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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
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A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011		
B Check if applicable <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input checked="" type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization PeaceHealth Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 1115 SE 164th Avenue City or town, state or country, and ZIP + 4 Vancouver, WA 98683	D Employer identification number 91-0939479 E Telephone number (360) 729-1030 G Gross receipts \$ 1,699,437,914
	F Name and address of principal officer ALAN YORDY 1115 SE 164th Avenue Vancouver, WA 98683	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 ▶
	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: ▶ www.peacehealth.org	
	K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	
L Year of formation 1986		M State of legal domicile WA

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities Peacehealth carries on the healing mission of Jesus Christ by promoting personal and community health, releiving pain and suffering, and treating each person in a loving and caring way		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	14
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	13,413
6 Total number of volunteers (estimate if necessary)	6	2,000	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	38,894,224	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-5,735,818	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	4,717,732	4,457,626
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,393,201,549	1,515,851,811
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	35,927,373	69,740,483
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	43,095,177	47,681,211
		1,476,941,831	1,637,731,131
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,323,436	1,319,463
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	810,284,298	864,291,556
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) <u>4,838,778</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	654,586,106	659,918,900
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,466,193,840	1,525,529,919
	19 Revenue less expenses Subtract line 18 from line 12	10,747,991	112,201,212
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	1,931,025,273	2,591,551,712
	21 Total liabilities (Part X, line 26)	1,012,351,681	1,035,157,642
	22 Net assets or fund balances Subtract line 21 from line 20	918,673,592	1,556,394,070

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

Sign Here	Signature of officer		2012-05-15		
	Kevin Walter SVP and CFO		Date		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ KPMG LLP				Firm's EIN ▶
	Firm's address ▶ 801 Second Avenue Suite 900 Seattle, WA 98104				Phone no ▶ (206) 913-4000

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

Peacehealth carries on the healing mission of Jesus Christ by promoting the personal and community health, relieving pain and suffering, and treating each person in a loving and caring way

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 \$ 805,296,336 including grants of \$) (Revenue \$ 1,199,500,832)

Hospitals and clinics (non-critical access) Peacehealth is a not-for-profit health care system with medical centers, critical access hospitals, medical group clinics and laboratories located in Alaska, Washington and Oregon. Founded by the sisters of St. Joseph of peace, Peacehealth has provided exceptional medicine and compassionate care to northwest communities for more than a century. During the most recent fiscal year (2011), Peacehealth provided patient care to these communities through more than 49,712 inpatient admissions and 444,545 outpatient registrations, and 1 million patient encounters with the medical groups. Peacehealth consistently receives national recognition for innovations in patient-centered care, patient safety, health care technology and cost efficiency.

4b

(Code) (Expenses \$ 336,661,399 including grants of \$ 1,319,463) (Revenue \$ 183,171,994)

Charity care and community benefits: Peacehealth provides partial and full charity care to patients unable to pay for service (\$55 million at cost). Bridge assistance: patients receive care at reduced cost or no charge when it is determined that payment cannot be obtained through insurance, outside agencies, or private means. Peacehealth offers information to uninsured emergency and outpatient prior to admission. Bridge assistance is also available post-care through financial counseling. Other community benefit costs include the means-tested medicaid shortfall (\$67 million), subsidized services provided at a financial loss (\$26 million), non-healthcare community building activities (\$302 thousand) and other services and contributions (\$5 million).

4c

(Code) (Expenses \$ 133,510,182 including grants of \$) (Revenue \$ 133,178,985)

Critical access hospitals and clinics: Peacehealth operates three hospitals that are part of the Medicare Critical Access Hospital (CAH) program. Rural communities rely on their hospitals as critical components of the communities economic and social fabric. These hospitals are typically the largest or second largest employer in the community, and often stand alone in their ability to offer highly-skilled jobs. During fiscal year 2011, these facilities collectively admitted 64,267 outpatient registrations, and 2,816 inpatient admissions.

4d

Other program services (Describe in Schedule O)

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




















4e

Total program service expenses \$ 1,275,467,917

Form 990 (2010)

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
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>			
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	2,511
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	13,413
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	Yes
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?		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		No
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
Own website Another's website ☒ Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
JOHN FINLEY
1115 SE 164TH AVENUE
Vancouver, WA 98683
(360) 729-1030

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

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

[illegible]

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								10,469,030	0	917,172

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▶1,122

3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*

3 Yes

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? *If "Yes," complete Schedule J for such individual*

4 Yes

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*

5 No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Howard Wright Construction 501 Eastlake Ave E Ste 100 SEATTLE, WA 98109	Construction	5,381,081
Deloitte Consulting LLP 925 4th Ave Ste 3300 SEATTLE, WA 98104	Consulting	4,949,628
FFF Enterprises 41093 Country Center Drive TEMECULA, CA 92591	Vaccine Supplier	2,929,399
Varian Medical Systems 3100 Hansen Way PALO ALTO, CA 94306	Medical Systems	2,726,935
Aramark Management Svs 1101 Market St PHILADELPHIA, PA 19107	Uniform Service	1,963,881

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 ▶171

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	2,530,914		
	e	Government grants (contributions)	1e	899,099		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,027,613		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		4,457,626		
Program Service Revenue	2a	Business Code				
		HOSPITALS/CLINICS NON-CA	621110	1,141,438,508	1,141,438,508	
	b	CHARITY CARE AND COMM BEN	621110	183,171,994	183,171,994	
	c	CRITICAL ACCESS (CA) HOSP	621500	133,178,985	133,178,985	
	d	OTHER OPERATING REVENUE	900099	50,958,850	50,958,850	
	e	INCOME FROM PARTNERSHIP	900099	7,103,474	7,103,474	
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		1,515,851,811		
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)				
				66,034,107		66,034,107
	4	Income from investment of tax-exempt bond proceeds . .		0		
	5	Royalties		0		
	6a	Gross Rents	(i) Real	(ii) Personal		
			9,329,964			
	b	Less rental expenses	6,997,473			
	c	Rental income or (loss)	2,332,491			
	d	Net rental income or (loss)			2,332,491	2,332,491
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			50,956,837	1,254,890		
	b	Less cost or other basis and sales expenses	47,250,461	7,458,849		
	c	Gain or (loss)	3,706,376	-6,203,959		
	d	Net gain or (loss)			3,706,376	3,706,376
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
			b			
	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			
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				
b	Less cost of goods sold	b				
c	Net income or (loss) from sales of inventory . .			0		
Miscellaneous Revenue		Business Code				
11a	CAFETERIA	900099	6,454,496		6,454,496	
b	LABORATORIES AND OTHER	900099	38,894,224		38,894,224	
c						
d	All other revenue					
e	Total. Add lines 11a-11d		45,348,720			
12	Total revenue. See Instructions		1,637,731,131	1,515,851,811	38,894,224	78,527,470

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	1,319,463	1,319,463		
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	5,186,589	274,780	4,911,809	
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	684,001,357	564,367,835	117,032,288	2,601,234
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	44,220,997	36,153,228	7,913,254	154,515
9	Other employee benefits	82,247,242	66,434,591	14,909,413	903,238
10	Payroll taxes	48,635,371	39,337,956	9,091,938	205,477
a	Fees for services (non-employees)				
	Management	12,733,693	11,479,538	1,254,155	
b	Legal	2,727,652		2,700,595	27,057
c	Accounting	1,087,606		956,658	130,948
d	Lobbying	0			
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	50,846,892	26,948,853	23,389,570	508,469
12	Advertising and promotion	2,581,610	2,478,346		103,264
13	Office expenses	7,523,448	376,175	7,147,273	
14	Information technology	10,817,034		10,817,034	
15	Royalties	0			
16	Occupancy	27,354,608	24,821,823	2,505,926	26,859
17	Travel	8,053,635	3,258,038	4,630,581	165,016
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	92,597		92,597	
20	Interest	35,932,314	35,213,668	718,646	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	103,188,780	94,864,620	8,311,459	12,701
23	Insurance	7,858,686	4,528,858	3,329,828	
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	SUPPLIES	223,162,368	200,846,131	22,316,237	
b	BAD DEBT	66,213,502	66,213,502		
c	CLINICAL PURCHASED SERVICES	39,222,569	39,222,569		
d	OTHER TAX	36,867,419	36,451,686	415,733	
e	OTHER OPERATING EXPENSE	18,246,758	15,468,528	2,778,230	
f	All other expenses	5,407,729	5,407,729		
25	Total functional expenses. Add lines 1 through 24f	1,525,529,919	1,275,467,917	245,223,224	4,838,778
26	Joint costs. Check here <input 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			66,967,863	1	93,057,707
	2	Savings and temporary cash investments			232,841,204	2	243,096,494
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			169,777,241	4	196,758,485
	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			16,327,453	7	39,335,350
	8	Inventories for sale or use			25,083,351	8	25,636,643
	9	Prepaid expenses and deferred charges			9,760,470	9	11,055,462
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	1,803,290,672			
	b	Less: accumulated depreciation	10b	779,975,945	1,049,567,727	10c	1,023,314,727
	11	Investments—publicly traded securities				11	258,293,489
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			0	14	529,951,305
	15	Other assets. See Part IV, line 11			360,699,964	15	171,052,050
16	Total assets. Add lines 1 through 15 (must equal line 34)			1,931,025,273	16	2,591,551,712	
Liabilities	17	Accounts payable and accrued expenses			197,269,090	17	170,903,870
	18	Grants payable				18	
	19	Deferred revenue				19	124,917,041
	20	Tax-exempt bond liabilities			671,969,170	20	666,529,370
	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	18,876,487
	25	Other liabilities. Complete Part X of Schedule D			143,113,421	25	53,930,874
	26	Total liabilities. Add lines 17 through 25			1,012,351,681	26	1,035,157,642
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			894,626,180	27	1,497,688,608
	28	Temporarily restricted net assets			20,610,460	28	47,754,068
	29	Permanently restricted net assets			3,436,952	29	10,951,394
	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			918,673,592	33	1,556,394,070
	34	Total liabilities and net assets/fund balances			1,931,025,273	34	2,591,551,712

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	1,637,731,131
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,525,529,919
3	Revenue less expenses Subtract line 2 from line 1	3	112,201,212
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	918,673,592
5	Other changes in net assets or fund balances (explain in Schedule O)	5	525,519,266
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	1,556,394,070

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 PeaceHealth	Employer identification number 91-0939479
---	--

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).

Additional Data

Software ID:
Software Version:
EIN: 91-0939479
Name: PeaceHealth

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Sr Eleanor Gilmore CS Director	2 0	X						0	0	0
Sr Monica Heeran CSJP Secretary	2 0	X						0	0	0
Sr Anne Hayes CSJP Director	2 0	X						0	0	0
Sr Andrea Nenzel CSJP Chairman	2 0	X						0	0	0
Sr Norah Clarke CSJP Director	2 0	X						0	0	0
Sr Kathleen Pruitt CS Director	40 0	X						0	0	0
Joe Gonyea II Director	2 0	X						0	0	0
Catherine Potts MD Director	2 0	X						0	0	0
Sr Margaret Dimond CSJ Director	2 0	X						0	0	0
Curt Roberts Director	2 0	X						0	0	0
Carol Sheridan Director	2 0	X						0	0	0
Dieter Morich Vice Chair	2 0	X						0	0	0
Roland Trenouth MD Director	2 0	X						0	0	0
Terry Brandon Treasurer	2 0	X						0	0	0
Tom Grove Director	2 0	X						0	0	0
Alan Yordy President & Ceo	40 0			X				985,031	0	50,372
Kevin Walstrom Senior VP, CFO	40 0			X				450,426	0	35,967
Mel Pyne CEO -Eugene/Springfield, OR	40 0				X			607,997	0	39,308
John Haughom Senior VP	40 0				X			620,758	0	53,273
Peter Adler Senior VP	40 0				X			551,134	0	44,220
Nancy Steiger Senior VP	40 0				X			499,462	0	30,009
Carol Aaron SVP Culture & People	40 0				X			221,655	0	8,075
Stuart Hennessey Senior VP	40 0				X			499,941	0	54,471
Elaine Svigel Dunda Senior VP	40 0				X			504,686	0	54,823
Josiah Johnson CEO - Longview, Wa	40 0				X			363,011	0	44,849

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Richard Kincaid Senior VP	40 0				X			320,138	0	46,968
Ran Whitehead CEO - Florence, OR	40 0				X			332,680	0	50,418
Jill Hoggard-Green COO - Eugene/Springfield,OR	40 0				X			401,559	0	43,868
Judy Hodgson Senior VP	40 0				X			476,880	0	43,375
David White MD Physician	40 0					X		747,375	0	62,114
Noel Santo-Domingo MD Physician	40 0					X		653,839	0	68,300
James Douglas MD Physician	40 0					X		607,618	0	66,137
Richard Leone MD Physician	40 0					X		594,260	0	56,626
Mark Reis Physician	40 0					X		576,703	0	46,189
Howard W Kriz Former Employee	20 0						X	453,877	0	17,810

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
PeaceHealth

Employer identification number
91-0939479

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

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

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ 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

► \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
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		75,370,626		75,370,626
b Buildings		1,253,688,619	566,440,762	687,247,857
c Leasehold improvements				
d Equipment		425,428,091	192,216,638	233,211,453
e Other		47,183,782	21,318,545	25,865,237
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				1,021,695,173

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	1,637,731,131
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,525,529,919
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	112,201,212
4	Net unrealized gains (losses) on investments	4	38,044,254
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	448,983,197
9	Total adjustments (net) Add lines 4 - 8	9	487,027,451
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	599,228,663

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	2,124,314,088
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	38,044,254
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	448,983,197
e	Add lines 2a through 2d	2e	487,027,451
3	Subtract line 2e from line 1	3	1,637,286,637
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	444,494
c	Add lines 4a and 4b	4c	444,494
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	1,637,731,131

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	1,525,529,919
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	1,525,529,919
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	1,525,529,919

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
Schedule D Supplemental Information		Part X, Line 2 - FIN 48 (ASC 740) Footnote The corporation adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement 109 (FIN 48), on July 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of FIN 48 did not have a significant impact on the consolidated financial statements of the corporation. Part XI, Line 8 - Other Change in Net Assets Change in Value of Interest Rate Swaps 15,864,800 Unrealized FMV Adj Due to Affiliation with SW 433,118,397 ----- Total Other Changes in Net Assets 448,983,197 Part XII, Line 2d - Items Not Included on Return, on Financials Change in Value of Interest Rate Swaps 15,864,800 Unrealized FMV Adj Due to Affiliation with SW 433,118,397 ----- Total 448,983,197 Part XII, Line 4b - Amounts Included on Return, Not on Financials Book/Tax Partnership Differences 444,494 -- ----- Total 444,494

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
PeaceHealth

Employer identification number
91-0939479

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States
- 3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Central America and the Caribbean	1	2	Program Services	Healthcare	288,997
3a Sub-total	1	2			288,997
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	1	2			288,997

1

(i) Method of valuation
(book, FMV, appraisal, other)

3 Enter total number of other organizations or entities

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Use Part V if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐

