (Centura). OUTSIDE CONSULTANTS ARE ENGAGED TO PROVIDE RECOMMENDATIONS TO CENTURA'S COMPENSATION COMMITTEE REGARDING THE COMPENSATION OF FACILITY CEOs. THE CONSULTANT'S RECOMMENDATIONS ARE THEN PRESENTED TO AND APPROVED BY THE COMPENSATION COMMITTEE.
POST-TERMINATION PAYMENTS	990 SCH J, PART I, Q 4A	CENTURA HAS A DEFINED SEVERANCE POLICY. SEVERANCE PAYMENTS ARE DETERMINED BASED ON A COMBINATION OF THE INDIVIDUAL'S POSITION WITHIN THE ORGANIZATION AND YEARS OF SERVICE. SEVERANCE AGREEMENTS INCLUDE LIMITATIONS WITH RESPECT TO WORKING FOR COMPETING FACILITIES AND OTHER REQUIREMENTS THAT CAN CAUSE FORFEITURE OF THE SEVERANCE BENEFIT. IN ADDITION, THE AGREEMENTS RELEASE CENTURA FROM LITIGATION AND FUTURE CLAIMS AGAINST THE ORGANIZATION. THE FOLLOWING RECEIVED SEVERANCE PAYMENTS DURING THE CALENDAR YEAR 2010: MICHAEL BLAIR - \$149,760.
NON-QUALIFIED RETIREMENT PLAN	990 SCH J, PART I, Q 4B	CENTURA OFFERS A NON-QUALIFIED RETIREMENT PLAN IN WHICH SENIOR EXECUTIVES (SENIOR VPS AND ABOVE) ARE PROVIDED A 10% OF SALARY ALLOWANCE TO PURCHASE INSURANCE PRODUCTS OR CONTRIBUTED INTO THE DEFERRED COMPENSATION PLAN. IN ADDITION, A PENSION RESTORATION BENEFIT IS PROVIDED WHICH CREDITS PARTICIPANTS WITH A BENEFIT WHICH IS CALCULATED BASED ON THE EXCESS OF THE PARTICIPANT'S COMPENSATION OVER THE MAXIMUM ALLOWED FOR PENSION CONTRIBUTIONS. AMOUNTS DEFERRED ARE NOT REPORTED AS TAXABLE INCOME UNTIL/UNLESS A TRIGGERING EVENT OCCURS. THIS DEFERRED COMPENSATION PLAN HAS A SUBSTANTIAL RISK OF FORFEITURE PROVISION AND AN ELECTED VESTING SCHEDULE. THE FOLLOWING RECEIVED CONTRIBUTIONS TO A NON-QUALIFIED PLAN for the calendar year 2010: KENNETH BACON \$71,632, STEVEN CHEN \$5,932, TODD FOLKENBERG \$2,917, TERRY FORDE \$40,036, RANDALL HAFFNER \$102,304, KARSTEN RANDOLPH \$3,608, JOHN SACKETT \$42,477. DURING 2010 THE FOLLOWING DISTRIBUTIONS WERE MADE BY PAHS FROM THE DEFERRED COMPENSATION PLAN: TERRY FORDE \$40,040. In addition, three of the board members are compensated by Adventist Health System Sunbelt Healthcare Corp and in recognition of the contribution that each executive makes to the success of AHS, AHS provides to eligible executives participation in the AHS Executive FLEX Benefit Program (the Plan). The purpose of the Plan is to offer eligible executives an opportunity to elect from among a variety of supplemental benefits, including deferred compensation benefits taxable under Internal Revenue Code (IRC) Section 457(f), to individually tailor a benefits program appropriate to each executive's needs. The Plan provides eligible participants a pre-determined benefits allowance credit that is equal to a percentage of the executive's base pay from which is deducted the cost of mandatory and elective employee benefits. The pre-determined benefits allowance credit percentage is approved by the AHS Board Strategy & Compensation Committee, an independent committee of the Board of Directors of AHSSHC. Any funds that remain after the cost of mandatory and elective benefits are subtracted from the pre-determined benefits annual amount are contributed, at the employee's option, to either an IRC 457(f) deferred compensation account or to an IRC 457(b) eligible deferred compensation plan. The Plan documents define an employee who is eligible to participate in the Plan to generally include the Chief Executive Officers of AHS entities and Vice Presidents of all AHS entities whose base salary is at least \$196,000. In 2010, the Plan provided for a class year vesting schedule (2 years for each class year) with respect to amounts accumulated in the executive's 457(f) deferred compensation account. Distributions could also be made from the executive's 457(f) deferred compensation account upon attainment of age 65 or upon an involuntary separation. The account is forfeited by the executive upon a voluntary separation. In addition to the Plan, AHS has instituted a defined benefit, non-tax-qualified deferred compensation plan for certain executives who have provided lengthy service to AHS and/or to other Seventh-Day Adventist Church hospital or health care institutions. Participation in the plan is offered to AHS executives on a prorata schedule beginning with 20 years of service as an employee of AHS and/or another hospital or health care institution controlled by the Seventh-Day Adventist Church and who satisfy certain other qualifying criteria. This supplemental executive retirement plan (SERP) was designed to provide eligible executives with the economic equivalent of an annual income beginning at normal retirement age equal to 60% of the average of the participant's three highest years of base salary from AHS active employment inclusive of income from all other Seventh-Day Adventist Church healthcare employer-financed retirement income sources and investment income earned on those contributions through social security normal retirement age as defined in the plan. 457(f) Employer Contributions for 2010 were: Robert Henderschedt \$107,010, Richard Reiner \$165,263, Terry Shaw \$158,447. SERP Payments for 2010 were: Robert Henderschedt \$119,583, Richard Reiner \$61,356.
NON-FIXED PAYMENTS	990 SCH J, PART I, Q 7	PARTICIPANTS IN CENTURA'S INCENTIVE COMPENSATION PLANS INCLUDE DIRECTORS AND ABOVE. PAYOUTS ARE BASED ON METRICS ESTABLISHED AND APPROVED BY CENTURA'S COMPENSATION COMMITTEE. THE METRICS INCLUDE QUANTIFIABLE MEASURES PERTAINING TO FINANCIAL PERFORMANCE, SAFETY AND QUALITY AND ASSOCIATE SATISFACTION WITH EACH METRIC WEIGHTED IN DETERMINING THE OVERALL SCORE. THE INCENTIVE COMPENSATION PAYOUT IS CALCULATED BASED ON THE CUMULATIVE SCORE FOR ALL METRICS AND THE PAYOUT IS BASED ON A COMBINATION OF THE SCORE, THE INDIVIDUAL'S BASE COMPENSATION AMOUNT AND POSITION (E.G. DIRECTOR, VICE PRESIDENT).
REPORTABLE INDIVIDUALS COMPENSATED BY UNRELATED ORGANIZATIONS	990 SCH J, PART II	All key employees and hospital CEO's are compensated by Centura Health Corporation, who manages the daily activities of Portercare Adventist Hospitals under a Joint Operating Agreement dated December 8, 1995 between the Adventist Healthcare System and Catholic Health Initiatives. As such, their salaries are paid to them by Centura, an unrelated org, for services rendered in their capacity as key employees or officers of PAHS. All of their reportable compensation is disclosed on Form 990, Schedule J, Part II, Row (i) and 990, Part VII, Column (D) as reporting org compensation. In addition, the CEO and CFO of PAHS were appointed as such by the PAHS board of directors while they are officers of these entities, a very small portion of their time is directly related to the operations of PAHS. They are compensated by Centura, which is charged with managing the facilities. Their respective compensation is not reported on the filing org's 990 but in fact is reported in full on Part VII and Schedule J of Centura Health Corporation's Form 990.

