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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Doing Business As
GOOD SHEPHERD MEDICAL CENTER

Number and street (or P O box if mail is not delivered to street address)
610 NW 11TH STREET

Room/suite

City or town, state or country, and ZIP + 4
HERMISTON, OR 97838

D Employer identification number
93-0425580

E Telephone number
(541) 667-3400

G Gross receipts $ 81,245,716

F Name and address of principal officer
DENNIS BURKE
610 NW 11TH STREET
HERMISTON, OR 97838

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW GSHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1953

M State of legal domicile OR

Part I Summary

1 Briefly describe the organization's mission or most significant activities
HOSPITAL AND HEALTH CARE SERVICES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	594
6	Total number of volunteers (estimate if necessary)	**6**	150
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	61,052	142,973
9	Program service revenue (Part VIII, line 2g)	75,922,610	77,991,866
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,167,163	3,036,209
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	78,150,825	81,171,048
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	457,373	306,894
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	33,556,015	34,097,339
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	31,440,262	33,218,762
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	65,453,650	67,622,995
19	Revenue less expenses Subtract line 18 from line 12	12,697,175	13,548,053

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	95,300,648	116,270,116
21	Total liabilities (Part X, line 26)	20,784,253	21,352,430
22	Net assets or fund balances Subtract line 21 from line 20	74,516,395	94,917,686

Part II Signature Block

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

Sign Here

****** — Signature of officer — 2012-05-09 — Date

DENNIS BURKE PRESIDENT/CEO — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
KIM HUNWARDSEN CPA	KIM HUNWARDSEN CPA	2012-05-09	☐	

Firm's name ▶ EIDE BAILLY LLP — Firm's EIN ▶

Firm's address ▶ 800 NICOLLET MALL STE 1300, MINNEAPOLIS, MN 554027033 — Phone no ▶ (612) 253-6500

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

TO PROVIDE COMPASSIONATE, HIGH QUALITY, AND ACCESSIBLE HEALTH CARE AND TO PROMOTE A HEALTHY COMMUNITY

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 $ 63,483,548 including grants of $ 306,894) (Revenue $ 77,289,346)

GOOD SHEPHERD HEALTH CARE SYSTEM (GSHCS) SERVED 2,236 INPATIENTS OVER 5,983 PATIENT-DAYS AND 44,921 OUTPATIENTS IN FISCAL YEAR 2010-11, AS WELL AS 17,528 PATIENTS IN OUR EMERGENCY CENTER ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATIONS AND STABILITY OF GSHCS, NOT ALL INDIVIDUALS HAVE THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES IN RECOGNITION OF THIS, DURING FY 2010-11 GSHCS WROTE OFF TO COLLECTION $4,978,778 VALUED AT CHARGES FOREGONE AS BAD DEBT DIRECT CHARITY CARE TO OUR COMMUNITY AMOUNTED TO AN ADDITIONAL $7,725,064, VALUED AT CHARGES FOREGONE GSHCS PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT DEEPLY DISCOUNTED RATES RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES WERE PROVIDED TO BOTH MEDICARE AND MEDICAID PATIENTS THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS DURING FISCAL YEAR 2010-11 WAS $7,725,064 VALUED AT CHARGES FOREGONE OUR EMERGENCY CENTER IS OPEN AROUND-THE-CLOCK TO ALL COMMUNITY MEMBERS, VISITORS, AND TRAVELERS, WITHOUT REGARD TO ONE'S ABILITY TO PAY

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 63,483,548

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		No
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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	132		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	594		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

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 ▶

JAN PETER
610 NW 11TH STREET
HERMISTON, OR 97838
(541) 667-3416

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) STEVE ELDRIGE CHAIR	2 00	X		X				0	0	0
(2) NANCY MABRY VICE CHAIR	2 00	X		X				0	0	0
(3) BARBARA PLACE SECRETARY	2 00	X		X				0	0	0
(4) BILL ELFERING TREASURER	2 00	X		X				0	0	0
(5) BOB CARLSON DIRECTOR	2 00	X						0	0	0
(6) RICHARD LINDNER DIRECTOR	2 00	X						0	0	0
(7) TRICIA FENLEY DIRECTOR	2 00	X						0	0	0
(8) DR DEREK EARL DIRECTOR	2 00	X						0	0	0
(9) SUE DAGGETT DIRECTOR	2 00	X						0	0	0
(10) TOM WAMSLEY DIRECTOR	2 00	X						0	0	0
(11) DR WINN GREGORY DIRECTOR	2 00	X						0	0	0
(12) GLENN CHOWNING DIRECTOR	2 00	X						0	0	0
(13) DENNIS E BURKE PRESIDENT/CEO	40 00			X				322,193	0	52,801
(14) JAN D PETER VP/CFO	40 00			X				130,507	0	33,478
(15) WILLIAM ALSDURF VP/CFO (THRU 9-28-10)	40 00			X				203,878	0	5,277
(16) DAVID T HUGHES VP/COO	40 00				X			174,947	0	28,927