Yes

☒

No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐

Yes

☒

No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☐

Yes

☒

No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐

Yes

☒

No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐

Yes

☒

No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐

Yes

☒

No

Additional Data

Software ID:
Software Version:
EIN: 91-0939479
Name: PeaceHealth

Part V **Supplemental Information**
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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
PeaceHealth

Employer identification number
91-0939479

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
1b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
5c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
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)			55,247,916		55,247,916	3 620 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			249,901,047	183,171,994	66,729,053	4 370 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			305,148,963	183,171,994	121,976,969	7 990 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,053,536		2,053,536	0 130 %
f Health professions education (from Worksheet 5)			1,210,400		1,210,400	0 080 %
g Subsidized health services (from Worksheet 6)			26,304,877		26,304,877	1 720 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,640,922		1,640,922	0 110 %
j Total Other Benefits			31,209,735		31,209,735	2 040 %
k Total. Add lines 7d and 7j			336,358,698	183,171,994	153,186,704	10 030 %

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		4,300		4,300	
3	Community support		72,833		72,833	
4	Environmental improvements		64,501		64,501	
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy		53,676		53,676	
8	Workforce development		88,838		88,838	0.010 %
9	Other		18,553		18,553	
10	Total		302,701		302,701	0.010 %

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	No
2	Enter the amount of the organization's bad debt expense (at cost)	2	31,342,292
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	531,760,294
6	Enter Medicare allowable costs of care relating to payments on line 5	6	660,124,236
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-128,363,942
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 checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

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

Part V

Facility Information

Section A. Hospital Facilities

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

How many hospital facilities did the organization operate during the tax year? 7

Name and address		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Sacred Heart Med Ctr Riverbend 3333 Riverbend Drive Springfield, OR 97477	X	X					X		
2	Sacred Heart Med Ctr Univ Dist 3333 Riverbend Drive Springfield, OR 97477	X	X					X		
3	St Joseph Hospital 2901 Squalicum Parkway Bellingham, WA 98225	X	X					X		
4	St John Medical Center 1615 Delaware Street Longview, WA 986322367	X	X					X		
5	Ketchikan General Hospital 3100 Tongass Avenue Ketchikan, AK 99901	X	X			X		X		
6	Peace Harbor Hospital 400 9th Street Florence, OR 97439	X	X			X		X		
7	Cottage Grove Comm Hospital 1515 Village Drive Cottage Grove, OR 97424	X	X			X		X		

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: Sacred Heart Med Ctr Riverbend

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)		
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: Sacred Heart Med Ctr Univ Dist

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) 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)	1	
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) 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)	5	
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	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: St Joseph 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) 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)	1	
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) 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)	5	
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	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: St John Medical Center

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)		
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: Ketchikan General Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 5

	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	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:Peace Harbor Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A):6

	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) 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)	1	
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) 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)	5	
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	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: Cottage Grove Comm Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 7

	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) 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)	1	
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) 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)	5	
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? _____

Name and address		Type of Facility (Describe)
1		
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
Schedule H Supplemental Information		<p>Part I, Line 7 - Costing Methodology The costing methodology used to determine the amount s reported on Part I, Line 7 is a cost to charge ratio determined by comparing total patient charges to the patient care expenses (exclusive of non-operating expenses and bad debt) This ratio is then applied to the charity care charges to arrive at the amount of charity care reported on Line 7 Part I, Line 7, Column (F) - Bad Debt Excluded The bad debt expense included on Form 990, Part IX, Line 24, Column (A) which is excluded for the calculation of Part I, Line 7, Column (F) of this schedule is \$66,213,502</p> <p>Part III, Section A, Line 2 - Bad debt Expense (At Cost) This was calculated using gross charges applied to bad debt expense (\$66,213,499) multiplied by the cost-to-charge ratio (47.3352%) Part III, Line 8 - Medicare Shortfall and Allowable Costs Costing Method To determine the amount reported on Part III, Line 6, Peacehealth allocates overhead costs tracked using the cost reporting package of Peacehealth to each department of Peacehealth and added to the operating costs specifically assigned to that department via Peacehealth's cost reporting package A cost to charge ratio, specific to each department is then calculated based on the ratio of the cost of operation of each department to each department's charges This ratio is then applied to the Medicare charges associated with each department to arrive at the Medicare allowable costs IRS Revenue Ruling 69-545, which established the community benefit standard for nonprofit hospitals, states that if a hospital serves patients with government health benefits, including Medicare, then this is an indication that the hospital operates to promote the health of the community This implies that treating Medicare patients is a community benefit The elderly are often an underserved population who experience issues with access to healthcare services Without tax-exempt hospitals providing Medicare services, other segments of society would bear the burden of providing services for the elderly</p> <p>Part III, Line 9b - Provisions on Collection Practices for Qualified Patients In cases where medically necessary and preventative services are provided regardless of the patient's ability to pay, Peacehealth makes financial counseling available By policy, Peacehealth does not turn a patient account into collections without some form of financial counseling occurring One element of financial counseling includes a "bridge assistance" program This program allows qualified patients to receive care at reduced cost or without charge when it has been determined that payment for those services cannot be obtained through insurance, outside agencies, or private means Accounts will be considered for bad debt write-off when the patient has demonstrated an unwillingness to pay according to Peacehealth's payment policy Telephone calls and written communication will be used to facilitate payment Accounts will be referred to a collection agency when the patient has not agreed to an acceptable payment plan, does not respond to telephone calls and/or letters, or cannot be located Unpaid accounts will be sent to a collection agency except for bankruptcies, small balances, and accounts meeting charity criteria If, at any point during the collection process, a patient provides an application with proof of income supporting a reduction, the charity amount will be credited to the patient account and further collection actions on that portion of the balance will cease</p> <p>Part VI, Line 2 - Needs Assessment Needs vary by region, so any assessment of needs is customized to the local community Still, there are some approaches the regions have in common to assure we are truly understanding and meeting the most significant community needs Typically we engage committees of staff, board members and volunteers to review and act on funding requests from community-based organizations In making their case for funding, applicants must thoroughly explain the need, the population served, the effectiveness of their programs, and the desired outcome In addition to helping our board committees make wise strategic investment in programs that effectively address community needs, this process also keeps our staff and board members attuned to changes in our community When we evaluate the community's demand and desire for a particular service, we assess a whole host of factors, including -Alternative ways to access care -Our ability to provide the necessary staff, equipment and space -The effect on the community and patients if we did not provide the care -The community's best interest -Results of an ethical discernment In Peacehealth Oregon Region The primary tool for assessing community health is a biennial needs assessment report produced by United Way and based on a community survey The latest study found that paying for medical insurance and paying for doctor/dentist visits were the top two problems reported</p>

Identifier	ReturnReference	Explanation
Schedule H Supplemental Information		<p>Difficulty paying for prescription medications was in the top 10 list of problems. In Peacehealth Lower Columbia Region, Medical staff and hospital leaders participate in a biennial community health research study that exams social determinants of health, highlights key health scores and indicators, and recognizes champions for healthy lifestyles. The community health report card is coordinated by Pathways 2020, a nonprofit organization dedicated to improving the quality of life in Cowlitz County through collaborative partnerships, resource mobilization, strategic planning and program development. Peacehealth is an active partner in producing the report card. In Peacehealth Whatcom Region, a primary means of assessing community health needs over the last five years has been through the efforts of the Whatcom coalition for healthy communities. Peacehealth St. Joseph medical center was a co-founder of this organization, along with the county health department and the local United Way. With Peacehealth support, the coalition developed a web-based system for reporting and tracking a set of community health indicators which is maintained at whatcomcounts.org. In Peacehealth Southeast Alaska region, a gap in care or services may result when another local provider discontinues a service. Changing times have resulted in the closure of most independent physician offices and the local municipal behavioral health program. When no other provider steps in, Ketchikan General Hospital (as the largest health care provider in the region) is typically asked to assume or absorb the delivery of that care or service. Growth of the Peacehealth medical group in primary care and OB/GYN was a direct result of this situation where if we had not stepped in, these services would not be available today. Another key example of this was the decision to take over the management of a satellite rural health clinic in Craig, Alaska, involving a comprehensive assessment and ethical discernment. Additional ways Peacehealth stays in touch with the community:</p> <ul style="list-style-type: none">-Patient councils: community members provide input and feedback-administrators on the patient experience, issues, concerns and ideas-Community involvement: hospital staff serves on numerous boards, committees and task forces that address community health problems and promote community health-Speakers bureau: hospital leaders and experts are called upon to address community groups on a variety of health care topics, taking feedback, answering questions and listening to concerns and needs <p>Part VI Line 3 - Patient Education of Eligibility for Assistance: Peacehealth has a time-honored tradition of providing health care services to the sick and afflicted regardless of ability to pay. It is central to our mission and is reinforced through our new employee orientation, training and development programs, leadership meetings, and special programs such as leadership in ministry. Peacehealth has an innovative "bridge assistance" program which provides free or reduced-cost care to low-income individuals. In the spirit of our core value of "respecting individual human dignity and worth," Peacehealth uses the name "bridge assistance" so that people using this program can refer to it without any discomfort or embarrassment. Qualified individuals receive a bridge assistance card which they may present just as one would an insurance card. Many independent providers in the community now accept Peacehealth's bridge program as their benchmark for providing pro bono services. The name refers to bridging the gap of financial uncertainty for our patients in need. Bridge assistance provides medically necessary and preventative services for our patients at Peacehealth facilities at a reduced cost or without charge when payment cannot be obtained through all other available financial resources. It is secondary to resources such as insurance, third party liability payers, government programs, outside agency program, or private mea</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
PeaceHealth

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

Employer identification number
91-0939479

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 15

3 Enter total number of other organizations 2

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
Grant Monitoring	Schedule I, Part I, Line 2	Peacehealth pre-screens applicants to determine the need of the organization receiving the grant. Grants and donations are then determined and given to those organizations whose mission falls in line with promoting healthcare or the furtherance of healthcare education. Because each grant is carefully examined before it is given and the purpose of the grant is known before it is given, no follow up is performed to find out how the grant was used.

Software ID:
Software Version:
EIN: 91-0939479
Name: PeaceHealth

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
Sisters of St Joseph Peace 1663 Killarney Way Bellevue, WA 98004	91-0567741	501(c)(3)	280,615				Mission Support
Whatcom Alliance800 East Chestnut St Lower Level Bellingham, WA 98225	81-0677295	501(c)(3)	139,110				Community

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
Family Care Network PLLC 873 Hinotes Court STE 1 Lynden, WA 98264	91-1753976		50,000				Community
Interfaith Community Health 200 Unity Street Bellingham, WA 98225	91-2168190	501(c)(3)	46,250				Community

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
Willamette Family Treatment Service Inc687 Cheshire Avenue Eugene,OR 97402	93-0569684		45,000				Community
Volunteers in Medicine Clinic2260 Marcola Road Springfield,OR 97477	93-1276816	501(c)(3)	75,000				Community

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
United Way of Lane County 3171 Gateway Loop Springfield,OR 97477	93-0394142	501(c)(3)	30,000				Community
University of Washington 1400 NE Campus Parkway Seattle,WA 98195	91-6001537	University	25,000				Education

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
Rotary Foundation of LongviewPO Box 1105 Longview, WA 986327673	91-1079032	501(c)(3)	10,000				Community
United Way of Whatcom County1511 Cornwall Avenue Bellingham, WA 98225	91-0570788	501(c)(3)	10,000				Community

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
Eugene Education Fund3411 Willamette Avenue Bellingham, WA 98225	93-1128220	501(c)(3)	10,000				Education
White Bird Clinic341 East 12th Avenue Eugene, OR 97405	93-0585814	501(c)(3)	10,000				Community

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
Community Health Partners PO Box 2853 Longview,WA 98632	91-2016542	501(c)(3)	10,000				Community Health Promotion
Emerald Kidsports2190 Polk Street Eugene,OR 97405	93-0472773	501(c)(3)	7,500				Promote Youth Activities

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
Ketchikan Gateway Borough 2610 4th Avenue Ketchikan, AK 99901	92-0084626	Educ Dist	6,500				Promote Education
United Way of King County 720 2nd Avenue Seattle, WA 98104	91-0565555	501(c)(3)	6,007				Community Benefit

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
Columbia Theatre Assoc for the Performing Arts1231 Vandercook Way Longview, WA 98632	91-1186556	501(c)(3)	7,500				Performing Arts Promotion

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

PeaceHealth

Employer identification number

91-0939479

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 type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
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?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
4a	Receive a severance payment or change-of-control payment from the organization or a related organization?	Yes	
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
4c	Participate in, or receive payment from, an equity-based compensation arrangement?		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:		
5a	The organization?		No
5b	Any related organization?		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:		
6a	The organization?		No
6b	Any related organization?		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		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
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
Schedule J Supplemental Information		Part I, Line 4a - Severance Payments Howard W Kirz retired due to medical reasons. Mr Kirz received \$418,985 of severance payments representing a complete satisfaction of a severance agreement, which was paid in full upon the death of Mr Kirz. There are no other employees with severance arrangements.