Software ID:

Software Version:

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ROBERT HENDERSCHEDT	(i) (ii)	573,822	166,156	221,069	1,092,715	27,815	2,081,577	
TERRY SHAW	(i) (ii)	805,019	233,100	58,537	171,790	47,246	1,315,692	
RICHARD REINER	(i) (ii)	805,019	232,471	136,463	162,106	46,413	1,382,472	
RANDY HAFFNER	(i) (ii)	436,276	168,857	23,240	170,936	20,215	819,524	
JOHN SACKETT	(i) (ii)	274,622	99,250	7,405	77,481	19,274	478,032	
KENNETH BACON	(i) (ii)	323,602	95,221	19,418	120,367	17,307	575,915	
STEVEN CHEN	(i) (ii)	241,468	65,370	469	36,992	8,999	353,298	
CHERYL CURRY	(i) (ii)	179,405	39,002	557	17,569	15,736	252,269	
ANDREW GAASCH	(i) (ii)	174,319	50,284	285	10,216	14,084	249,188	
DAVID SMITH	(i) (ii)	176,230	36,911	522	13,850	4,404	231,917	
TODD FOLKENBERG	(i) (ii)	231,694	57,982	498	28,512	14,892	333,578	
JOHN PRALL	(i) (ii)	1,219,865		1,623	12,564	14,522	1,248,574	
DAVID VANSICKLE	(i) (ii)	1,001,250	63,268	764	20,228	14,363	1,099,873	
DAVID SCHRIER	(i) (ii)	751,303	15	2,493	22,678	14,535	791,024	
BERNARD GUIOT	(i) (ii)	739,449		1,251	20,228	1,645	762,573	
Robert Bess	(i) (ii)	681,372		6,344	20,228	14,482	722,426	
KARSTEN RANDOLPH	(i) (ii)	221,592	53,464	425	32,344	15,806	323,631	
TERRY FORDE	(i) (ii)	284,595	93,457	18,018	75,995	17,713	489,778	40,040
MICHAEL BLAIR	(i) (ii)			149,760			149,760	

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) HEALTHCARE SUPPORT SERVICES	KEY ON PAHS/BOARD ON HSS	2,496,854	HSS IS A VENDOR OF PAHS		No
(2) TAMMY SMITH	SPOUSE OF KEY EMPLOYEE	86,172	EMPLOYEE COMPENSATION		No
(3) STEPHANIE TRAVER	DAUGHTER OF KEY EMPLOYEE	57,700	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**

PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number

84-0438224

Identifier	Return Reference	Explanation
Executive Committee Composition and Authority	990, Part VI, Q 1a	Pursuant to Article IV of the Bylaws of Portercare Adventist Health System, The Board of Trustees may, by resolution or resolutions passed by a majority of the Trustees thereof, appoint an Executive Committee or such other committees for any purpose and delegate to such committees any of the powers and authority of the Board of Trustees as is permitted by law. Colorado law precludes a committee of the Board from (i) authorizing distributions, (ii) approving or proposing to the Member actions that Articles 121-137 of Title 7 of the Colorado Revised Statutes require to be approved by the Member, (iii) amending the Corporation's Amended and Restated Articles of Incorporation, (iv) adopting, amending or repealing the Bylaws, (v) approving a plan of merger not requiring approval of the Member, or (vi) approving a sale, lease, exchange or other disposition of all, or substantially all, of its property, with or without good will, otherwise than in the usual and regular course of business subject to approval of the Member. Such committees shall have the power to act only in intervals between meetings of the Board of Trustees and shall at all times be subject to the control of the Board of Trustees. The Board of Trustees, or if the Board does not act, the committees, shall establish rules and regulations for meetings and shall meet at such times as are deemed necessary, provided that a reasonable notice of all meetings shall be given to committee members. No act of a committee shall be valid unless approved by the vote or written consent of a majority of its members. Committees shall keep regular minutes of proceedings and report the same to the Board from time to time as the Board may require.