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) DR GARY V TRUPP PHYSICIAN	40 00					X		250,229	0	14,431
(18) DR FREDERICK G TINIO PHYSICIAN	40 00					X		327,334	0	12,596
(19) DR THOMAS L FARNEY PHYSICIAN	40 00					X		224,317	0	23,151
(20) DR THOMAS J HOLT PHYSICIAN	40 00					X		212,853	0	7,777
(21) DR JACK M BERTMAN ER PHYSICIAN	40 00					X		244,637	0	27,722
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								2,090,895	0	206,160

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 ▶ 39

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
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
MCCORMACK CONSTRUCTION CO 422 SW 6TH PENDLETON, OR 97801	CONSTRUCTION	1,378,292
RICK BURRILL 610 NW 11TH STREET HERMISTON, OR 97838	PHYSICAL THERAPY	1,145,433
TUALITIN IMAGING 6464 SW BORELAND RD TUALITIN, OR 97062	IMAGING SERVICES	1,061,085
MEDICAL DOCTOR ASSOC INC PO BOX 277185 ATLANTA, GA 30384	PHYSICIAN SERVICES	839,961
CREDITS INC 461 E MAIN HERMISTON, OR 97838	COLLECTION SERVICES	432,939

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 ▶ 21

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . .	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations . . .	1d				
	e Government grants (contributions)	1e	51,315			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	91,658			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		142,973			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICES	622110	76,764,378	76,764,378		
	b OTHER REVENUE	900099	689,165	689,165		
	c CAFETERIA	900099	471,814			471,814
	d DAYCARE	900099	230,706			230,706
	e LOSS ON SUBSIDIARY	446110	-164,197	-164,197		
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		77,991,866			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		1,455,805			1,455,805
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) . . . . . ▶					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	1,622,732	32,340			
	b Less cost or other basis and sales expenses		74,668			
	c Gain or (loss)	1,622,732	-42,328			
	d Net gain or (loss) . . . . . ▶		1,580,404			1,580,404
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a _____					
	b _____					
	c _____					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶					
	12 **Total revenue.** See Instructions . . . ▶		81,171,048	77,289,346	0	3,738,729

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	301,672	301,672		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	5,222	5,222		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	783,973		783,973	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	26,638,911	25,166,220	1,472,691	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,100,307	1,081,048	19,259	
9	Other employee benefits	3,959,928	3,816,807	143,121	
10	Payroll taxes	1,614,220	1,488,149	126,071	
a	Fees for services (non-employees) Management				
b	Legal	33,485		33,485	
c	Accounting	55,708		55,708	
d	Lobbying				
e	Professional fundraising services *See Part IV, line 17*				
f	Investment management fees	254,969		254,969	
g	Other	10,369,953	9,589,562	780,391	
12	Advertising and promotion	121,338	112,586	8,752	
13	Office expenses	10,756,319	10,560,025	196,294	
14	Information technology				
15	Royalties				
16	Occupancy	666,154	666,154		
17	Travel	242,517	182,917	59,600	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	205,133		205,133	
20	Interest	518,870	518,870		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	4,140,975	4,140,975		
23	Insurance	590,289	590,289		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBTS	4,978,778	4,978,778		
b					
c					
d					
e					
f	All other expenses	284,274	284,274		
25	**Total functional expenses.** Add lines 1 through 24f	67,622,995	63,483,548	4,139,447	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		1,291,757	2	4,162,250
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		9,790,119	4	11,000,597
	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		5,370,439	7	6,177,119
	8	Inventories for sale or use		1,365,994	8	1,512,595
	9	Prepaid expenses and deferred charges		700,641	9	709,516
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 79,896,380			
	b	Less accumulated depreciation	10b 35,758,427	40,798,480	10c	44,137,953
	11	Investments—publicly traded securities		41,528,157	11	50,555,989
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		-9,157,005	13	-6,112,733
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,612,066	15	4,126,830
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		95,300,648	16	116,270,116
Liabilities	17	Accounts payable and accrued expenses		5,663,653	17	6,734,044
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		14,945,496	20	13,927,302
	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	500,000
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		175,104	25	191,084
	26	**Total liabilities.** Add lines 17 through 25		20,784,253	26	21,352,430
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		74,228,136	27	94,560,726
	28	Temporarily restricted net assets		288,259	28	356,960
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		74,516,395	33	94,917,686
	34	Total liabilities and net assets/fund balances		95,300,648	34	116,270,116