Software ID:
Software Version:
EIN: 91-0939479
Name: PeaceHealth

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				
Alan Yordy	(i) (ii)	705,812 0	264,254 0	14,965 0	30,028 0	20,344 0	1,035,403 0	0 0
Kevin Walstrom	(i) (ii)	321,798 0	94,299 0	34,329 0	23,319 0	12,648 0	486,393 0	0 0
Mel Pyne	(i) (ii)	434,035 0	160,934 0	13,028 0	27,635 0	11,673 0	647,305 0	0 0
John Haughom	(i) (ii)	438,349 0	167,457 0	14,952 0	34,928 0	18,345 0	674,031 0	0 0
Peter Adler	(i) (ii)	393,053 0	146,067 0	12,014 0	24,536 0	19,684 0	595,354 0	0 0
Nancy Steiger	(i) (ii)	351,805 0	137,259 0	10,398 0	10,234 0	19,775 0	529,471 0	0 0
Carol Aaron	(i) (ii)	158,833 0	45,852 0	16,970 0	0 0	8,075 0	229,730 0	0 0
Stuart Hennessey	(i) (ii)	355,740 0	130,382 0	13,819 0	34,928 0	19,543 0	554,412 0	0 0
Elaine Svigel Dunda	(i) (ii)	345,592 0	147,597 0	11,497 0	34,928 0	19,895 0	559,509 0	0 0
Josiah Johnson	(i) (ii)	267,582 0	85,955 0	9,474 0	25,128 0	19,721 0	407,860 0	0 0
Richard Kincaid	(i) (ii)	266,764 0	47,860 0	5,514 0	25,128 0	21,840 0	367,106 0	0 0
Ran Whitehead	(i) (ii)	240,529 0	82,222 0	9,929 0	30,028 0	20,390 0	383,098 0	0 0
Jill Hoggard-Green	(i) (ii)	309,009 0	83,585 0	8,965 0	25,128 0	18,740 0	445,427 0	0 0
Howard W Kriz	(i) (ii)	10,898 0	23,994 0	418,985 0	1,786 0	16,024 0	471,687 0	0 0
Judy Hodgson	(i) (ii)	209,115 0	257,313 0	10,452 0	34,928 0	8,447 0	520,255 0	0 0
David White MD	(i) (ii)	578,421 0	15,125 0	153,829 0	53,203 0	8,911 0	809,489 0	0 0
Noel Santo-Domingo MD	(i) (ii)	549,742 0	102,743 0	1,354 0	43,194 0	25,106 0	722,139 0	0 0
James Douglas MD	(i) (ii)	499,664 0	103,000 0	4,954 0	50,637 0	15,500 0	673,755 0	0 0
Richard Leone MD	(i) (ii)	507,106 0	66,000 0	21,154 0	41,999 0	14,627 0	650,886 0	0 0
Mark Reis	(i) (ii)	515,536 0	30,245 0	30,922 0	27,765 0	18,424 0	622,892 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PeaceHealth

Employer identification number
91-0939479

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A State of Oregon	93-6001787	68608JBR1	10-14-2004	15,000,000	Construct Medical Complex		X		X		
B WA Healthcare Facilities Authority	91-1108929	93978EU26	06-26-2008	80,650,000	Refund Prior Bond Issue		X		X		
C OR Facilities Authority	93-6001787	68608JJG7	06-26-2008	95,495,000	Refund Prior Bond Issue		X		X		
D OR Facilities Authority	93-6001787	68608JJH5	06-26-2008	99,175,000	Refund Prior Bond Issue		X		X		

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	15,000,000		80,650,000		95,495,000		99,175,000	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	388,824		385,500		461,344		447,966	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	14,611,176		80,264,500		95,033,656		98,727,034	
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2006		2008		2008		2008	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule K Supplemental Information		Part III, Line 3z - Management or Service Contracts Resulting in Private Business Use of Property All contracts have been reviewed the the Peacehealth board council and meet the safe harbor regulations

SCHEDULE O
(Form 990 or 990-EZ)**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.****2010****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Name of the organization**
PeaceHealth**Employer identification number**

91-0939479

Identifier	Return Reference	Explanation
Supplemental Information for Form 990 and Supporting Schedules		<p>Form 990, Item B - Amended Return The following portions of the return have been amended Form 990, Part VII, Compensation of Officers, Directors, Key Employees and Highest Compensated Employees Schedule J, Compensation Information Form 990, Part VI, Line 11B - Form 990 Review Process The Form 990 is prepared by a non-employee CPA, with consultation and review from external advisors and further review by the CFO and President & CEO prior to signature The signed form is provided to the board of directors prior to filing Form 990, Part VI, Line 12C - Explanation of Monitoring and Enforcement of Conflicts Regularly scheduled education is provided to employees and board members throughout the year as to the requirements of the conflict of interest policy Officers, key employees and all board members are required to complete an annual written conflict of interest questionnaire Their responses to the questionnaire are annually reviewed by the legal department and the organizational integrity department The legal department regularly reviews the minutes from the board meetings and the minutes from the management executive committee meetings to check voting records against the disclosed potential conflicts of interest Chairpersons and their supportive minute takers are trained in the correct procedure to follow whenever a potential conflict of interest arises Form 990, Part VI, Line 15B - Compensation Review & Approval Process for Officers & Key Employees The independent national consulting firm of Sullivan and Cotter is retained by the executive committee of the Peacehealth board - which also serves as the compensation committee All committee members are subject to the conflict of interest policies and recuse themselves in the event of a potential conflict Sullivan Cotter is regularly and consistently utilized to prepare and analyze compensation comparability data for officers, key executives and disaffiliated persons described in the intermediate sanction regulations Those reports are provided to the executive committee of the Peacehealth board of directors for compensation approvals to ensure the fair market value of compensation for these individuals, and these approvals are documented in committee minutes The compensation meeting took place on September 9, 2010 and the Peacehealth board documented the basis for its determination concurrently with making the compensation determination Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available The articles of incorporation and extensive financial data are filed with state governments and become available to the public The bylaws and conflict of interest policy are provided upon request Independent financial audits of the company's financial statements have been made public annually in connection with public bond offerings during the last several years and are also available upon request Form 990, Part XI, Line 5 - Other Changes in Net Assets or Fund Balances Unrealized Gains on Investments 38,044,254 Change in Value of Interest Rate Swaps 15,864,800 Unrealized FMV Adj Due to Affiliation with SW 433,118,397 Book/Tax Partnership Difference -444,494 Prior Period Adjustment 38,936,309 ----- Total Other Change in Net Assets 525,519,266</p>

SCHEDULE R (Form 990)	Related Organizations and Unrelated Partnerships	OMB No 1545-0047
		2010
		Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization PeaceHealth	Employer identification number 91-0939479
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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
(1) Whatcom Health Information Network 625 Cornall Ave Bellingham, WA 98225 91-1993455	Info Network	WA	922,729	1,924,713	NA

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Health Ventures PO Box 10905 Eugene, OR 97440 91-1350776	Healthcare JV	WA	501(c)(3)	11A	NA		
(2) Sacred Heart Medical Center Foundation PO Box 10905 Eugene, OR 97440 93-6026548	Fundraising	OR	501(c)(3)	7	NA		
(3) Peace Harbor Foundation 400 9th Street Florence, OR 97439 93-1084126	Fundraising	OR	501(c)(3)	7	NA		
(4) Cottage Grove Community Hospital Fdn 1515 Village Drive Cottage Grove, OR 97424 93-0688381	Fundraising	OR	501(c)(3)	7	NA		
(5) St Joseph Hospital Foundation 800 East Chestnut Street Bellingham, WA 98225 94-3146369	Fundraising	WA	501(c)(3)	7	NA		
(6) Whatcom Hospice Foundation 800 East Chestnut Bellingham, WA 98225 94-3146369	Fundraising	WA	501(c)(3)	7	NA		
(7) Ketchikan General Hospital Foundation 3100 Tongass Ave Ketchikan, AK 99901 65-1225184	Fundraising	AK	501(c)(3)	7	NA		

Part III

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

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

Part IV

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

No

Yes

No

No

No

No

No

No

No

2

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Health Ventures	c	6,500,000	
(2) Health Ventures	k	16,618	
(3)			
(4)			
(5)			
(6)			

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
------------	------------------	-------------

Software ID:
Software Version:
EIN: 91-0939479
Name: PeaceHealth

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
Health Ventures PO Box 10905 Eugene, OR97440 91-1350776	Healthcare JV	WA	501(c)(3)	11A	NA		
Sacred Heart Medical Center Foundation PO Box 10905 Eugene, OR97440 93-6026548	Fundraising	OR	501(c)(3)	7	NA		
Peace Harbor Foundation 400 9th Street Florence, OR97439 93-1084126	Fundraising	OR	501(c)(3)	7	NA		
Cottage Grove Community Hospital Fdn 1515 Village Drive Cottage Grove, OR97424 93-0688381	Fundraising	OR	501(c)(3)	7	NA		
St Joseph Hospital Foundation 800 East Chestnut Street Bellingham, WA98225 94-3146369	Fundraising	WA	501(c)(3)	7	NA		
Whatcom Hospice Foundation 800 East Chestnut Bellingham, WA98225 94-3146369	Fundraising	WA	501(c)(3)	7	NA		
Ketchikan General Hospital Foundation 3100 Tongass Ave Ketchikan, AK99901 65-1225184	Fundraising	AK	501(c)(3)	7	NA		



PEACEHEALTH

Consolidated Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

PEACEHEALTH
Consolidated Financial Statements
June 30, 2011 and 2010

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KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

The Board of Directors
of PeaceHealth

We have audited the accompanying consolidated balance sheets of PeaceHealth (the Corporation) (a Washington not-for-profit corporation) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PeaceHealth Corporation as of June 30, 2011 and 2010, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information included on pages 39 to 42 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

The other data included in this report designated as unaudited information in the table of contents has not been audited by us and accordingly we express no opinion on such data.

KPMG LLP

October 17, 2011

PEACEHEALTH
Consolidated Balance Sheets
June 30, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Current assets		
Cash and cash equivalents	\$ 147,344,849	66,967,863
Short-term investments (note 3)	245,396,425	232,841,204
Accounts receivable, net (note 6)	251,312,396	158,766,579
Other receivables	28,243,359	11,010,662
Assets under securities lending agreement (note 3)	23,459,022	16,327,453
Inventory of supplies	33,029,443	25,083,351
Prepaid expenses and other	25,475,518	9,760,470
Assets whose use is limited that are required for current liabilities	22,578,261	25,712,384
Total current assets	<u>776,839,273</u>	<u>546,469,966</u>
Assets whose use is limited		
Cash and investments (note 3)	555,762,371	279,749,794
Investments in joint ventures and other	56,214,229	35,470,294
Total assets whose use is limited	<u>611,976,600</u>	<u>315,220,088</u>
Less current portion	<u>(22,578,261)</u>	<u>(25,712,384)</u>
Net assets whose use is limited	<u>589,398,339</u>	<u>289,507,704</u>
Property, plant, and equipment		
Land and improvements	115,184,092	74,156,343
Buildings, fixed equipment and other	1,550,108,566	1,235,587,982
Moveable equipment	530,679,754	368,238,346
Construction in progress	57,355,292	53,484,759
Total property, plant, and equipment	<u>2,253,327,704</u>	<u>1,731,467,430</u>
Less accumulated depreciation	<u>(800,695,637)</u>	<u>(681,899,703)</u>
Net property, plant and equipment	<u>1,452,632,067</u>	<u>1,049,567,727</u>
Deferred financing costs, net (note 7)	8,087,576	7,235,938
Interest in net assets of related foundations	30,099,440	23,457,379
Other assets	45,790,905	14,786,559
Total assets	<u><u>\$ 2,902,847,600</u></u>	<u><u>1,931,025,273</u></u>

PEACEHEALTH
Consolidated Balance Sheets
June 30, 2011 and 2010

Liabilities and Net Assets	2011	2010
Current liabilities		
Accounts payable	\$ 87,725,858	46,753,474
Accrued pay roll, pay roll taxes, and employee benefits	138,584,148	92,662,826
Accrued interest payable	4,700,862	3,884,034
Other current liabilities	33,877,616	21,816,108
Medical claims payable	7,648,995	—
Reimbursement settlements payable	8,500,280	3,845,891
Payable under securities lending agreement (note 3)	23,459,022	20,353,228
Current portion of long-term debt (note 7)	15,891,290	7,953,529
Total current liabilities	<u>320,388,071</u>	<u>197,269,090</u>
Other long-term liabilities	186,838,087	143,113,421
Long-term debt due after one year (note 7)	833,529,097	671,969,170
Commitments and contingent liabilities (note 13)		
Net assets		
Unrestricted	1,504,629,032	894,626,180
Temporarily restricted (note 12)	46,294,919	20,610,460
Permanently restricted (note 12)	11,168,394	3,436,952
Total net assets	<u>1,562,092,345</u>	<u>918,673,592</u>
Total liabilities and net assets	<u>\$ 2,902,847,600</u>	<u>1,931,025,273</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH
Consolidated Statements of Operations
Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Net patient service revenue (note 2)	\$ 1,774,468,590	1,393,201,549
Premium revenue	67,303,241	—
Other operating revenue	57,053,669	47,517,160
Total revenues	<u>1,898,825,500</u>	<u>1,440,718,709</u>
Expenses		
Salaries and wages	809,702,453	634,400,028
Payroll taxes and benefits	208,586,461	176,511,788
Professional fees	19,626,231	10,512,061
Medical claims expense	47,232,453	—
Supplies and other expenses	535,880,368	410,838,341
Provision for bad debts	91,861,990	75,855,030
Depreciation and amortization	126,050,368	103,013,180
Interest and amortization of deferred financing costs	39,770,412	33,857,322
Total expenses	<u>1,878,710,736</u>	<u>1,444,987,750</u>
Excess (deficit) of revenues over expenses from operations	<u>20,114,764</u>	<u>(4,269,041)</u>
Other income (loss)		
Contribution from the Southwest affiliation (note 1b)	487,026,000	—
Investment income, net (note 3)	66,034,107	35,163,733
Gain on investments recorded on the equity method	3,865,012	3,022,189
Change in valuation of interest rate swaps	15,558,286	(20,989,904)
Write-off of deferred financing costs	—	(756,940)
Other	960,860	741,640
Total other income, net	<u>573,444,265</u>	<u>17,180,718</u>
Excess of revenues over expenses	593,559,029	12,911,677
Donations for land, buildings and equipment	1,753,146	—
Net assets released from restrictions used for purchase of property and equipment	8,101,488	6,058,827
Change in interest in net assets of related foundation	3,931,835	—
Other changes in unrestricted net assets	2,657,354	583,201
Increase in unrestricted net assets	<u>\$ 610,002,852</u>	<u>19,553,705</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2009	\$ 875,072,475	18,463,959	3,057,636	896,594,070
Excess of revenues over expenses	12,911,677	—	—	12,911,677
Restricted contributions	—	9,931,702	—	9,931,702
Net assets released from restrictions used for the purchase of property and equipment	6,058,827	(6,058,827)	—	—
Net assets released from restrictions used for operations	—	(3,985,463)	—	(3,985,463)
Change in interest in net assets of related foundations	—	2,348,222	379,316	2,727,538
Other changes in net assets	583,201	(89,133)	—	494,068
Change in net assets	<u>19,553,705</u>	<u>2,146,501</u>	<u>379,316</u>	<u>22,079,522</u>
Net assets at June 30, 2010	<u>894,626,180</u>	<u>20,610,460</u>	<u>3,436,952</u>	<u>918,673,592</u>
Excess of revenues over expenses	593,559,029	1,064,000	—	594,623,029
Restricted contribution from the Southwest affiliation	—	23,476,000	7,324,000	30,800,000
Other restricted contributions	—	11,518,051	—	11,518,051
Donations for land, buildings and equipment	1,753,146	—	—	1,753,146
Net assets released from restrictions used for the purchase of property and equipment	8,101,488	(8,101,488)	—	—
Net assets released from restrictions used for operations	—	(3,826,274)	—	(3,826,274)
Change in interest in net assets of related foundations	3,931,835	2,519,779	190,447	6,642,061
Other changes in net assets	2,657,354	(965,609)	216,995	1,908,740
Change in net assets	<u>\$ 610,002,852</u>	<u>25,684,459</u>	<u>7,731,442</u>	<u>643,418,753</u>
Net assets at June 30, 2011	<u><u>1,504,629,032</u></u>	<u><u>46,294,919</u></u>	<u><u>11,168,394</u></u>	<u><u>1,562,092,345</u></u>