Identifier	Return Reference	Explanation
Members or Stockholders	990 Part VI Line 6	The sole corporate member of PAHS is Adventist Health System Sunbelt Healthcare Corporation (AHS), a Florida nonprofit corporation

Identifier	Return Reference	Explanation
Electing Directors	990 Part VI Line 7a	The sponsor, AHS, has the power to appoint or remove the members of the governing body

Identifier	Return Reference	Explanation
Governing Powers	990 Part VI Line 7b	The sponsor, AHS, acting through the board of trustees, maintains all rights permitted to be exercised by directors of a Colorado corporation except as limited by the organizations' articles, bylaws, or affiliation agreement with Catholic Health Initiatives, (CHI) The agreement of both AHSSHC and CHI is required for certain significant decisions involving Centura Facilities

Identifier	Return Reference	Explanation
Process used to review Form 990	Form 990, Part VI, Q 11B	A draft of the Form 990 is provided to management, including the CFO, for review. The return is e-mailed to the entire board for review prior to filing. After presentation to the board, the tax department files the return with the appropriate federal agencies, making any non-substantive changes necessary to effect e-filing. Any such changes are not re-submitted to the board.

Identifier	Return Reference	Explanation
PROCEDURES FOR MONITORING AND ENFORCING THE COI POLICY	Form 990, Part VI, Q 12C	<p>PORTERCARE ADVENTIST HEALTH SYSTEM HAS ADOPTED CENTURA HEALTH's CONFLICT OF INTEREST POLICY This policy applies to all interested persons defined as management (including the president, executive vice presidents, senior vice presidents, vice presidents, directors, and managers), supply chain management and respiratory therapy associates and board and board committee members of Centura Health (Centura) All interested persons owe a duty of loyalty and fidelity to the organization This duty requires that they exercise the best care, skill and judgment for the benefit of Centura A conflict of interest exists when the interested person and/or his/her immediate relations has a financial or other interest in a matter, which may influence the interested person's judgment when acting and exercising their fiduciary duties on behalf of Centura Centura acknowledges that conflicts of interest may occasionally present themselves and that neither the elimination from the board or management of all persons who might potentially have any such conflict nor the avoidance of all transactions involving a conflict of interest would necessarily serve the best interests of Centura Nonetheless, each interested person should avoid conflicts of interest and refrain from attempting to influence the decisions of management and/or the board on matters in which such interested person has a financial or other interest It is, therefore, the policy of Centura to avoid the participation of any interested person in the consideration of a matter or decision that poses a conflict of interest or the appearance of a conflict of interest, for that interested person Further, it is the policy of Centura that all interested persons be required to disclose any conflicts of interest, or possible conflicts of interest that might potentially affect their judgment in making decisions on behalf of Centura by completing a Conflict of Interest Disclosure Statement ("Disclosure Statement") annually This policy is not intended to inhibit investments or activities unless such investments or activities would be harmful to Centura and/or its affiliates This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interests applicable to nonprofit and charitable organizations</p> <p>1 CONFLICT OF INTEREST POLICY 1.1 CONSISTENT WITH CENTURA INTEGRITY STANDARDS, IT IS POLICY THAT EACH BOARD OF TRUSTEE MEMBER, CORPORATE OFFICER, AND KEY EMPLOYEE ACT AT ALL TIMES IN A MANNER THAT IS CONSISTENT WITH CENTURA'S MISSION AND VALUES BASED SERVICE TO THE COMMUNITY AND EXERCISE CARE THAT HE OR SHE DOES NOT HAVE ANY PERSONAL INTEREST WHICH MIGHT CONFLICT WITH OR APPEAR TO CONFLICT WITH THE INTEREST OF CENTURA OR WHICH MIGHT INFLUENCE THEIR JUDGMENT OR ACTIONS IN PERFORMING THEIR DUTIES 1.1.1 IN CONNECTION WITH AN ACTUAL OR POSSIBLE TRANSACTION OR ARRANGEMENT INVOLVING CENTURA, ANY BOARD MEMBER, CORPORATE OFFICER, OR KEY EMPLOYEE WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST MUST DISCLOSE AND BE GIVEN THE OPPORTUNITY TO SHARE ALL MATERIAL FACTS WITH THE BOARD CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT 1.1.2 BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES ARE ALSO REQUIRED TO DISCLOSE ANY POSSIBLE CONFLICTS ON AN ANNUAL BASIS THROUGH THE CONFLICT OF INTEREST QUESTIONNAIRE 2 PROCEDURE FOR DISCLOSING AND REVIEWING TRANSACTION OR ARRANGEMENT CONFLICT OF INTERESTS 2.1 BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES THAT HAVE A FINANCIAL INTEREST IN ANY ACTUAL OR POSSIBLE TRANSACTION INVOLVING CENTURA ARE REQUIRED TO DISCLOSE THE FINANCIAL INTEREST 2.1.1 IN ORDER TO DETERMINE IF A CONFLICT OF INTEREST EXISTS, THE INDIVIDUAL WHO IS CONSIDERED TO HAVE A FINANCIAL INTEREST MAY MAKE A PRESENTATION AT THE BOARD OR BOARD COMMITTEE MEETING AFTER SUCH PRESENTATION, THE INDIVIDUAL SHALL LEAVE THE MEETING FOR DISCUSSION AND A VOTE ON THE ISSUE 2.1.2 AFTER EXERCISING DUE DILIGENCE, THE BOARD OR BOARD COMMITTEE SHALL DETERMINE WHETHER CENTURA CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION WITH REASONABLE EFFORTS FROM ANOTHER PERSON OR ENTITY IF A MORE ADVANTAGEOUS TRANSACTION IS NOT REASONABLY ATTAINABLE, THE BOARD OR BOARD COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED MEMBERS WHETHER THE TRANSACTION IS IN CENTURA'S BEST INTEREST AND IS FAIR 3 PROCEDURE FOR DISCLOSING AND REVIEWING OTHER CONFLICT OF INTERESTS 3.1 BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES SHALL ALSO DISCLOSE IN ADVANCE TO CENTURA LEADERS ANY NON-TRANSACTIONAL ACTIONS OR RELATIONSHIPS THAT HAVE THE POTENTIAL TO CREATE A CONFLICT OF INTEREST 3.1.1 THE BOARD OR BOARD COMMITTEE SHALL CAREFULLY REVIEW AND SCRUTINIZE ANY CONFLICT OF INTEREST BY A MAJORITY VOTE OF THE DISINTERESTED MEMBERS, THE BOARD SHALL TAKE WHATEVER ACTION IS DEEMED APPROPRIATE WITH RESPECT TO THE BOARD MEMBER, CORPORATE OFFICER, OR KEY EMPLOYEE UNDER THE CIRCUMSTANCES, INCLUDING POSSIBLE CORRECTIVE ACTION, IN ORDER TO BEST PROTECT THE INTERESTS OF CENTURA 3</p>