See accompanying notes to consolidated financial statements

PEACEHEALTH

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 643,418,753	22,079,522
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution from the Southwest affiliation	(517,826,000)	—
Depreciation and amortization	126,435,069	103,557,366
Loss (gain) on sale of land held for sale and property, plant, and equipment	6,203,959	(763,640)
Provision for bad debts	91,861,990	75,855,030
Restricted contributions	(8,101,488)	(6,058,827)
Net change in unrealized gains/losses on investments	(42,575,036)	(22,984,109)
Realized (gains)/losses on investments	(3,706,376)	2,097,973
Valuation adjustments on swap arrangements	(15,637,336)	20,989,904
Write-off of deferred financing costs	—	756,940
Equity investment gain	(3,865,012)	(3,022,189)
Increase in interest in net assets of related foundations	(6,642,061)	(2,727,538)
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable, net	(116,387,807)	(69,440,442)
Other assets	(31,936,502)	1,450,720
Increase (decrease) in		
Accounts payable (net of capital expenditures)	17,249,384	(7,770,412)
Accrued payroll, payroll taxes, and employee benefits	20,576,322	4,827,694
Other liabilities	(6,779,279)	972,498
Net cash provided by operating activities	<u>152,288,580</u>	<u>119,820,490</u>
Cash flows from investing activities		
Contribution of cash from the Southwest affiliation	32,738,000	—
Purchase of property, plant, and equipment	(89,910,469)	(57,996,158)
Proceeds from sale of land held for sale and property, plant, and equipment	1,254,890	1,703,250
Purchase of investments	(78,764,223)	(178,735,313)
Sales and maturities of investments	50,956,837	37,184,547
Change in securities lending asset	(7,131,569)	(6,846,215)
Decrease in assets whose use is limited, other	9,573,158	2,655,744
Net cash used in by investing activities	<u>(81,283,376)</u>	<u>(202,034,145)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	9,131,190	205,588,817
Principal payments on long-term debt	(10,966,690)	(153,970,841)
Payment of short-term debt	—	(49,300,000)
Proceeds from restricted contributions	8,101,488	6,058,827
Advance repurchase of long-term debt	—	(8,784,526)
Change in securities lending liability	3,105,794	6,603,228
Payment of deferred financing costs	—	(2,682,784)
Net cash provided by financing activities	<u>9,371,782</u>	<u>3,512,721</u>
Net increase (decrease) in cash and cash equivalents	80,376,986	(78,700,934)
Cash and cash equivalents at beginning of year	66,967,863	145,668,797
Cash and cash equivalents at end of year	<u>\$ 147,344,849</u>	<u>66,967,863</u>
Supplemental disclosure of cash flow information		
Contribution from the Southwest affiliation	\$ (517,826,000)	—

See accompanying notes to consolidated financial statements

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(1) Organization

(a) *Corporate Structure*

PeaceHealth (the Corporation) is a Washington not-for-profit corporation with its corporate office located in Bellevue, Washington, which is sponsored by the Sisters of St. Joseph of Peace, and is recognized to be a Private Pontifical Juridic Person by the Roman Catholic Church. At June 30, 2011, the following regional healthcare delivery systems and operating divisions were components of the Corporation:

Southeast Alaska Region

PeaceHealth Ketchikan Medical Center

Whatcom Region

PeaceHealth St. Joseph Medical Center

Lower Columbia Region

PeaceHealth St. John Medical Center

Southwest Washington Health System (Southwest)

PeaceHealth Southwest Medical Center

Southwest Medical Group

Southwest Washington Medical Center Foundation

Property and Building Company, LLC

Columbia United Providers

Oregon Region

PeaceHealth Sacred Heart Medical Center at University District

PeaceHealth Sacred Heart Medical Center at RiverBend

PeaceHealth Cottage Grove Community Medical Center

Siuslaw Region

PeaceHealth Peace Harbor Hospital

System-wide Organizations

PeaceHealth Medical Group

PeaceHealth Laboratories

PeaceHealth Self-insured Trusts

These healthcare delivery systems and operating divisions, provide inpatient, outpatient, primary care and home care services in Alaska, Washington and Oregon. The Corporation operates these businesses primarily in the greater metropolitan areas of Ketchikan, Alaska, Bellingham, Longview and Vancouver, Washington, Springfield, Eugene, Florence and Cottage Grove, Oregon.

(b) *Southwest Washington Health System Affiliation*

On January 1, 2011, the Corporation became the sole corporate member of Southwest Washington Health System. The financial position and results of operations of Southwest have been included in the consolidated financial statements of the Corporation since that date. Southwest's operations primarily consist of two hospital campuses, several medical groups, a fundraising foundation, a

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

Medicaid health plan (Columbia United Providers) and certain other entities located in the Vancouver, Washington service area

This transaction has been accounted for as an acquisition under ASC 958-805, *Not-for-Profit Entities – Business Combinations*. No consideration was paid by the Corporation to acquire the net assets of Southwest. The affiliation resulted in an excess of assets acquired over liabilities assumed, or an inherent contribution of Southwest to the Corporation of approximately \$517,826,000. The unrestricted portion of the inherent contribution of \$487,026,000 is included in other income in the accompanying consolidated statement of operations. The remaining \$30,800,000 of the contribution was restricted and is recorded in restricted net assets in the consolidated statement of changes in net assets.

The following table summarizes the fair value estimates of the Southwest assets acquired and liabilities assumed as of January 1, 2011:

Tangible assets acquired	\$ 808,028,000
Intangible assets acquired	22,717,000
Liabilities assumed	(310,893,000)
Noncontrolling interests	<u>(2,026,000)</u>
Total identifiable net assets assumed/inherent contribution	<u>\$ 517,826,000</u>

The fair value of the intangible assets acquired of \$22,717,000 consists primarily of trade names (Southwest Washington Health System and Southwest Medical Center) valued at approximately \$21,990,000 which has been assigned an indefinite useful life.

The following are the financial results of Southwest included in the Corporation's 2011 consolidated statement of operations during the six-month period from the date of the affiliation through June 30, 2011:

Total revenues	\$ 351,960,000
Deficit of revenues over expenses from operations	(1,307,000)
Excess of revenues over expenses	8,690,000

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

The following pro forma financial information presents the Corporation's results as if the affiliation had been reported as of the beginning of the Corporation's fiscal year of July 1

	2011		2010	
	Actual	Pro forma	Actual	Pro forma
Total revenues	\$ 1,898,825,500	2,239,665,500	1,440,718,709	2,051,170,000
Excess (deficit) of revenues over expenses from operations	20,114,764	17,240,764	(4,269,041)	(23,657,000)
Excess of revenues over expenses	593,559,029	635,744,029	12,912,677	20,821,000
Total assets	2,902,847,600	2,902,847,600	1,931,025,273	2,746,776,000

(2) Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Corporation and its controlled affiliates. All significant intercompany transactions and balances have been eliminated. The Corporation has performed an evaluation of subsequent events through October 17, 2011 which is the date these consolidated financial statements were issued.

(b) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The significant estimates in the Corporation's consolidated financial statements include accounts receivable allowances, reimbursement settlements payable, valuation of alternative investments, interest rate swaps, pension obligations, incurred but not reported amounts related to accrued healthcare costs and liabilities related to self-insurance programs.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, cash in demand bank accounts and all highly liquid debt instruments purchased with an original maturity of three months or less other than those whose use is limited by the Board of Directors. The Corporation held cash equivalents of approximately \$86,159,000 and \$55,968,000 as of June 30, 2011 and 2010, respectively.

(d) Short-Term Investments

Short-term investments consist primarily of U.S. government and other investment grade securities, and certificates of deposit which are carried at fair value. Investment income or loss (including realized and unrealized gains and losses and interest and dividends) is included in the excess of revenues over expenses.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(e) Inventory of Supplies

Inventory is valued on a last-in, first-out basis, weighted average cost

(f) Other Receivables

Other receivables primarily consist of premiums receivable due from a department of the State of Washington for maternity case rates and newborn premiums due under the Healthy Options contract related to Columbia United Providers

(g) Assets Whose Use is Limited

The majority of these assets have been set aside by management of the Corporation for future capital improvements and other purposes, over which management retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Corporation have been reclassified as current in the consolidated balance sheets at June 30, 2011 and 2010. These items consist primarily of assets held by trustees under indenture agreements, investments in marketable equity and fixed income securities, mutual funds and investments in joint ventures. Money market funds and all marketable securities have readily determinable market values and are therefore carried at fair value. The investments in joint ventures and other are accounted for using the equity or cost method.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized. Maintenance and repairs are expensed as they are incurred. When property, plant, and equipment is sold or retired, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded.

(i) Depreciation

Depreciation on property, plant, and equipment is computed using the straight-line method over the following estimated useful lives:

Land improvements	5 – 25 years
Buildings and improvements	5 – 70 years
Fixed equipment	10 – 25 years
Leasehold improvements	Shorter of remaining length of the lease or useful life
Moveable equipment	3 – 20 years

(j) Deferred Financing Costs

These costs are amortized over the lives of the related debt issues using the effective-interest method.

(k) Other Assets

Other assets includes the estimated fair value associated with the plan assets of the Corporation's 457(b) post-retirement savings plan, in the amount of approximately \$13,865,418 and \$9,275,000 at

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

June 30, 2011 and 2010, respectively, with a corresponding amount included in other long-term liabilities. In addition, other assets include the estimated fair value associated with intangible assets, primarily the trade names "Southwest Washington Health System" and "Southwest Medical Center". As a result of the affiliation transaction, approximately \$21,990,000 was assigned to these intangible assets.

(l) Other Long-Term Liabilities

The caption other long-term liabilities on the consolidated balance sheets consists primarily of the estimated fair value associated with the Corporation's interest rate swaps of approximately \$77,106,000 and \$80,315,000 at June 30, 2011 and 2010, respectively, the liability for the Southwest pension plan of approximately \$41,101,000 at June 30, 2011, and the long-term portion of the liability for the self-insurance programs of approximately \$27,620,000 and \$30,701,000 at June 30, 2011 and 2010, respectively.

(m) Contributions and Grants

Contributions and grants are recognized as revenue upon receipt of the donor's pledge to contribute. Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts pledged that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

A donor restriction expires when an unconditional promise with an implied time restriction is collected or when the purpose for the restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of operations as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions at the time restrictions are met.

Permanently restricted net assets include the principal amount of contributions with the stipulation from the donor that the principal be maintained in perpetuity and only the income is available to be expended for purposes specified by the donor, if any.

(n) Interest in Net Assets of Related Foundations

The Corporation accounts for activities with its unconsolidated related foundations in accordance with applicable accounting guidance. That guidance requires the Corporation to recognize its interests in the net assets of these foundations on the consolidated balance sheet as the asset caption interest in net assets of related foundations, and the annual changes as shown in the consolidated statement of changes in net assets.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(o) *Net Patient Service Revenues*

The Corporation has agreements with third-party payors that provide for payments of amounts different from established charges. The Corporation's net patient service revenue came from the following sources:

	2011	2010
Medicare	33%	34%
Medicaid	11	9
Commercial and other	50	51
Private pay	6	6
	100%	100%

There is a corresponding significant concentration of credit risk in net accounts receivable balances at June 30, 2011 and 2010:

	2011	2010
Medicare	31%	29%
Medicaid	10	9
Commercial and other	53	59
Private pay	6	3
	100%	100%

The Corporation has estimated payments for services rendered to Medicare and Medicaid patients during the year by applying the payment principles of the applicable governmental agencies and believes that an adequate provision has been made in the accompanying consolidated financial statements for final settlement. Estimates of final settlements due to and due from Medicare, Medicaid, and other third-party payors have been reflected as a reimbursement settlement payable and other receivables in the accompanying consolidated balance sheets. Differences between the net amounts accrued and subsequent settlements are recorded in operations at the time of settlement.

Reimbursement for inpatient services rendered to Medicare recipients has been made principally under a prospective pricing system based on diagnosis-related groups. Most outpatient services provided to Medicare patients are reimbursed based on prospectively determined rates. Services to Medicaid patients are also reimbursed based on a combination of prospectively determined rates and cost reimbursement methodology. Continuation of these reimbursement programs at the present level, and on the present basis, is dependent upon future policies of federal and state governmental agencies. The Corporation has three critical access hospitals that are exempt from both inpatient and outpatient prospective payment systems. Inpatient and outpatient services rendered to Medicare and Medicaid program beneficiaries at critical access hospitals are reimbursed based on costs. Interim reimbursement to critical access hospitals is based upon tentative rates and retroactive adjustment is made to actual cost during final settlement by either the Medicare fiscal intermediary or the

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Notes to Consolidated Financial Statements

June 30, 2011 and 2010

applicable state's Medicaid agency. The medical groups in the Corporation are generally reimbursed on a fee schedule for Medicare and commercial and on a cost basis for Medicaid patients.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per unit of service and discounts from established charges. Most arrangements provide for payment or reimbursement to the Corporation at amounts different than established rates. Contractual discounts represent the difference between established rates for services and amounts paid or reimbursed by these third-party payors.

(p) *Premium Revenue and Accrued Healthcare Costs*

The Corporation's majority-owned subsidiary, Columbia United Providers (CUP), receives premium revenues that consist of premiums paid by the State of Washington for healthcare services. Premium revenues are received on a prepaid basis and are recognized as revenue during the month with which the premiums are associated. All of CUP's premium revenues were received under two primary contract sources at the State of Washington, the Basic Health Plan and Healthy Options. The Corporation recognized premium revenues of \$67,303,241 for the six months ended June 30, 2011 which is included as premium revenue in the accompanying consolidated statement of operations. The related medical expense recognized by CUP was \$47,232,453 for the six months ended June 30, 2011 and is included in medical claims expense in the consolidated statement of operations.

CUP has stop-loss reinsurance indemnifying it against the cost of providing services to individual enrolled participants at 90% in excess of \$125,000 for hospital charges up to a maximum of \$1,000,000 per year for each enrolled member.

(q) *Provision for Bad Debts*

The Corporation provides for an allowance against patient accounts receivable for amounts that could become uncollectible. The Corporation estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Corporation.

(r) *Other Operating Revenue*

Other operating revenue includes revenue from nonpatient care services, clinical space rental revenues, and contributions both unrestricted in nature and those released from restriction (other than the Southwest affiliation contribution) to support operating activities.

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Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(s) *Excess of Revenues over Expenses*

Excess of revenues over expenses includes results from the Corporation's operating and investing activities. Changes in unrestricted net assets not included in excess of revenues over expenses include net assets released from restriction for the purchase of property, changes in the Corporation's interest in the net assets of noncontrolled foundations, certain changes in funded status of postretirement benefit plans, and other.

(t) *Federal and State Income Taxes*

The Corporation has received determination letters from the Internal Revenue Service stating that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income.

The Corporation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that exceeds a 50% probability of being realized. Changes in recognition or measurement are reflected in the period in which the change in estimate occurs.

(u) *Recently Adopted or Issued Accounting Standards*

In 2009, the FASB issued ASC Subtopic 958-805 (Subtopic 958-805), formerly Statement of Financial Accounting Standards 164 *Not-for-Profit Entities: Mergers and Acquisitions – Including an amendment of FASB Statement No. 142*, which establishes principles and requirements for determining whether a combination is a merger or an acquisition, applies the carryover method in accounting for a merger, applies the acquisition method in accounting for an acquisition, including determining which of the combining entities is the acquirer, and determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition. Additionally, Subtopic 958-805 sets forth guidance on subsequent accounting for goodwill and other intangible assets acquired in an acquisition and amendments related to noncontrolling interests in consolidated financial statements. The date of adoption, of Subtopic 958-805 for the Corporation was July 1, 2010. This guidance was applied in the Corporation's accounting for the affiliation transaction discussed in note 1(b). Noncontrolling interests of consolidated joint ventures as of and for the year ended June 30, 2011 were not significant.

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities – Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that insurance recoveries should not be netted against a related claim liability. The claim liability amount should be calculated without consideration of insurance recoveries. This standard is effective for the 2012 fiscal year. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

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In August 2010, the FASB issued ASU No 2010-23, *Health Care Entities – Measuring Charity Care for Disclosure*, which requires a standardized process be used by health care entities that provide charity care to determine the measurement basis. Cost will be used as the measurement basis for disclosure purposes and should be broken down between direct and indirect costs for providing charity care. This standard is effective for the 2012 fiscal year. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

In 2011, the FASB issued ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which provides financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. This Update provides information to assist financial statement users in assessing an entity's sources of net patient service revenue and related changes in its allowance for doubtful accounts. The amendments require health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. This standard is effective for the 2013 fiscal year. The Adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

(v) ***Health Care Reform***

The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (Reconciliation Act) were both signed by President Obama in the first calendar quarter of 2010. The legislation went into effect upon signing with provisions to become effective over the next seven years. This legislation is expected to broadly impact the Corporation's operations, including patient access, service reimbursement rates, and reporting requirements in the future. The Corporation has evaluated those provisions which went into effect upon signing noting they did not have a significant impact on the consolidated financial statements. The Corporation has not yet determined the future financial statement impact that this legislation might cause as further provisions become effective.

(iv) ***Reclassifications***

Certain reclassifications have been made to prior year amounts to conform to the current year presentation to more consistently present financial information between years.

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Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(3) Investments

The composition of cash and investments at June 30, 2011 and 2010 is set forth in the following table

	June 30	
	2011	2010
Assets		
Short term investments		
Cash and money market funds	\$ 8,489,384	735,517
Fixed income		
Government obligations	37,163,665	82,373,689
Corporate obligations	40,034,900	29,310,999
Mortgage backed securities		
Commercial	6,595,053	235,970
Residential	49,808,477	37,162,285
Municipal, foreign and other fixed income	6,872,109	6,976,044
Mutual funds		
Domestic debt securities	91,298,033	75,622,449
International debt securities	5,134,804	—
Other short-term investments	—	424,251
Total	245,396,425	232,841,204
Designated for capital acquisition		
Cash and money market funds	22,504,964	9,057,650
Fixed income		
Government obligations	20,382,088	23,301,398
Corporate obligations	37,998,276	40,579,733
Mortgage backed securities		
Commercial	4,839,359	3,029,898
Residential	47,352,826	31,756,322
Municipal, foreign and other fixed income	9,959,484	4,206,905
Mutual funds		
Treasury Inflation-Protected Securities (TIPs)	7,394,000	—
Fixed income	60,402,000	—
Domestic equities		
Large capitalization	74,879,432	38,974,676
Medium-small capitalization	29,967,523	13,805,018

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	June 30	
	2011	2010
International equities		
Foreign stock	\$ 67,599,750	21,015,293
Emerging markets and other	17,740,150	2,686,695
Real estate trusts	3,001,166	—
Private equity	9,861,582	—
Distressed debt	13,713,503	—
Real estate	14,548,720	5,670,375
Commodities	19,706,769	9,640,586
Options	17,580,246	18,159,816
Total	479,431,838	221,884,365
Trustee held funds		
Cash and money market funds	18,341,885	18,622,502
Fixed income		
Government obligations and other	2,334,101	226,410
Mortgage backed securities		
Commercial	—	7,179,946
Residential	5,968,946	—
Mutual funds		
Domestic equities		
Large capitalization	14,814,766	12,106,172
Medium-small capitalization	5,769,646	3,414,124
International equities		
Foreign stock and emerging markets	8,724,165	6,670,418
Domestic debt securities	12,638,639	8,267,640
International debt securities	6,563,333	445,287
Real estate	866,375	645,787
Total	76,021,856	57,578,286
Other investments		
Cash and short-term investments	308,677	287,143
Total	\$ 801,158,796	512,590,998

The Corporation holds alternative investments, as defined by the American Institute of Certified Public Accountants, in two limited partnerships of \$12,771,589 and \$9,640,586 at June 30, 2011 and 2010 respectively, which are not publicly traded. These amounts are included as a part of commodities in the table above. The underlying assets in the limited partnership are based on fair market values, and the redemption period related to these investments is between 3 to 30 days.

At June 30, 2011, the Corporation had \$26,576,251 in alternative investments, referred to as Private Equity, Real Estate Trusts and Distressed Debt in the table above which are not publicly traded. These investment instruments contain elements of both credit and market risk. Such risks may include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis

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on speculative investments (nonmarketable investments), and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. The majority of these investments are accounted for under the equity method of accounting. These investments represented 3.3% of total investments and 1.7% of total net assets of the Corporation at June 30, 2011.

Investment income is comprised of the following for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest income	\$ 19,752,695	14,277,597
Net realized gains (losses) on sales of investments	3,706,376	(2,097,973)
Change in net unrealized gains/losses on investments	<u>42,575,036</u>	<u>22,984,109</u>
Investment income, net	<u>\$ 66,034,107</u>	<u>35,163,733</u>

Securities Lending Agreement

The Corporation has entered into a securities lending agreement whereby a portion of investments are loaned to various financial institutions in return for cash or other securities as collateral for the securities loaned. Pursuant to the agreement, the collateral received is required to be at least 102% of the fair value of the securities loaned, which is determined at the end of each business day. The securities on loan are comprised entirely of fixed income securities. Net investment gains and losses, which are not significant as of June 30, 2011 or 2010, are included in investment income, in the accompanying consolidated statements of operations.

Other Investments

Health Ventures is a not-for-profit corporation that has entered into joint ventures to provide radiology, oncology, and surgery services. The Corporation is the sole member of Health Ventures. Health Ventures is included in the consolidated financial statements but is not part of either obligated groups. See note 7 for further discussion on the obligated groups.

The Corporation is a minority investor in both Premier Purchasing Partners (Premier) and American Excess Insurance Exchange (AEIX). The Corporation has invested in Premier with other healthcare providers for the purpose of lowering costs through group purchasing. The Corporation accounts for its interest in Premier on the cost method. AEIX is owned by a group of healthcare providers and provides them with excess professional liability insurance coverage. The Corporation accounts for its interest in AEIX on the equity method of accounting less mandatory withdrawal penalties and an estimated discount to present value. As of June 30, 2011 and 2010 the carrying value of Premier and AEIX was approximately \$15,614,000 and \$17,091,000, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets.

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June 30, 2011 and 2010

(4) Fair Value of Financial Instruments

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Corporation uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by the Corporation is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. Management reviews the valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. Because the net asset value reported for these funds is used as a practical expedient to estimate the fair value of the Corporation's interest therein, its classification in Level 2 is based on the Corporation's ability to redeem its interest at or near the balance sheet date. The initial valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as transactions of similar securities, completed or pending third-party transactions in the underlying security or comparable entities, offerings in the capital markets, and changes in financial results, data, or cash flows. For positions that are not traded in active markets or are subject to notice provisions, valuations are adjusted to reflect such provisions, and such adjustments are generally based on available market evidence.

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The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at June 30 2011

	June 30, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short term investments				
Cash and money market funds	\$ 8,489,384	2,299,931	6,189,453	—
Fixed income				
Government obligations	37,163,665	—	37,163,665	—
Corporate obligations	40,034,900	—	40,034,900	—
Mortgage backed securities				
Commercial	6,595,053	—	6,595,053	—
Residential	49,808,477	—	49,808,477	—
Municipal, foreign and other fixed income	6,872,109	—	6,872,109	—
Mutual funds				
Domestic debt securities	91,298,033	91,298,033	—	—
International debt securities	5,134,804	5,134,804	—	—
Total	245,396,425	98,732,768	146,663,657	—
Designated for capital acquisition				
Cash and money market funds	22,504,964	16,274,274	6,230,690	—
Fixed income				
Government obligations	20,382,088	324,514	20,057,574	—
Corporate obligations	37,998,276	—	37,998,276	—
Mortgage backed securities				
Commercial	4,839,359	—	4,839,359	—
Residential	47,352,826	—	47,352,826	—
Municipal, foreign and other fixed income	9,959,486	4,856,185	5,103,301	—
Mutual funds				
Treasury Inflation-Protected Securities (TIPS)	7,394,000	7,394,000	—	—
Fixed income	60,402,000	60,402,000	—	—
Domestic equities				
Large capitalization	74,879,432	74,879,432	—	—
Medium-small capitalization	29,967,523	29,967,523	—	—

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June 30, 2011 and 2010

		Fair value measurements at reporting date using		
	June 30, 2011	Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 67,599.750	67,599.750	—	—
Emerging markets	17,740.150	17,740.150	—	—
Real estate trusts	3,001.166	3,001.166	—	—
Private equity	414.582	414.582	—	—
Distressed debt	576.503	576.503	—	—
Real estate	14,548.720	14,548.720	—	—
Commodities	19,706.769	6,935.180	12,771.589	—
Options	17,580.246	—	17,580.246	—
Total	456,847.840	304,913.979	151,933.861	—
Trustee held funds				
Cash and money market funds	18,341.885	178.065	18,163.820	—
Fixed income				
Government obligations and other	2,334.101	—	2,334.101	—
Mortgage backed securities				
Residential	5,968.946	—	5,968.946	—
Mutual funds				
Domestic equities				
Large capitalization	14,814.766	14,814.766	—	—
Medium-small capitalization	5,769.646	5,769.646	—	—
International equities				
Foreign stock and emerging markets	8,724.165	8,724.165	—	—
Domestic debt securities	12,638.639	12,638.639	—	—
International debt securities	6,563.333	6,563.333	—	—
Real estate	866.375	866.375	—	—
Total	76,021.856	49,554.989	26,466.867	—
Assets under securities lending agreement	23,459.022	—	23,459.022	—
Total assets	\$ 801,725.143	453,201.736	348,523.407	—
Liabilities				
Payable under securities lending	\$ 23,459.022	—	23,459.022	—
Interest rate swaps	77,106.000	—	77,106.000	—
Total liabilities	\$ 100,565.022	—	100,565.022	—

The table above does not include \$9,447,000 of private equity funds and \$13,137,000 of distressed debt funds at June 30, 2011, which are accounted for under the equity method of accounting

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Notes to Consolidated Financial Statements

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The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at June 30, 2010

	June 30, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short term investments				
Cash and money market funds	\$ 8,489,384	2,299,931	6,189,453	—
Fixed income				
Government obligations	37,163,665	—	37,163,665	—
Corporate obligations	40,034,900	—	40,034,900	—
Mortgage backed securities				
Commercial	6,595,053	—	6,595,053	—
Residential	49,808,477	—	49,808,477	—
Municipal, foreign and other fixed income	6,872,109	—	6,872,109	—
Mutual funds				
Domestic debt securities	91,298,033	91,298,033	—	—
International debt securities	5,134,804	5,134,804	—	—
Total	245,396,425	98,732,768	146,663,657	—
Designated for capital acquisition				
Cash and money market funds	22,504,964	16,274,274	6,230,690	—
Fixed income				
Government obligations	20,382,088	324,514	20,057,574	—
Corporate obligations	37,998,276	—	37,998,276	—
Mortgage backed securities				
Commercial	4,839,359	—	4,839,359	—
Residential	47,352,826	—	47,352,826	—
Municipal, foreign and other fixed income	9,959,486	4,856,185	5,103,301	—
Mutual funds				
Treasury Inflation-Protected Securities (TIPS)	7,394,000	7,394,000	—	—
Fixed income	60,402,000	60,402,000	—	—
Domestic equities				
Large capitalization	74,879,432	74,879,432	—	—
Medium-small capitalization	29,967,523	29,967,523	—	—

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		Fair value measurements at reporting date using		
	June 30, 2011	Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 67,599.750	67,599.750	—	—
Emerging markets	17,740.150	17,740.150	—	—
Real estate trusts	3,001.166	3,001.166	—	—
Private equity	414.582	414.582	—	—
Distressed debt	576.503	576.503	—	—
Real estate	14,548.720	14,548.720	—	—
Commodities	19,706.769	6,935.180	12,771.589	—
Options	17,580.246	—	17,580.246	—
Total	456,847.840	304,913.979	151,933.861	—
Trustee held funds				
Cash and money market funds	18,341.885	178.065	18,163.820	—
Fixed income				
Government obligations and other	2,334.101	—	2,334.101	—
Mortgage backed securities				
Residential	5,968.946	—	5,968.946	—
Mutual funds				
Domestic equities				
Large capitalization	14,814.766	14,814.766	—	—
Medium-small capitalization	5,769.646	5,769.646	—	—
International equities				
Foreign stock and emerging markets	8,724.165	8,724.165	—	—
Domestic debt securities	12,638.639	12,638.639	—	—
International debt securities	6,563.333	6,563.333	—	—
Real estate	866.375	866.375	—	—
Total	76,021.856	49,554.989	26,466.867	—
Assets under securities lending agreement	23,459.022	—	23,459.022	—
Total assets	\$ 801,725.143	453,201.736	348,523.407	—
Liabilities				
Payable under securities lending	\$ 23,459.022	—	23,459.022	—
Interest rate swaps	77,106.000	—	77,106.000	—
Total liabilities	\$ 100,565.022	—	100,565.022	—

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The following table presents the Corporation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Topic 820 for the years ended June 30, 2011 and 2010

	Assets held under securities lending	Liabilities under securities lending
Balance at June 30, 2009	\$ 737,500	5,000,000
Total realized and unrealized gains, net Included in income	237,500	—
Balance at June 30, 2010	975,000	5,000,000
Total realized and unrealized gains, net Included in income	4,025,000	—
Transfer in and/or out of Level 3 (net)	(5,000,000)	(5,000,000)
Balance at June 30, 2011	\$ —	—

The fair value of long-term debt is based on level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection. When available, quoted market prices are also used. The carrying value and fair value of tax-exempt bonds, was approximately \$825,669,000 and \$827,876,000, respectively, as of June 30, 2011, and approximately \$673,986,000 and \$677,746,000, respectively, as of June 30, 2010.

Other financial instruments of the Corporation include cash and cash equivalents and other receivables. The carrying amount of these instruments approximates fair value because these items mature in less than one year. The carrying amount of other long-term investments approximates fair value.

(5) Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues.

The Corporation maintains records to identify and monitor the level of charity care it provides. Charges forgone for services and supplies furnished under the charity care policy for the years ended June 30, 2011 and 2010 were approximately \$139,925,000 and \$102,415,000, respectively.