Identifier	Return Reference	Explanation
PROCEDURES FOR MONITORING AND ENFORCING THE COI POLICY	Form 990, Part VI, Q 12C	1 2 ON AN ANNUAL BASIS, BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES WILL ALSO BE SENT AN EMAIL REQUESTING THEY COMPLETE THE BOARD MEMBER AND CORPORATE OFFICER CONFLICT OF INTEREST QUESTIONNAIRE BY THE SPECIFIED DUE DATE IN THE EMAIL 3 1 3 THE CORPORATE RESPONSIBILITY DEPARTMENT SHALL NOTIFY THE CHAIRPERSON OF THE BOARD OF ANY POTENTIAL CONFLICTS AND THE CHAIRPERSON, OR DESIGNEE, SHALL PERFORM FURTHER INVESTIGATION AS HE OR SHE DEEMS APPROPRIATE 4 RECORD OF PROCEEDINGS 4 1 THE MINUTES OF THE BOARD AND BOARD COMMITTEE SHALL CONTAIN 4 1 1 THE NAMES OF PERSONS WHO DISCLOSED OR OTHERWISE WERE FOUND TO HAVE A FINANCIAL INTEREST AND THE NATURE OF THE FINANCIAL INTEREST 4 1 2 THE NAMES OF PERSONS WHO WERE PRESENT FOR DISCUSSIONS AND VOTES RELATING TO ANY FINANCIAL INTEREST, THE CONTENT OF THE DISCUSSION, INCLUDING ANY ALTERNATIVES, AND A RECORD OF THE BOARD OR BOARD COMMITTEE DECISION 5 VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY 5 1 IF THE BOARD OR BOARD COMMITTEE HAS REASONABLE CAUSE TO BELIEVE THAT AN INDIVIDUAL HAS FAILED TO DISCLOSE EITHER AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST, OR ALL MATERIAL FACTS SURROUNDING AN ACTUAL OR POSSIBLE CONFLICT, THE INDIVIDUAL WILL BE GIVEN A CHANCE TO EXPLAIN 5 1 1 AFTER HEARING THE RESPONSE, THE BOARD WILL CONDUCT SUCH ADDITIONAL INVESTIGATION AS APPROPRIATE IF THE BOARD DETERMINES THAT THE INDIVIDUAL HAS IN FACT FAILED TO DISCLOSE AS REQUIRED BY THE CONFLICT OF INTEREST POLICY, THE BOARD SHALL TAKE APPROPRIATE DISCIPLINARY OR CORRECTIVE ACTION

Identifier	Return Reference	Explanation
Process for Determining Compensation	990 Part VI Line 15a & 15b	OUTSIDE CONSULTANTS ARE ENGAGED TO PROVIDE RECOMMENDATIONS TO CENTURA'S COMPENSATION COMMITTEE REGARDING THE COMPENSATION OF FACILITY CEOS AND CENTURA SENIOR EXECUTIVES. THE CONSULTANT'S RECOMMENDATIONS ARE THEN PRESENTED TO, considered by, AND APPROVED BY THE COMPENSATION COMMITTEE. CENTURA'S HUMAN RESOURCES DEPARTMENT PERFORMS ANALYSES OF THE MARKET TO DETERMINE COMPENSATION RANGES FOR THE REMAINDER OF CENTURA ASSOCIATES WHICH ARE REVIEWED AND APPROVED BY CENTURA'S SENIOR LEADERSHIP.

Identifier	Return Reference	Explanation
Joint Venture Policy	990 Part VI Line 16	Portercare Adventist Health System HAS NOT FORMALLY ADOPTED A WRITTEN POLICY OR WRITTEN PROCEDURE REGARDING JOINT VENTURES. HOWEVER, ADVENTIST HEALTH SYSTEM'S ("AHS") SYSTEM-WIDE JOINT VENTURE MODEL OPERATING AGREEMENT INCORPORATES CONTROLS OVER THE VENTURE SUFFICIENT TO ENSURE THAT (1) THE EXEMPT ORGANIZATION AT ALL TIMES RETAINS CONTROL OVER THE VENTURE SUFFICIENT TO ENSURE THAT THE PARTNERSHIP FURTHERS THE EXEMPT PURPOSE OF THE ORGANIZATION, (2) IN ANY PARTNERSHIP IN WHICH THE EXEMPT ORGANIZATION IS A PARTNER, ACHIEVEMENT OF EXEMPT PURPOSES IS PRIORITIZED OVER MAXIMIZATION OF PROFITS FOR THE PARTNERS, (3) THE PARTNERSHIP DOES NOT ENGAGE IN ANY ACTIVITIES THAT WOULD JEOPARDIZE THE EXEMPT ORGANIZATION'S EXEMPTION, (4) RETURNS OF CAPITAL, ALLOCATIONS, AND DISTRIBUTIONS MUST BE MADE IN PROPORTION TO THE PARTNERS' RESPECTIVE OWNERSHIP INTERESTS, AND (5) ALL CONTRACTS ENTERED INTO BY THE PARTNERSHIP WITH THE EXEMPT ORGANIZATION MUST BE AT ARM'S-LENGTH, WITH PRICES SET AT FAIR MARKET VALUE.