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(6) Accounts Receivable

Accounts receivable at June 30 consisted of the following

	<u>2011</u>	<u>2010</u>
Patient accounts receivable	\$ 601,471,958	346,169,606
Less		
Allowance for doubtful accounts	(83,126,484)	(59,448,197)
Allowance for estimated contractual discounts	(267,033,078)	(127,954,830)
Net patient accounts receivable	<u>\$ 251,312,396</u>	<u>158,766,579</u>

(7) Long-Term Debt

Long-term debt at June 30 consisted of the following

	<u>2011</u>	<u>2010</u>
Series 1995 (PeaceHealth) Oregon Bonds, variable interest rate, (0.05% at June 30, 2011) payable each December 1, due in annual installments through December 2015	\$ 5,805,000	6,780,000
Series 1999 (Southwest) Washington bonds, 3.00% to 5.00% payable annually through September 2028	49,665,000	—
Series 2001 (PeaceHealth) Oregon Bonds, 5.00% to 5.25%, interest payable each May 15 and November 15, due in annual installments from 2016 through November 2032	70,000,000	70,000,000
Series 2004 (PeaceHealth) Oregon Bonds, Series A, 3.00% to 5.00%, interest payable each February 1 and August 1, due in annual installments from 2010 through August 2014	12,180,000	15,000,000
Series 2008 (PeaceHealth) Washington Bonds, Series A, fixed interest rate of 5% payable on each May 1 and November 1, through November 2018	80,650,000	80,650,000
Series 2008 (PeaceHealth) Oregon Bonds, Series A-D, variable interest rate, (0.07% to 0.09% at June 30, 2011), principal payable each August, due in annual installments from 2030 to 2034 for Series A and B, principal payable each May, due in annual installments from 2036 to 2047 for Series C and D	295,975,000	295,975,000
Series 2008 (Southwest) Washington Bonds, variable interest rate, (.08% at June 30, 2011), principal payable each September, due in annual installments through	109,475,000	—

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	<u>2011</u>	<u>2010</u>
Series 2009 (PeaceHealth) Oregon Bonds, Series A, fixed interest rates of 3.25% to 5.00% payable each May and November, due in installments from 2013 to 2039	\$ 100,795,000	100,795,000
Series 2009 (PeaceHealth) Washington Bonds, Series A, fixed interest rates of 3.0% to 5.0% payable each in May and November, due in installments through	91,685,000	94,835,000
Long-term debt at par value	816,230,000	664,035,000
Premium and other on long-term debt	9,439,371	9,951,248
Total long-term debt at par value	825,669,371	673,986,248
Other long-term debt	23,751,016	5,936,451
Total long-term debt	849,420,387	679,922,699
Less amounts due within one year	(15,891,290)	(7,953,529)
Total long-term debt due after one year	\$ <u>833,529,097</u>	<u>671,969,170</u>

The regional systems or operating units (prior to the affiliation of Southwest), Alaska Region, Whatcom Region, Lower Columbia Region, Oregon Region, Siuslaw Region, and PeaceHealth Laboratories, and the PeaceHealth Self-insured Trusts, and the PeaceHealth System Office form the PeaceHealth Obligated Group. These entities are not separate legal entities, and the assets of any one are available for the satisfaction of debts of the others (subject to the limitations of certain contractual commitments). These entities are obligated under the PeaceHealth Master Trust Indenture.

PeaceHealth Southwest Medical Center is the obligated member under a separate Master Trust Indenture created prior to the affiliation of Southwest with the Corporation. PeaceHealth Southwest Medical Center is not a part of the PeaceHealth Obligated group as of June 30, 2011.

The Series 1995 Oregon (PeaceHealth) and the 2008 Oregon Series A-D (PeaceHealth) bonds have variable interest rates that may bear interest at a daily, weekly, 28 day, monthly, semi-annual or annual rates. The rate determination mode may be changed upon request of the Corporation. The bonds are subject to optional redemption by PeaceHealth, in whole or in part at 100% of the principal amount plus accrued interest. The bonds are backed by letters of credit in the amount of approximately \$299,530,000 for the 2008 Oregon bonds and \$5,900,000 for the 1995 Oregon bonds. The letter of credit for Series A-B of the 2008 Oregon bonds will expire in June 2013 and the letter of credit for Series C-D of the 2008 Oregon bonds will expire in June 2012. The letter of credit for the 1995 Oregon bonds will expire in January 2017. The letters of credit are extendable annually at the option of the bank upon request from the Corporation for an additional year.

The 1995 Oregon (PeaceHealth) and 2008 Oregon (PeaceHealth) variable rate demand bonds, which have long-term amortization periods, may be put back to the letter of credit bank on any interest rate reset date when the bonds are due to be remarketed. In the event of a failed remarketing the letter of credit bank is obligated under the terms of the letter of credit agreement to buy the bonds. If the bonds continue to fail to

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be remarketed, and become a term loan from the letter of credit bank to the Corporation, the payments commence not less than 367 days after the purchase of the bonds by the letter of credit bank, and are payable in equal quarterly installments thereafter

The 1999 Revenue Bonds (Southwest) and the 2008 Revenue Bonds (Southwest) are secured by Southwest Washington Medical Center's gross revenues. The 1999 Revenue Bonds (Southwest) maturing on or after September 1, 2010 are redeemable at the option of Southwest at a redemption price of 101%, beginning September 1, 2009, declining to 100.5% on September 1, 2010 and 100% on September 1, 2011 and thereafter. The 2008 Revenue Bonds (Southwest) are redeemable in whole or in part at the option of the Medical Center at no premium.

The Series 2008 Washington (Southwest) Revenue Bonds bear variable interest based on weekly remarketing, not to exceed 12% per annum. In conjunction with the issuance, Southwest entered into two three-year Letters of Credit and Reimbursement Agreements with two financial institutions. These bonds, while subject to a long-term amortization period, may be put to the underlying letters of credit upon a failed remarketing. In an event of a draw under agreements, and amounts remain outstanding after 30 days, such amounts are converted to a term loan due in either equal semiannual payments with the first principal installment not due less than one year after the draw and the balance paid in full on the third anniversary of the draw or paid in full upon expiration of the agreement.

Other long-term debt primarily includes a \$12,000,000 note payable paying interest of 6% with principal due and payable through 2027, as well as amounts related to capital lease obligations.

Scheduled principal payments of long-term debt, excluding the premium on bonds, as due according to their long-term amortization schedule and other debt according to its maturity schedule for the next five years and thereafter are as follows:

	Long-term debt	Other	Total
Year ending June 30			
2012	\$ 11,825,000	4,066,290	15,891,290
2013	12,175,000	4,050,688	16,225,688
2014	16,790,000	1,501,949	18,291,949
2015	17,600,000	1,596,866	19,196,866
2016	13,735,000	1,371,832	15,106,832
Thereafter	744,105,000	11,163,391	755,268,391
Total	\$ 816,230,000	23,751,016	839,981,016

The PeaceHealth Master Trust Indenture, the Southwest Washington Medical Center agreements with the Washington Healthcare Facilities Authority, and the loan agreements and other contractual documents under which the Corporation's bonds were issued include covenants, which among others, obligate the Corporation to maintain net patient service revenues at levels sufficient to achieve specified debt service coverage ratios, meet certain financial tests before additional debt can be incurred, and to meet certain financial tests before there can be any significant disposition of property. Management believes they are in compliance with these covenants.

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Cash paid for interest totaled approximately \$38,354,549 and \$32,385,000 for the years ended June 30, 2011 and 2010, respectively. Interest totaling approximately \$595,000 and \$232,000 was capitalized in connection with construction projects during the years ended June 30, 2011 and 2010, respectively.

Subsequent to the year-ended June 30, 2011, in August 2011 management called \$150,000,000 of the Series C-D 2008 Oregon bonds and issued \$150,000,000 in new bonds. The 2011 Oregon bonds are placed directly with Wells Fargo Bank and US Bank and are not backed by letters of credit. These banks are required to hold the bonds for a three year period and bear interest at 68% of one month LIBOR plus an applicable spread. These bonds are matched to existing fixed payor swaps wherein the variable rate received by PeaceHealth is also equal to 68% of one month LIBOR. PeaceHealth may request the banks to extend the direct placement period annually which the banks may grant at their sole discretion. In the event that at the end of the initial three year placement period the bonds fail to be remarketed, or converted to another interest rate mode, so long as no event of default has occurred, the banks are required to grant a three year term out loan, the first principal amount of which is not due until the first anniversary of such a term out loan.

(8) Accounting for Derivative Instruments and Hedging Activities

In accordance with the policy adopted by the Board of Directors, the Corporation may use interest rate swap contracts to manage its net exposure to interest rate changes in attempting to reduce its overall cost of borrowing over time. Interest rate swap contracts generally involve the exchange of fixed and floating interest rate payments without the exchange of underlying principal (the swap of fixed or floating rates are on a notional amount). The Corporation accounts for its interest rate hedging transactions in accordance with ASC 815 – *Derivatives and Hedging*. That standard requires that every derivative instrument be recorded on the balance sheet as either an asset or a liability measured at its estimated fair value. During 2010, management changed its policy and is no longer designating the interest rate swap contracts they enter into as cash flow hedges. As such, the interest rate swaps do not meet the criteria for hedge accounting and all changes in the valuation of the interest rate swaps are recognized in the statement of operations.

The Corporation had the following interest rate swap contracts outstanding related as of June 30, 2011 with a total notional amount of approximately \$580,175,000: a \$40,000,000 basis swap where the Corporation receives 81.9% of 30 day LIBOR and pays a 30 day tax-exempt index rate, and approximately \$540,175,000 (fixed payer swaps) which the Corporation uses to convert a portion of the outstanding variable rate bonds to fixed rates ranging from 2.58% to 4.1%. The interest rate swaps while associated with the variable rate bonds, have not been designated to any of the underlying debt.

The following table presents the effect of interest rate swap contracts on the consolidated balance sheets:

	Balance sheet location	June 30	
		2011	2010
Interest rate swaps not designated as hedges	Other long-term liabilities	\$ 77,106,000	80,315,336

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The following table presents the information on the effect of interest rate swap agreements not separately disclosed on the consolidated statements of operations

	Statement of operations location	June 30	
		2011	2010
Interest rate swaps not designated as hedges	Interest expense	\$ 1,077,343	150,004

Derivative instruments are recorded at fair value taking into consideration the Corporation's nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. The impact of taking into account the nonperformance risk on the fair value of the interest rate swaps was a benefit of approximately \$7,763,000 and \$11,300,000, as of June 30, 2011 and June 30, 2010, respectively. Recording the interest rate swaps at fair value results in a total liability of \$77,106,000 reflected in the consolidated balance sheet rather than the \$84,869,000 that would be paid if all of the swaps were terminated as of June 30, 2011. The inputs used to determine the impact of the counterparty nonperformance risk are level 2 inputs, as such derivative liabilities have been recorded as level 2 in the Corporation's disclosure of fair value instruments, see note 4.

The Corporation currently has five swap counterparties which minimize counterparty risk and collateral posting requirements. These swap agreements contain various credit thresholds that if breached by the Corporation would constitute an additional termination event whereby the swap counterparties could terminate the swap by either making a payment to, or receiving a payment from the Corporation, depending upon the termination value of the swaps as of the date of termination. PeaceHealth retains the right to terminate the swaps at any point, which would also require either making or receiving a payment depending on the termination value of the swap as of the termination date. For the swaps specifically related to Southwest, the counterparty can terminate the swaps, requiring full settlement of any interest or termination value, only if Southwest's credit rating falls to BBB – or equivalent.

(9) Medicare and Medicaid Revenue

Net revenue for services provided to Medicare patients for the years ended June 30, 2011 and 2010 was approximately \$582,968,535 and \$490,239,000, respectively. Medicaid net patient service revenue for the years ended June 30, 2011 and 2010 was approximately \$193,849,205 and \$137,484,000, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

As a result, retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or new information is obtained. The net amount of adjustments from finalization and adjustment of prior years cost reports and other third-party settlements did not result in a significant change in net patient service revenues in either 2011 or 2010.

The Medicare cost reports are subject to retroactive adjustment for three years after settlement, unless held open longer for disputed items. The cost reports receive either full- or limited-scope audits by the fiscal intermediary appointed by Medicare. Settlements for open years will be finalized after review by the appropriate government agencies.

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(10) Benefit Plans

Defined Benefit Pension Plan

The Corporation sponsors a noncontributory defined benefit pension plan, the Southwest Washington Health System Retirement Plan (the Plan), covering all employees at Southwest who meet requirements as specified in the Plan. The assets of the Plan are available to pay the benefits of all eligible employees of the Plan. The Plan has two benefit structures that include a cash balance and a final average pay structure. The cash balance structure provides an annual benefit payment based on years of service in addition to an interest credit; the cash balance benefit is available for those hired on or after January 1, 2009. The final average pay structure provides a lifetime monthly benefit based on the participant's average compensation over a specified period of employment; the final average pay benefit is available for those hired before January 1, 2009. Benefits for the Plan were frozen as of December 31, 2010, and all related charges were recorded prior to the affiliation of Southwest with PeaceHealth.

The following table sets forth disclosures related to the Plan in accordance with FASB ASC 715-20-65, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, at June 30, 2011.

Change in projected benefit obligation	
Projected benefit obligation (PBO) at January 1, 2011	\$ 166,268,000
Service cost	—
Interest cost	4,514,000
Actuarial loss on PBO	37,000
Benefits paid	(1,975,000)
Projected benefit obligation at June 30, 2011	<u>\$ 168,844,000</u>
Change in fair value of plan assets	
Fair value of assets at January 1, 2011	\$ 116,943,000
Actual return on plan assets	3,465,000
Employer contribution	9,310,000
Benefits paid	(1,975,000)
Fair value of assets at June 30, 2011	<u>\$ 127,743,000</u>
Reconciliation of funded status	
Funded status	<u>\$ (41,101,000)</u>
Net amount recognized	<u>\$ (41,101,000)</u>
Amounts recognized in the consolidated balance sheets consist of	
Accrued pension liability	\$ 41,101,000
Accumulated change in net assets	(25,832,000)

The accumulated benefit obligation for the Plan was \$168,844,000 at June 30, 2011.

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Net periodic benefit cost for the six months ended June 30, 2011 included the following components and is included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets

Interest cost	\$	4,514,000
Expected return on plan assets		(5,313,000)
Amortization of gain/loss		185,000
Net periodic pension (benefit) cost	\$	<u>(614,000)</u>

(a) Assumptions

Southwest used the following actuarial assumptions to determine its benefit obligations at June 30, 2011, with measurement dates of June 30, 2011

Discount rate	5.5%
Expected long-term rate of return on plan assets	8.5%

Southwest used the following actuarial assumptions to determine its net periodic benefit cost for the six months ended June 30, 2011

Discount rate	5.5%
Expected long-term rate of return on plan assets	8.5%

This discount rate is based on a proprietary yield curve tool used by the Plan's actuary, which uses a composite of high-yield, investment-grade corporate bonds and the projected payouts from the Plan to develop an equivalent yield rate to use in determining plan liabilities

The expected long-term rate of return on plan assets was based on the asset allocation mix and the long-term historical return for each asset class, taking into account current and expected market conditions. The actual return on pension plan assets was approximately 2.8% for 2011. In the calculation of pension plan expense, the expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a four-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns and expected returns based on the long-term rate of return assumptions.

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(b) Pension Plan Assets

The asset allocation of Southwest's pension plan at June 30, 2011 is as follows

Equity securities	\$ 86,224,000
Debt securities	31,361,000
Other	<u>10,158,000</u>
Total	<u>\$ 127,743,000</u>

Pension plan assets are managed according to an investment policy adopted by the Plan's trustees. Professional investment managers are retained to manage specific asset classes and professional consulting is utilized for investment performance reporting. The primary objective of the Plan's trustees is to achieve the highest possible total return commensurate with safety and preservation of capital in real, inflation-adjusted terms. The objective includes having funds invested in the long term, which protect the principal and produce returns sufficient to meet future benefit obligations. The investment policy includes an asset allocation that includes equity securities, debt securities, and cash/other investments. The target allocations are 56% equity, 34% debt, and 10% real estate. Assets are rebalanced quarterly when balances fall outside of the approved range for each asset class.

In accordance with FASB ASC 820, financial assets and financial liabilities measured at fair value are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to estimate fair value. These levels and the adoption of FASB ASC 820 are further discussed in note 4.

Following is a description of the valuation methodologies used for plan assets measured at fair value:

- Mutual Funds: Valued at the NAV of shares held by the plan at year-end.
- Common and Collective Trusts: Valued at fair value of the underlying assets on close of the valuation date and expressed in units. The unit value is determined at the valuation date by dividing the value of the entire common and collective trust by the number of units.
- Real Estate Investment Fund and Hedge Fund: Valued based on the fair value of the underlying assets as supported by audited financial statements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011

Assets	Total fair value	Level 1	Level 2	Level 3
Cash and money markets	\$ 10,158,000	10,158,000	—	—
Mutual funds				
Fixed income	13,227,000	13,227,000	—	—
Hedge capital appreciation	18,133,000	—	—	18,133,000
Large cap	39,843,000	39,843,000	—	—
Mid cap	6,188,000	6,188,000	—	—
Small cap	9,832,000	9,832,000	—	—
Emerging markets	11,344,000	5,885,000	—	5,459,000
Long-short hedge	11,885,000	—	—	11,885,000
Distressed debt	6,577,000	—	—	6,577,000
Private Equity	556,000	—	—	556,000
Total plan assets at fair value	<u>\$ 127,743,000</u>	<u>85,133,000</u>	<u>—</u>	<u>42,610,000</u>

The following table presents a reconciliation of the beginning and ending balances of those Level 3 assets

	Fair value measurements Level 3
Fair value January 1, 2011	\$ 52,893,000
Transfer in and/or out of Level 3 (net)	(5,885,000)
Realized and unrealized (losses) gains, net	(2,098,000)
Purchases, issuances, and settlements, net	(2,300,000)
Fair value June 30, 2011	<u>\$ 42,610,000</u>

(c) Cash Flows

Southwest's policy with respect to funding the Plan is to fund at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended, plus such additional amounts deemed appropriate. In fiscal year 2012, Southwest expects to contribute approximately \$4,244,005 to the Plan.

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Benefit payments are expected to be paid as follows for the fiscal years ended June 30, 2011

	<u>Pension benefits</u>
2012	\$ 5,025,000
2013	5,737,000
2014	6,472,000
2015	7,109,000
2016	7,955,000
2017 – 2021	51,183,000

These estimates are based on assumptions about future events. Actual benefit payments may vary significantly from these estimates.

Management is not aware of any settlements or curtailments that would require additional recognition during the 6 month period ended June 30, 2011.

(11) Defined Contribution Retirement Plans

The Corporation sponsors two defined contribution retirement plans for the employees of PeaceHealth and Southwest. At June 30, 2011, employees of Southwest are eligible for the Southwest plan and employees of the PeaceHealth operating divisions are eligible for the PeaceHealth Plan. There has not been an integration of the plans as of June 30, 2011.

Southwest Washington Medical Center Defined Contribution Retirement Plan

Employees who complete one hour of service are eligible to participate in the Southwest Washington Medical Center Defined Contribution Retirement Plan, a defined contribution retirement plan. The level of contribution depends on, among other things, the level of employee contributions to the plan with Southwest matching up to 3% of the employees' eligible annual compensation.

Employer contributions under this plan were \$7,941,000 for the six month period ended June 30, 2011 and are included in payroll taxes and benefits expense in the consolidated statement of operations.

PeaceHealth Defined Contribution Retirement Plan

The Corporation has a defined contribution retirement plan that covers substantially all employees of PeaceHealth meeting certain age and length of service requirements. Total retirement plan costs charged to operations were approximately \$44,221,000 and \$35,455,000 for the years ended June 30, 2011 and 2010, respectively, and are included in payroll taxes and benefits in the accompanying consolidated statements of operations.

(12) Restricted Net Assets

Restricted net assets are those whose use by the Corporation has been limited by donor-imposed restrictions to a specific time period and/or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

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Notes to Consolidated Financial Statements

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Temporarily restricted net assets are available for the following purposes at June 30

	2011	2010
Purchase of property, plant, and equipment	\$ 32,954,509	17,302,635
Hospice and indigent care	1,503,000	207,467
Patient care operating activities	6,474,755	2,340,410
Other	5,362,655	759,948
	<u>\$ 46,294,919</u>	<u>20,610,460</u>

Permanently restricted net assets are available for the following purposes at June 30

	2011	2010
Purchase of property, plant, and equipment	\$ 2,435,626	2,453,086
Hospice and indigent care	4,000,997	253,268
Patient care operating activities	3,309,913	688,232
Other	1,421,858	42,366
	<u>\$ 11,168,394</u>	<u>3,436,952</u>

During fiscal year 2011 and 2010, net assets were released from donor restrictions by incurring operating expenses satisfying the restricted purposes of approximately \$3,826,000 and \$3,985,000, respectively. Further, approximately \$8,101,000 and \$6,059,000 were released from restriction for capital expenditures made during 2011 and 2010, respectively.

The Corporation accounts for restricted funds consistent with the provisions of ASC Section 950-205-45. The ASC provides guidance on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). The ASC requires that unexpended earnings on endowment funds are classified as temporarily restricted net assets until appropriate for expenditure. The foundation's endowment consists of twelve individual funds established for a variety of purposes. Its endowment includes donor-restricted and board designated endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's management has interpreted UPMIFA enacted in the State of Washington as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for

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June 30, 2011 and 2010

expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

In accordance with UPMIFA and board policy, assets classified as permanent endowments in accordance with donor intention are only utilized for current period expenditures to the extent that earnings on the endowment exceed the original fair value of the donation.

Substantially all investments of the Corporation held for endowment are pooled for investment purposes. Income earned on endowment fund investments is allocated on the basis of each fund's proportionate interest in the pooled investment portfolio. There were no funds with significant deficiencies as of June 30, 2011.

(13) Commitments and Contingent Liabilities

Various laws and regulations of federal, state, and local governments govern the healthcare industry. These laws and regulations are subject to ongoing government review and interpretation, as well as regulatory actions unknown or unasserted at this time. The Corporation is also involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

The Corporation leases, for a nominal amount, the buildings and certain equipment for Ketchikan General Hospital from the City of Ketchikan, Alaska under a 10-year lease that expires in 2013.

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Future minimum lease payments under noncancelable capital and operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2011 are as follows

	<u>Capital leases</u>	<u>Operating leases</u>
Year ending June 30		
2012	\$ 1,315,000	15,529,000
2013	1,398,000	12,509,000
2014	1,165,000	8,306,000
2015	1,180,000	6,384,000
2016	872,000	5,737,000
Later years, through 2020	1,834,000	26,753,000
Total minimum lease payments	7,764,000	<u>75,218,000</u>
Less amount representing interest	<u>(1,108,000)</u>	
Present value of net minimum capital lease payments	6,656,000	
Less current installments of obligations under capital leases	<u>1,156,025</u>	
Obligations under capital leases, excluding current installments included in Long Term Debt	<u>\$ 5,499,975</u>	

Collective Bargaining Agreements

Approximately 30% of the Corporation's employees are covered under collective bargaining agreements, including nurses, professional employees, and service employees as of June 30, 2011. The Corporation's various collective bargaining agreements expire between September 2011 and April 2014.

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Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(14) Insurance Coverages

The Corporation has a self-insurance program for its PeaceHealth operating divisions (not including the Southwest entities) hospital and physician professional and general liability claims under which the Corporation contributes actuarially determined amounts to a trust to fund estimated ultimate losses. In connection with the self-insurance program, the Corporation has accrued estimates for asserted and incurred but not reported claims, including both the expected liability under each claim and the cost to administer the claim. Self-insured professional and general liability retention in 2011 and 2010 was \$5,000,000 per occurrence and \$18,000,000 in aggregate. Individual general and professional liability claims in excess of the above self-insured retention levels are insured through a claims-made excess insurance policy.

The Corporation also self-insures all or a portion of liabilities related to its PeaceHealth operating divisions (not including the Southwest entities) medical and dental benefit plans, unemployment, and workers' compensation claims. Funding levels and liabilities are determined based on actuarial studies. Based on the actuarial studies, the Corporation has recorded a liability for all of the PeaceHealth self-insurance programs of approximately \$50,738,000 and \$56,280,000 at June 30, 2011 and 2010, respectively. The liabilities are classified within other current liabilities and other long-term liabilities based on the historical amounts paid within one year. Total current amounts included in other current liabilities were approximately \$22,118,000 and \$25,579,000 at June 30, 2011 and 2010, respectively.

Funded amounts for the PeaceHealth self-insured plans, were approximately \$75,862,000 and \$57,478,000 at June 30, 2011 and 2010, respectively, such amounts are held in trust and are included in assets whose use is limited in the accompanying consolidated balance sheets.

The Corporation has purchased professional liability insurance coverage for Southwest on a claims-made basis. The Corporation has recorded a liability for claims incurred but not reported during the new policy period based upon the estimate of losses from unreported incidents and claims on an expected undiscounted basis as determined by its third-party actuary. Additionally, a liability has been recorded for Southwest's retention of known claims. These liabilities are included in other long-term liabilities.

(15) Functional Expenses

The Corporation provides general healthcare services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2011</u>	<u>2010</u>
Healthcare services	\$ 1,315,420,000	980,361,000
General and administrative	563,291,000	464,627,000
	<u>\$ 1,878,711,000</u>	<u>1,444,988,000</u>

ADDITIONAL INFORMATION

PEACEHEALTH
Consolidating Balance Sheets
June 30, 2011 and 2010

Assets	PeaceHealth Obligated group	PeaceHealth Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2011 Consolidated	Southwest Obligated group	Southwest Nonobligated group	Eliminating or consolidating adjustments	Southwest 2011 Consolidated	Eliminating or consolidating adjustments	Total PeaceHealth 2011 Consolidated
Current assets										
Cash and cash equivalents	\$ 93,057,707	7,525,749	—	100,583,456	26,492,146	20,269,247	—	46,761,393	—	147,344,849
Short-term investments	243,096,494	—	—	243,096,494	—	2,299,931	—	2,299,931	—	245,396,425
Accounts receivable, net	182,212,003	—	—	182,212,003	63,065,280	6,035,113	—	69,100,393	—	251,312,396
Other receivables	14,546,482	(143,740)	—	14,402,742	12,352,823	1,487,794	—	13,840,617	—	28,243,359
Assets under securities lending agreement	23,459,022	—	—	23,459,022	—	—	—	—	—	23,459,022
Inventory of supplies	25,636,643	—	—	25,636,643	7,392,800	—	—	7,392,800	—	33,029,443
Prepaid expenses and other	11,055,462	133,516	—	11,188,978	8,128,941	6,157,599	—	14,286,540	—	25,475,518
Assets whose use is limited that are required for current liabilities	22,443,154	—	—	22,443,154	135,107	—	—	135,107	—	22,578,261
Total current assets	615,506,967	7,515,525	—	623,022,492	117,567,097	36,249,684	—	153,816,781	—	776,839,273
Assets whose use is limited by board designation and indenture agreements										
Cash and investments	334,180,338	650,256	—	334,830,594	199,655,307	21,276,470	—	220,931,777	—	555,762,371
Investment in affiliates	529,951,305	—	—	529,951,305	—	514,583,584	(514,583,584)	—	(529,951,305)	—
Investments in joint ventures and other	52,528,464	12,352,101	(34,217,838)	30,662,727	—	25,551,502	—	25,551,502	—	56,214,229
Total assets whose use is limited	916,660,107	13,002,357	(34,217,838)	895,444,626	199,655,307	561,411,556	(514,583,584)	246,483,279	(529,951,305)	611,976,600
Less current portion	(22,443,154)	—	—	(22,443,154)	(135,107)	—	—	(135,107)	—	(22,578,261)
Net assets whose use is limited	894,216,953	13,002,357	(34,217,838)	873,001,472	199,520,200	561,411,556	(514,583,584)	246,348,172	(529,951,305)	589,398,339
Property, plant, and equipment										
Land and improvements	75,370,626	—	—	75,370,626	15,289,664	24,523,802	—	39,813,466	—	115,184,092
Buildings, fixed equipment and other	1,253,688,619	23,811,305	(22,245,779)	1,255,254,145	289,816,183	5,038,238	—	294,854,421	—	1,550,108,566
Moveable equipment	425,428,091	1,259,710	—	426,687,801	102,232,371	1,759,582	—	103,991,953	—	530,679,754
Construction in progress	47,183,782	167,562	—	47,351,344	7,496,978	2,506,970	—	10,003,948	—	57,355,292
Total property, plant, and equipment	1,801,671,118	25,238,577	(22,245,779)	1,804,663,916	414,835,196	33,828,592	—	448,663,788	—	2,253,327,704
Less accumulated depreciation	(779,975,945)	(5,049,633)	5,628,536	(779,397,042)	(18,723,136)	(2,575,459)	—	(21,298,595)	—	(800,695,637)
Net property, plant, and equipment	1,021,695,173	20,188,944	(16,617,243)	1,025,266,874	396,112,060	31,253,133	—	427,365,193	—	1,452,632,067
Deferred financing costs, net	6,862,990	—	—	6,862,990	1,224,586	—	—	1,224,586	—	8,087,576
Interest in net assets of related foundations	30,099,440	—	—	30,099,440	30,027,307	—	(30,027,307)	—	—	30,099,440
Other assets	23,170,189	—	—	23,170,189	23,140,000	(519,284)	—	22,620,716	—	45,790,905
Total assets	\$ 2,591,551,712	40,706,826	(50,835,081)	2,581,423,457	767,591,250	628,395,089	(544,610,891)	851,375,448	(529,951,305)	2,902,847,600