Identifier	Return Reference	Explanation
Availability of Governing documents, COI Policy, Financial Statements	990, Part VI, Q 19	The organization's governing documents are available on the COLORADO Secretary of State's website The conflict of interest policy AND FINANCIAL STATEMENTS ARE not available to the public

Identifier	Return Reference	Explanation
Estimate of Hours Devoted to Related Organizations	990 Part VII	Three of the four organization's voting board members are employed by Adventist Health System (AHS), a related organization Compensation reported on Form 990, Part VII was paid to the board members by AHS in exchange for the fulfillment of their duties as full-time, 60 hour-per-week employees ADDITIONALLY, COMPENSATION PAID TO EMPLOYEES OF CENTURA HEALTH CORPORATION WAS PAID TO THEM IN EXCHANGE FOR THE FULFILLMENT OF THEIR DUTIES AS FULL TIME, 40+ HOUR-PER-WEEK EMPLOYEES

Identifier	Return Reference	Explanation
Form 990 Part XI Line 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCE	NET UNREALIZED GAINS/(LOSSES) \$29,243 PRIOR PERIOD ADJUSTMENT \$503,809 TRANSFERS TO AFFILIATES (\$5,545,489) INTERCOMPANY WRITE-OFFS (\$11,377,660) OTHER CHANGES \$202,822 GAAP ADJUSTMENT \$4,646,417 ===== TOTAL (\$11,540,860)

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)					
(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

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

Part IV

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

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

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

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

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

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

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

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

Yes

1m

No

1n

No

1o

Yes

1p

No

1q

Yes

1r

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) RM Adventist Healthcare Foundation	c	1,330,813	
(2) RM Adventist Healthcare Foundation	o	1,539,986	
(3) RM Adventist Healthcare Foundation	b	654,389	
(4) Adventist Health System Sunbelt HC Corp	q	5,339,711	
(5) Adventist Health System Sunbelt HC Corp	L	5,176,456	
(6) Adventist Health System Sunbelt HC Corp	o	2,881,085	

Schedule R (Form 990) 2010

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
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Software ID:

Software Version:

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Adventist Bolingbrook Hospital 500 Remington Blvd Bolingbrook, IL60440 65-1219504	Hospital ops	IL		3	AHSS		
Adventist Care Centers - Courtland Inc 730 Courtland Street Orlando, FL32804 20-5774723	Elderly care	FL		9	SHCC		
Adventist GlenOaks Hospital 701 Winthrop Avenue Glendale Heights, IL60139 36-3208390	Hospital ops	IL		3	AHSS		
Adventist Health Mid-America Inc 9100 W 74th Street Shawnee Mission, KS66204 52-1347407	Health care	KS		11a	AHSS		
Adventist Health Partners Inc 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 36-4138353	Out-patient	IL		3	AHSMM		
Adventist Health System Affiliated Benef 111 N Orlando Avenue Winter Park, FL32789 26-6422966	Health care	FL		11a	AHSSHC		
Adventist Health System Sunbelt Healthca 111 N Orlando Avenue Winter Park, FL32789 59-2170012	Mngmt serv	FL		11a	NA		
Adventist Health SystemGeorgia Inc 1035 Red Bud Road Calhoun, GA30701 58-1425000	Hospital ops	GA		3	AHSSHC		
Adventist Health SystemSunbelt Inc 111 N Orlando Avenue Winter Park, FL32789 59-1479658	Hospital ops	FL		3	AHSSHC		
Adventist Health SystemTexas Inc 602 Courtland Street Orlando, FL32804 74-2578952	Inactive	TX		9	AHSSHC		
Adventist Hinsdale Hospital 120 North Oak Street Hinsdale, IL60521 36-2276984	Hospital ops	IL		3	AHSS		
AHS Midwest Management Inc 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 36-3354567	Health clinic	IL		11a	AHSS		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
AHSCentral Texas Inc 1301 Wonder World Drive San Marcos, TX78666 74-2621825	Office space	TX		11c	AHSSHC		
Apopka Health Care Properties Inc 305 E Oak Street Apopka, FL32703 51-0605694	lease	GA		11c	SHCC		
Battle Creek Adventist Hospital 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 38-1359189	Hospital ops	MI		3	AHSS		
Bert Fish Medical Center Inc 401 Palmetto Street New Smyrna Beach, FL32168 36-2276984	HOSPITAL OPS	FL		9	AHSSHC		
Bolingbrook Hospital Foundation 1000 Remington Blvd Ste 200 Bolingbrook, IL60440 90-0494445	Fundraising	IL		7	MHF		
Bradford Heights Health & Rehab Center 950 Highpoint Drive Hopkinsville, KY42240 20-5782342	Elderly care	KY		9	SHCC		
Burleson Nursing & Rehab Center Inc 301 Huguley Blvd Burleson, TX76028 20-5782243	Elderly care	TX		9	SHCC		
Caldwell Health Care Properties Inc 1333 West Main Princeton, KY42445 51-0605680	Lease	GA		11c	SHCC		
Central Texas Medical Center Foundation 1301 Wonder World Drive San Marcos, TX78666 74-2259907	Fundraising	TX		7	AHSS		
Chickasaw Health Care Properties Inc 250 S Chickasaw Trail Orlando, FL32825 51-0605681	Lease	GA		11c	SHCC		
Chippewa Valley Hospital & Oakview Care 1220 Third Avenue West Durand, WI54736 39-1365168	Hospital ops	WI		3	AHSS		
Cobb Medical Associates LLC 3949 South Cobb Drive SE Smyrna, GA30080 58-2617089	Physi Practi	GA		3	EA		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Courtland Health Care Properties Inc 730 Courtland Street Orlando, FL32804 51-0605682	Lease	GA		11c	SHCC		
Creekwood Place Nursing & Rehab Center 683 E Third Street Russellville, KY42276 20-5782260	Elderly care	KY		9	SHCC		
Dairy Road Health Care Properties Inc 7350 Dairy Road Zephyrhills, FL33540 51-0605684	lease	GA		11c	SHCC		
East Orlando Health & Rehab Center Inc 250 S Chickasaw Trail Orlando, FL32825 20-5774748	Elderly care	FL		9	SHCC		
Emory-Adventist Inc 3949 South Cobb Drive Smyrna, GA30080 58-2171011	Hospital ops	GA		3	AHSS		
Fletcher Hospital Inc 100 Hospital Drive Hendersonville, NC28792 56-0543246	Hospital ops	NC		3	AHSSHC		
FLNC Inc 3355 E Semoran Blvd Apopka, FL32703 20-5774761	Elderly care	FL		9	SHCC		
Florida Hospital College of Health Scien 671 Lake Winyah Drive Orlando, FL32803 59-3069793	School ops	FL		2	AHSS		
Florida Hospital DeLand Auxiliary Inc 701 West Plymouth Avenue Deland, FL32720 59-3425543	Support serv	FL		11c	MHWV		
Florida Hospital Waterman Inc 1000 Waterman Way Tavares, FL32778 59-3140669	Hospital ops	FL		3	AHSSHC		
Florida Hospital Wesley Chapel Inc 2528 Bruce B Downs Blvd CR 581 S Wesley Chapel, FL33543 20-3965753	Inactive	FL		11c	AHSSHC		
Florida Hospital Zephyrhills Inc 7050 Gall Blvd Zephyrhills, FL33541 59-2108057	Hospital ops	FL		3	AHSS		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Florida Physicians Medical Group Inc 900 Winderley Place Maitland, FL32751 59-3214635	Physi Practi	FL		3	AHSS		
Foundation for Shawnee Mission Medical C 9100 W 74TH ST Shawnee Mission, KS66204 48-0868859	Fundraising	KS		11a	SMMC		
GlenOaks Hospital Foundation 701 Winthrop Avenue Glendale Heights, IL60139 36-3926044	Physi Practi	IL		7	MHF		
Hays Memorial Hospital Association of Se 1301 Wonder World Drive San Marcos, TX78667 74-1362785	Emp Leasing	TX		11b	AHSSHC		
Helen Ellis Memorial Hospital Auxiliary 1395 S Pinellas Ave Tarpon Springs, FL34689 59-2106043	Fundraising	FL		11a	TSHF		
Hinsdale Hospital Foundation 7 Salt Creek Lane Suite 203 Hinsdale, IL60521 52-1466387	Fundraising	IL		7	MHF		
In-Motion Rehab Inc 602 Courtland Street Ste 200 Orlando, FL32804 20-8023411	Therapy Serv	KS		11b	SHCC		
Jellico Community Hospital Inc 188 Hospital Lane Jellico, TN37762 62-0924706	Hospital ops	TN		3	AHSSHC		
La Grange Memorial Hospital Foundation 5101 S Willow Springs Rd La Grange, IL60525 30-0247776	Fundraising	IL		7	MHF		
Memorial Health Systems Foundation Inc 770 West Granada Blvd Ormond Beach, FL32174 31-1771522	Fundraising	FL		7	MHS		
Memorial Health Systems Inc 301 Memorial Medical Parkway Daytona Beach, FL32117 59-0973502	Hospital ops	FL		3	AHSS		
Memorial Hospital - Flagler Inc 60 Memorial Medical Parkway Palm Coast, FL32164 59-2951990	Hospital ops	FL		3	MHS		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Memorial Hospital - West Volusia Inc 701 West Plymouth Avenue Deland, FL32720 59-3256803	Hospital ops	FL		3	MHS		
Memorial Hospital Inc 210 Marie Langdon Drive Manchester, KY40962 61-0594620	Hospital ops	KY		3	AHSSHC		
Merriam Health Care Properties Inc 9700 West 62nd Street Merriam, KS66203 36-4595806	Lease	KS		11c	SHCC		
Metroplex Adventist Hospital Inc 2201 S Clear Creek Road Killeen, TX76549 74-2225672	Hospital ops	TX		3	AHSSHC		
Metroplex Clinic Physicians Inc 2201 S Clear Creek Road Killeen, TX76549 11-3762050	Physi serv	TX		3	MAH		
Midwest Health Foundation 120 North Oak Street Hinsdale, IL60521 35-2230515	Support serv	IL		11b	NA		
Mills Health & Rehab Center Inc 500 Beck Lane Mayfield, KY42066 20-5782320	Elderly care	KY		9	SHCC		
Mission Strategies Inc 602 Courtland Street Ste 200 Orlando, FL32804 20-5982365	Support serv	KS		11b	SHCC		
Missouri Adventist Health Inc 9100 W 74th Street Shawnee Mission, KS66204 43-1224729	Support serv	MO		11	AHMA		
North Regional EMS Inc 188 Hospital Lane Jellico, TN37762 26-2653616	EMS Serv	TN		9	JCH		
Ormond Beach Memorial Hospital Auxiliary 301 Memorial Medical Parkway Daytona Beach, FL32117 59-1721962	Support serv	FL		11c	MHS		
Overland Park Nursing & Rehab Center In 6501 West 75th Street Overland Park, KS66204 20-5774821	Elderly care	KS		9	SHCC		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Paragon Health Care Properties Inc 950 Highpoint Drive Hopkinsville, KY42240 51-0605686	lease	GA		11c	SHCC		
Portercare Adventist Health System 2525 S Downing Street Denver, CO80210 84-0438224	Hospital ops	CO		3	AHSSHC		
Portland Nursing & Rehab Center Inc 215 Highland Circle Drive Portland, TN37148 20-5774842	Elderly care	TN		9	SHCC		
Princeton Health & Rehab Center Inc 1333 West Main Princeton, KY42445 20-5782272	Elderly care	KY		9	SHCC		
Princeton Professional Services Inc 601 E Rollins Street Orlando, FL32803 59-1191045	healthcare	FL		9	AHSSHC		
Quality Circle for Healthcare Inc 111 N Orlando Avenue Winter Park, FL32789 26-3789368	healthcare	FL		11c	AHSSHC		
Resource Personnel Inc 602 Courtland Street Ste 200 Orlando, FL32804 20-8040875	admn supp	FL		11b	SHCC		
Rocky Mountain Adventist Healthcare Foun 2525 South Downing Street Denver, CO80210 84-0745018	Fundraising	CO		7	PAHS		
Rollins Bedford Corporation 602 Courtland Street Ste 200 Orlando, FL32804 37-0908840	Inactive	FL		11b	SHCC		
Russellville Health Care Properties Inc 683 East Third Street Russellville, KY42276 51-0605691	Lease	GA		11c	SHCC		
San Marcos Health Care Properties Inc 1900 Medical Parkway San Marcos, TX78666 51-0605693	Lease	GA		11c	SHCC		
San Marcos Nursing & Rehab Center Inc 1900 Medical Parkway San Marcos, TX78666 20-5782224	Elderly care	TX		9	SHCC		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Shawnee Mission Health Care Inc 6501 West 75th Street Overland Park, KS66204 48-0952508	lease	KS		11c	SHCC		
Shawnee Mission Medical Center Inc 9100 W 74th Street Shawnee Mission, KS66204 48-0637331	Hospital ops	KS		3	AHMA		
South Central Nursing Homes Properties 111 N Orlando Avenue Winter Park, FL32789 59-3686109	Mgmt Supp	GA		11	SC		
South Central Nursing Homes Inc 602 Courtland Street Orlando, FL32804 61-1242373	Mgmt Supp	KY		11	SC		
South Central Properties III Inc 111 N Orlando Avenue Winter Park, FL32789 59-3692860	Real Estate	GA		N/A	SCNHP		
South Central Properties IV Inc 111 N Orlando Avenue Winter Park, FL32789 59-3692862	Real Estate	GA		N/A	SCNHP		
South Central Properties VI Inc 111 N Orlando Avenue Winter Park, FL32789 59-3692857	Real Estate	GA		N/A	SCNHP		
South Central Properties Inc 111 N Orlando Avenue Winter Park, FL32789 59-3651692	Real Estate	GA		N/A	SCNHP		
South Central Inc 602 Courtland Street Orlando, FL32804 59-3689740	Mgmt Supp	GA		11c	NA		
South Pasco Health Care Properties Inc 38250 A Avenue Zephyrhills, FL33542 51-0605679	Lease	GA		11c	SHCC		
Southwest Volusia Health Services Inc 1055 Saxon Blvd Orange City, FL32763 59-3281591	Med Off Bldg	FL		11a	SVHC		
Southwest Volusia Healthcare Corporation 1055 Saxon Blvd Orange City, FL32763 59-3149293	Hospital ops	FL		3	AHSS		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Specialty Physicians of Central Texas I 1301 Wonder World Drive San Marcos, TX78666 20-8814408	Physi serv	TX		3	AHSS		
Spring View Health & Rehab Center Inc 718 Goodwin Lane Leitchfield, KY42754 20-5782288	Elderly care	KY		9	SHCC		
Sunbelt Health & Rehab Center - Apopka 305 East Oak Street Apopka, FL32703 20-5774856	Elderly care	FL		9	SHCC		
Sunbelt Health Care Centers Inc 602 Courtland Street Ste 200 Orlando, FL32804 58-1473135	Mgmt Serv	TN		11b	AHSSHC		
SunSystem Development Corporation 111 N Orlando Avenue Winter Park, FL32789 59-2219301	Fundraising	FL		7	AHSSHC		
Tarrant County Health Care Properties I 301 Huguley Blvd Burleson, TX76028 51-0605677	lease	GA		11c	SHCC		
Taylor Creek Health Care Properties Inc 718 Goodwin Lane Leitchfield, KY42754 51-0605678	lease	GA		11c	SHCC		
The Volunteer Auxiliary of Florida Hospi 60 Memorial Medical Parkway Palm Coast, FL32164 59-2486582	Support serv	FL		11c	MHF		
Trinity Nursing & Rehab Center Inc 9700 West 62nd Street Merriam, KS66203 20-5774890	Elderly care	KS		9	SHCC		
West Kentucky Health Care Properties In 500 Beck Lane Mayfield, KY42066 51-0605676	lease	GA		11c	SHCC		
Zephyr Haven Health & Rehab Center Inc 38250 A Avenue Zephyrhills, FL33542 20-5774930	Elderly care	FL		9	SHCC		
Zephyrhills Health & Rehab Center Inc 7350 Dairy Road Zephyrhills, FL33540 20-5774967	Elderly care	FL		9	SHCC		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Helen Ellis Memorial Hospital Foundation 1395 S Pinellas Ave Tarpon Springs, FL34689 59-3690149	Fundraising	FL		11a	TSHF		
Tarpon Springs Hospital Foundation 1395 S Pinellas Ave Tarpon Springs, FL34689 59-0898901	Hospital Ops	FL		3	UCH		
University Community Hospital Auxiliary 3100 E Fletcher Ave Tampa, FL33613 23-7011345	Support Svs	FL		11c	UCH		
University Community Hospital Foundation 3100 E Fletcher Ave Tampa, FL33613 59-2554889	Fundraising	FL		11a	UCH		
University Community Hospital Spec Care 3100 E Fletcher Ave Tampa, FL33613 59-3231322	Inactive	FL		11	UCH		
University Community Hospital Inc 3100 E Fletcher Ave Tampa, FL33613 59-1113901	Hospital Ops	FL		3	AHSSHC		