PEACEHEALTH
Consolidating Balance Sheets
June 30, 2011 and 2010

Liabilities and Net Assets	PeaceHealth Obligated group	PeaceHealth Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2011 Consolidated	Southwest Obligated group	Southwest Nonobligated group	Eliminating or consolidating adjustments	Southwest 2011 Consolidated	Eliminating or consolidating adjustments	Total PeaceHealth 2011 Consolidated
Current liabilities										
Accounts payable	\$ 60,725,806	97,185	(983,321)	59,839,670	25,630,304	2,255,884	—	27,886,188	—	87,725,858
Accrued payroll, payroll taxes, and employee benefits	105,841,972	71,340	—	105,913,312	30,088,659	2,582,177	—	32,670,836	—	138,584,148
Accrued interest payable	4,336,092	—	—	4,336,092	—	364,770	—	364,770	—	4,700,862
Other current liabilities	17,739,054	1,958	—	17,741,012	11,033,485	5,103,119	—	16,136,604	—	33,877,616
Medical claims payable	—	—	—	—	—	7,648,995	—	7,648,995	—	7,648,995
Reimbursement settlements payable	4,407,829	—	—	4,407,829	4,092,451	—	—	4,092,451	—	8,500,280
Payable under securities lending agreement	23,459,022	—	—	23,459,022	—	—	—	—	—	23,459,022
Current portion of long-term debt	13,132,599	—	(1,497,851)	11,634,748	3,755,000	501,542	—	4,256,542	—	15,891,290
Total current liabilities	229,642,374	170,483	(2,481,172)	227,331,685	74,599,899	18,456,487	—	93,056,386	—	320,388,071
Other long-term liabilities	124,917,041	720,780	—	125,637,821	61,199,439	827	—	61,200,266	—	186,838,087
Long-term debt due after one year	680,598,227	14,795,926	(28,935,318)	666,458,835	155,385,000	11,685,262	—	167,070,262	—	833,529,097
Commitments and contingent liabilities										
Net assets										
Unrestricted	1,497,688,608	25,004,786	(19,418,591)	1,503,274,803	448,356,912	563,680,513	(511,531,891)	500,505,534	(499,151,305)	1,504,629,032
Temporarily restricted	47,754,068	14,851	—	47,768,919	21,517,000	22,241,000	(21,756,000)	22,002,000	(23,476,000)	46,294,919
Permanently restricted	10,951,394	—	—	10,951,394	6,533,000	12,331,000	(11,323,000)	7,541,000	(7,324,000)	11,168,394
Total net assets	1,556,394,070	25,019,637	(19,418,591)	1,561,995,116	476,406,912	598,252,513	(544,610,891)	530,048,534	(529,951,305)	1,562,092,345
Total liabilities and net assets	\$ 2,591,551,712	40,706,826	(50,835,081)	2,581,423,457	767,591,250	628,395,089	(544,610,891)	851,375,448	(529,951,305)	2,902,847,600

See accompanying independent auditors' report

PEACEHEALTH

Consolidating Statements of Operations

Years ended June 30, 2011 and 2010

	PeaceHealth Obligated group	PeaceHealth Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2011 Consolidated	Southwest Obligated group	Southwest Nonobligated group	Eliminating or consolidating adjustments	Southwest 2011 Consolidated	Eliminating or consolidating adjustments	Total PeaceHealth 2011 Consolidated
Revenues										
Net patient service revenues	\$ 1,494,130,027	—	—	1,494,130,027	276,106,832	16,681,190	(12,449,459)	280,338,563	—	1,774,468,590
Premium revenues	—	—	—	—	67,303,241	67,303,241	—	67,303,241	—	67,303,241
Other operating revenue	51,725,873	9,912,290	(8,902,277)	52,735,886	4,894,585	10,044,088	(10,620,890)	4,317,783	—	57,053,669
Total revenues	<u>1,545,855,900</u>	<u>9,912,290</u>	<u>(8,902,277)</u>	<u>1,546,865,913</u>	<u>281,001,417</u>	<u>94,028,519</u>	<u>(23,070,349)</u>	<u>351,959,587</u>	<u>—</u>	<u>1,898,825,500</u>
Expenses										
Salaries and wages	688,913,176	565,955	—	689,479,131	103,506,016	16,717,306	—	120,223,322	—	809,702,453
Payroll taxes and benefits	175,103,605	109,335	—	175,212,940	29,721,692	3,651,829	—	33,373,521	—	208,586,461
Professional fees	10,498,419	—	—	10,498,419	10,422,788	2,242,524	(3,537,500)	9,127,812	—	19,626,231
Medical claims expense	—	—	—	—	—	59,681,912	(12,449,459)	47,232,453	—	47,232,453
Supplies and other expenses	445,679,128	566,754	—	446,245,882	77,425,125	19,292,751	(7,083,390)	89,634,486	—	535,880,368
Provision for bad debts	66,213,499	—	—	66,213,499	25,356,240	292,251	—	25,648,491	—	91,861,990
Depreciation and amortization of other assets	102,805,079	935,603	(1,301,967)	102,438,715	22,230,641	1,381,012	—	23,611,653	—	126,050,368
Interest and amortization of deferred financing costs	36,317,013	1,306,577	(2,267,532)	35,356,058	4,047,912	366,442	—	4,414,354	—	39,770,412
Total expenses	<u>1,525,529,919</u>	<u>3,484,224</u>	<u>(3,569,499)</u>	<u>1,525,444,644</u>	<u>272,710,414</u>	<u>103,626,027</u>	<u>(23,070,349)</u>	<u>353,266,092</u>	<u>—</u>	<u>1,878,710,736</u>
Excess (deficiency) of revenues over expenses from operations	<u>20,325,981</u>	<u>6,428,066</u>	<u>(5,332,778)</u>	<u>21,421,269</u>	<u>8,291,003</u>	<u>(9,597,508)</u>	<u>—</u>	<u>(1,306,505)</u>	<u>—</u>	<u>20,114,764</u>
Other income (loss)										
Contribution from the Southwest affiliation	487,026,000	—	—	487,026,000	169,779,000	148,090,166	(156,851,937)	161,017,229	(161,017,229)	487,026,000
Investment income (loss) net	59,575,620	(431,089)	(1,147,848)	57,996,683	7,658,320	379,104	—	8,037,424	—	66,034,107
Investment income of consolidated subsidiaries	12,125,305	—	—	12,125,305	—	(6,748,800)	6,748,800	—	(12,125,305)	—
Gain on investments recorded on the equity method	3,865,012	—	—	3,865,012	—	—	—	—	—	3,865,012
Change in valuation of interest rate swaps	15,864,800	—	—	15,864,800	(306,514)	—	—	(306,514)	—	15,558,286
Other	1,451	6	—	1,457	(129,791)	14,522,695	(13,433,501)	959,403	—	960,860
Total other income net	<u>578,458,188</u>	<u>(431,083)</u>	<u>(1,147,848)</u>	<u>576,879,257</u>	<u>177,001,015</u>	<u>156,243,165</u>	<u>(163,536,638)</u>	<u>169,707,542</u>	<u>(173,142,534)</u>	<u>573,444,265</u>
Excess (deficiency) of revenues over expenses	<u>598,784,169</u>	<u>5,996,983</u>	<u>(6,480,626)</u>	<u>598,300,526</u>	<u>185,292,018</u>	<u>146,645,657</u>	<u>(163,536,638)</u>	<u>168,401,037</u>	<u>(173,142,534)</u>	<u>593,559,029</u>
Push down of net assets contributed by Southwest	—	—	—	—	266,576,000	406,573,000	(347,138,000)	326,011,000	(326,011,000)	—
Donations for land, buildings and equipment	—	—	—	—	1,753,146	1,714,827	(1,714,827)	1,753,146	—	1,753,146
Net assets released from restrictions used to purchase property and equipment	6,183,762	153,726	—	6,337,488	—	1,764,000	—	1,764,000	—	8,101,488
Transfer (to) from related division	—	(6,500,000)	6,500,000	—	(5,386,115)	6,286,115	(900,000)	—	—	—
Change in interest in net assets of related foundations	3,931,835	—	—	3,931,835	122,268	—	(122,268)	—	—	3,931,835
Other changes in net assets	78,773	—	—	78,773	(405)	696,914	1,879,842	2,576,351	2,230	2,657,354
Increase (decrease) in unrestricted net assets	<u>\$ 608,978,539</u>	<u>(349,291)</u>	<u>19,374</u>	<u>608,648,622</u>	<u>448,356,912</u>	<u>563,680,513</u>	<u>(511,531,891)</u>	<u>500,505,534</u>	<u>(499,151,304)</u>	<u>610,002,852</u>

See accompanying independent auditors' report

PEACEHEALTH
Consolidating Statements of Changes in Net Assets
Years ended June 30, 2011 and 2010

	PeaceHealth Obligated group	PeaceHealth Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2011 Consolidated	Southwest Obligated group	Southwest Nonobligated group	Eliminating or consolidating adjustments	Southwest 2011 Consolidated	Eliminating or consolidating adjustments	Total PeaceHealth 2011 Consolidated
Net assets at June 30, 2009	\$ 890,864,704	24,043,154	(18,313,788)	896,594,070	—	—	—	—	—	896,594,070
Deficiency of revenues over expenses	13,340,244	6,695,610	(7,124,177)	12,911,677	—	—	—	—	—	12,911,677
Restricted contributions	9,312,866	618,836	—	9,931,702	—	—	—	—	—	9,931,702
Net assets released from restrictions used for operations	(3,985,463)	—	—	(3,985,463)	—	—	—	—	—	(3,985,463)
Transfer (to) from related division	—	(6,000,000)	6,000,000	—	—	—	—	—	—	—
Change in interest in net assets of related foundations	2,727,538	—	—	2,727,538	—	—	—	—	—	2,727,538
Other changes in net assets	494,068	—	—	494,068	—	—	—	—	—	494,068
Change in net assets	21,889,253	1,314,446	(1,124,177)	22,079,522	—	—	—	—	—	22,079,522
Net assets at June 30, 2010	912,753,957	25,357,600	(19,437,965)	918,673,592	—	—	—	—	—	918,673,592
Excess of revenues over expenses	598,784,169	5,996,983	(6,480,626)	598,300,526	185,292,018	147,709,657	(163,536,638)	169,465,037	(173,142,534)	594,623,029
Southwest contribution	30,800,000	—	—	30,800,000	—	—	—	—	—	30,800,000
Push down of net assets contributed by Southwest	—	—	—	—	295,668,000	442,524,000	(381,381,000)	356,811,000	(356,811,000)	—
Restricted contributions	11,352,996	165,055	—	11,518,051	—	1,714,827	(1,714,827)	—	—	11,518,051
Donations for land, buildings and equipment	—	—	—	—	1,753,146	—	—	1,753,146	—	1,753,146
Net assets released from restrictions used for operations	(3,147,274)	—	—	(3,147,274)	—	(679,000)	—	(679,000)	—	(3,826,274)
Transfer (to) from related division	—	(6,500,000)	6,500,000	—	(5,386,115)	6,286,115	(900,000)	—	—	—
Change in interest in net assets of related foundations	6,642,061	—	—	6,642,061	(919,733)	—	919,733	—	—	6,642,061
Other changes in net assets	(791,839)	(1)	—	(791,840)	(404)	696,914	2,001,841	2,698,351	2,229	1,908,740
Change in net assets	643,640,113	(337,963)	19,374	643,321,524	476,406,912	598,252,513	(544,610,891)	530,048,534	(529,951,305)	643,418,753
Net assets at June 30, 2011	\$ 1,556,394,070	25,019,637	(19,418,591)	1,561,995,116	476,406,912	598,252,513	(544,610,891)	530,048,534	(529,951,305)	1,562,092,345

See accompanying independent auditors' report

PEACEHEALTH
Inpatient Statistics
Years ended June 30, 2011 and 2010
(Unaudited)

	Alaska Region		Whatcom Region		Lower Columbia Region		Oregon Region		Siuslaw Region		Southwest		Corporation total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Adult and pediatric														
Licensed beds	25	25	25	25	546	546	456	456	21	21	410	—	1,511	1,101
Beds in use	25	25	25	25	174	165	455	445	21	21	516	—	1,242	905
Admissions	1,285	1,254	15,691	15,220	9,408	9,290	25,115	26,658	1,020	1,272	12,570	—	64,898	55,674
Patient days	4,544	4,162	50,714	50,485	56,520	56,955	98,517	109,596	5,400	5,980	44,910	—	247,205	215,976
Average daily census	12	11	164	165	100	101	260	300	9	11	4	—	558	586
Length of stay	5	5	4	4	4	4	4	4	5	5	4	—	4	4
Nursery														
Licensed beds	6	6	—	54	27	27	68	68	2	2	40	—	145	157
Bassinet in use	6	6	20	20	20	20	68	68	2	2	40	—	156	116
Admissions	254	271	1,827	1,796	1,001	1,100	2,954	5,010	58	64	1,427	—	7,501	6,250
Patient days	510	566	5,587	5,482	2,494	2,565	15,198	11,877	90	105	2,875	—	22,765	18,595
Average daily census	1	2	10	10	7	6	56	55	—	—	16	—	70	51
Length of stay	2	2	2	2	2	2	4	4	2	2	2	—	2	5
Long-term care														
Licensed beds	20	20	—	—	—	—	—	—	—	—	—	—	20	20
Beds in use	20	20	—	—	—	—	—	—	—	—	—	—	20	20
Admissions	144	120	—	—	—	—	—	—	—	—	—	—	144	120
Patient days	8,250	8,298	—	—	—	—	—	—	—	—	—	—	8,250	8,298
Average daily census	25	25	—	—	—	—	—	—	—	—	—	—	25	25
Length of stay	57	64	—	—	—	—	—	—	—	—	—	—	57	64

See accompanying independent auditor's report

PEACEHEALTH
Ancillary and Other Statistics
Years ended June 30, 2011 and 2010
(Unaudited)

	Alaska Region		Whatcom Region		Lower Columbia Region		Oregon Region		Snoqualm Region		Southwest		Corporation total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total surgeries	1638	1 536	7369	7 055	6 188	6 157	15 996	16 260	1 571	1 538	5 631	—	38 393	32 546
Surgery minutes	116 748	121 371	957 849	909 236	535 667	555 118	1 990 080	1 931 435	120 180	117 000	671 131	—	4 391 655	3 634 160
Emergency visits	9 639	9 710	58 238	58 346	52 970	54 047	88 074	86 917	7 052	7 787	43 176	—	259 149	216 807
Outpatient registrations	37 292	36 211	90 477	86 736	194 026	205 684	163 308	160 989	23 709	23 670	134 517	—	643 329	513 290
Physician clinic RBRVS work RVU's	67 462	55 713	408 927	379 578	386 017	387 849	550 222	597 515	82 675	80 521	151 799	—	1 647 102	1 501 176
Full-time equivalent employees	356	338	2 011	1 982	1 467	1 426	3 722	3 580	411	399	3 264	—	12 916	12 725

Notes: Certain PeaceHealth divisions are not shown separately, but are included in the Corporation's totals. Southwest statistics are for the six months ended June 30, 2011.

See accompanying independent auditors' report.