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
Adventist Health Sys Sunbelt Healthcare 111 N Orlando Avenue Winter Park, FL32789 58-1318939	Admin of SIBP	FL	AHSSHC	TRUST			
AHS Services Inc 11801 South Freeway Fort Worth, TX76028 75-2049583	Med Equip	TX	AHSS Inc	C CORP			
Apopka Medical Plaza Condominium Associa 601 East Rollins Street Orlando, FL32803 59-3000857	Condo Assoc	FL	AHSS Inc	C CORP			
Altamonte Medical Plaza Condominium Asso 601 East Rollins Street Orlando, FL32803 59-2855792	Condo Assoc	FL	AHSS Inc	C CORP			
Arapahoe Medical Building I Inc (630 2525 S Downing Street Denver, CO80210 84-1574506	RE Leasing	CO	PAHS	C CORP	12,511	320,787	100 000 %
Arapahoe Medical Building II Inc (630 2525 S Downing Street Denver, CO80210 84-1574507	RE Leasing	CO	PAHS	C CORP	12,511	268,314	100 000 %
CC MOB Inc 2201 S Clear Creek Road Killeen, TX76549 74-2616875	RE Leasing	TX	MAH Inc	C CORP			
Central Texas Medical Associates 1301 Wonder World Drive San Marcos, TX78666 74-2729873	Physician cli	TX	AHSS Inc	C CORP			
Central Texas Provider's Network 1301 Wonder World Drive San Marcos, TX78666 74-2827652	Physi Hosp Or	TX	AHSS Inc	C CORP			
Florida Hospital Flagler Medical Office 60 Memorial Medical Parkway Palm Coast, FL32164 26-2158309	Condo Assoc	FL	MHF Inc	C CORP			
Florida Hospital Healthcare System Inc 602 Courtland Street Orlando, FL32804 59-3215680	PHO/TPA	FL	AHSS Inc	C CORP			
Florida Medical Plaza Condo Association 601 East Rollins Street Orlando, FL32803 59-2855791	Condo Assoc	FL	AHSS Inc	C CORP			
Florida Memorial Health Network Inc 770 W Granada Blvd Ste 317 Ormond Beach, FL32174 59-3403558	Physi Hosp Or	FL	MHS Inc	C CORP			
Helen Ellis Memorial Hospital Real Estat 1395 S Pinellas Ave Tarpon Springs, FL34689 59-3375731	RE Rental	FL	TS Hosp Foundtn	C CORP			
Harvard Park East Inc 2525 S Downing Street Denver, CO80210 84-1574365	RE Leasing	CO	PAHS	C CORP	12,318	10,272	100 000 %
Kissimmee Multispecialty Clinic 201 Hilda Street Suite 30 Kissimmee, FL34741 59-3539564	Condo Assoc	FL	AHSS Inc	C CORP			
Huguley Alliance Foundation 11801 South Freeway Fort Worth, TX76115 75-2642209	Inactive	TX	AHSS Inc	C CORP			
Huguley Medical Associates Inc 11801 South Freeway Burleson, TX76028 75-2547668	Physician cli	TX	AHSS Inc	C CORP			
Metroplex Adventist Hospital CRNA 2201 S Clear Creek Road Killeen, TX76549 26-0760794	Support Hosp	TX	MAH Inc	C CORP			
Midwest Management Services Inc 9100 West 74th Street Shawnee Mission, KS66204 48-0901551	RE Rental	KS	AHMA Inc	C CORP			

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
North American Health Services Inc & S 111 N Orlando Avenue Winter Park, FL32789 62-1041820	Lessor co	TN	AHSSHC	C CORP			
Ormond Professional Condo Association (4 770 W Granada Blvd Ste 101 Ormond Beach, FL32174 59-2694434	Condo Assoc	FL	MHS Inc	C CORP			
Park Ridge Property Owner's Association 1 Park Place Naples Road Fletcher, NC28732 03-0380531	Condo Assoc	NC	FH Inc	C CORP			
Porter Affiliated Hlth Services Inc db 2525 S Downing Street Denver, CO80210 84-0956175	Healthcare	CO	PAHS	C CORP			100 000 %
Porter Medical Plaza Inc (630 Year En 2525 S Downing Street Denver, CO80210 84-1574369	RE Leasing	CO	PAHS	C CORP	12,039	23,185	100 000 %
San Marcos Regional MRI Inc 1301 Wonder World Drive San Marcos, TX78666 77-0597968	Holding co	TX	AHSS Inc	C CORP			
The Garden Retirement Community Inc 602 Courtland Street Ste 200 Orlando, FL32804 59-3414055	RE Rental	FL	SHCC Inc	C CORP			
Reflections Commercial Condo Assoc 875 Sterthaus Ave Ormond Beach, FL32174 59-3519055	Condo Assoc	FL	MHS Inc	C Corp			
Southeast Volusia Medical Services Inc 401 Palmetto St New Smyrna Beach, FL32168 59-3287185	Inactive	FL	BFMC Inc	C Corp			
University Community Health Insurance Co C/O AON Ins Managers PO BOX 69GT Grand Cayman CJ	Captive Insurance	CJ	UCH	C Corp			
UCH Services Inc 3100 East Fletcher Ave Tampa, FL33613 59-3508454	Managment Co	FL	UCH	C Corp			
West Coat Medical Group Inc 1395 S Pinellas Ave Tarpon Springs, FL34689 59-3537305	Physician Clinics	FL	TSH Foundation	C Corp			

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	RM Adventist Healthcare Foundation	c	1,330,813	
(2)	RM Adventist Healthcare Foundation	o	1,539,986	
(3)	RM Adventist Healthcare Foundation	b	654,389	
(4)	Adventist Health System Sunbelt HC Corp	q	5,339,711	
(5)	Adventist Health System Sunbelt HC Corp	L	5,176,456	
(6)	Adventist Health System Sunbelt HC Corp	o	2,881,085	

**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><u>\$ 9,816,406</u></u>	<u><u>\$ 8,480,531</u></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>
	<u>5,087,696</u>	<u>4,596,708</u>
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><u>\$ 9,816,406</u></u>	<u><u>\$ 8,480,531</u></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		
U S government agencies and sponsored entities	\$1,385,992	\$1,429,140
U S 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>\$ 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

The System participates with other Seventh-day Adventist healthcare entities in a defined contribution retirement plan (Plan) that covers substantially all full-time employees who are at least 18 years of age. The Plan is exempt from the Employee Retirement Income Security Act of 1974. The Plan provides, among other things, that the employer contribute 2.6% of wages, plus additional amounts for very highly paid employees. Additionally, the Plan provides that the employer match 50% of the employee's contributions up to 4% of the contributing employee's wages, resulting in a maximum available match of 2% of the contributing employee's wages each year. UCH and BFMC sponsored retirement savings plans through December 31, 2010. Subsequent to December 31, 2010, these plans ceased accepting contributions. Effective January 1, 2011, both UCH and BFMC employees were eligible to participate in the Plan.

Contributions for all of the above plans are included in employee compensation in the accompanying consolidated statements of operations and changes in net assets in the amount of \$74,418 and \$71,236 for the years ended December 31, 2010 and 2009, respectively.

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*For the years ended
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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>

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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 December 31, 2010 and 2009 (dollars in thousands)

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>

Adventist Health System

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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

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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.

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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