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	81,171,048
2	Total expenses (must equal Part IX, column (A), line 25)	2	67,622,995
3	Revenue less expenses Subtract line 2 from line 1	3	13,548,053
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	74,516,395
5	Other changes in net assets or fund balances (explain in Schedule O)	5	6,853,238
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	94,917,686

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	4,670,941	741,457		5,412,398
b Buildings		38,398,646	14,373,456	24,025,190
c Leasehold improvements				
d Equipment		31,554,576	20,383,446	11,171,130
e Other		4,530,760	1,001,525	3,529,235
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				44,137,953

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

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

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ESTIMATED COST REPORT SETTLEMENTS PAYABLE	191,084
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	191,084

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	81,171,048
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	67,622,995
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	13,548,053
4	Net unrealized gains (losses) on investments	4	3,644,769
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	3,208,469
9	Total adjustments (net) Add lines 4 - 8	9	6,853,238
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	20,401,291

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	87,019,928
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	3,644,769		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	2,574,498		
e	Add lines **2a** through **2d**			2e	6,219,267
3	Subtract line **2e** from line **1**			3	80,800,661
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	254,969		
b	Other (Describe in Part XIV)	4b	115,418		
c	Add lines **4a** and **4b**			4c	370,387
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	81,171,048

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

1	Total expenses and losses per audited financial statements			1	69,895,807
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	2,829,453		
e	Add lines **2a** through **2d**			2e	2,829,453
3	Subtract line **2e** from line **1**			3	67,066,354
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	254,969		
b	Other (Describe in Part XIV)	4b	301,672		
c	Add lines **4a** and **4b**			4c	556,641
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	67,622,995

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL HAS ADOPTED THE PROVISIONS OF FASB ACCOUNTING STANDARDS CODIFICATION TOPIC AS 740-10, ON JULY 1, 2009 THE IMPLEMENTATION OF THIS STANDARD HAD NO IMPACT ON THE FINANCIAL STATEMENTS AS OF BOTH THE DATE OF ADOPTION, AND AS OF JUNE 30, 2011, THE UNRECOGNIZED TAX BENEFIT ACCRUAL WAS ZERO THE HOSPITAL WILL RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS IN INCOME TAX EXPENSE IF INCURRED THE HOSPITAL IS NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2007 AND STATE EXAMINATIONS FOR YEARS BEFORE 2007
PART XI, LINE 8 - OTHER ADJUSTMENTS		INTERCOMPANY ELIMINATION ENTRY ON FINANCIAL STATEMENTS 3,208,469
PART XII, LINE 2D - OTHER ADJUSTMENTS		REVENUES OF CONSOLIDATED SUBSIDIARY 2,876,170 CHARITABLE DONATIONS RECLASS TO EXPENSES - 301,672
PART XII, LINE 4B - OTHER ADJUSTMENTS		INTEREST INCOME ELIMINATED FOR FINANCIAL STATEMENTS 210,914 CONTRIBUTIONS RECORDED IN FUND BALANCE FOR FINANCIAL STATEMENTS 68,701 LOSS IN SUBSIDIARY -164,197
PART XIII, LINE 2D - OTHER ADJUSTMENTS		EXPENSES OF CONSOLIDATED SUBSIDIARY 2,829,453
PART XIII, LINE 4B - OTHER ADJUSTMENTS		CHARITABLE DONATIONS RECLASS TO EXPENSES 301,672

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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
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

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 .	1a	Yes	
b	If "Yes," is it a written policy?	1b	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 ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☑ Other 150.000000000000 % ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400%	3b	Yes	
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			3,938,501		3,938,501	6 290 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			10,004,527	10,262,190	-257,663	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			13,943,028	10,262,190	3,680,838	6 290 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			269,786	17,937	251,849	0 410 %
f Health professions education (from Worksheet 5)			175,313	16,266	159,047	0 260 %
g Subsidized health services (from Worksheet 6)						0 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			251,672		251,672	0 410 %
j **Total** Other Benefits			696,771	34,203	662,568	1 080 %
k **Total.** Add lines 7d and 7j			14,639,799	10,296,393	4,343,406	7 370 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

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	2,538,351		
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	248,939		
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	8,458,732		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	8,759,068		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-300,336		
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				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures**

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

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? 1

	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	GOOD SHEPHERD HEALTH CARE SYSTEM 610 NW 11TH STREET HERMISTON, OR 97838	X	X			X		X		

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? 3

	Name and address	Type of Facility (Describe)
1	GOOD SHEPHERD MEDICAL GROUP 610 NW 11TH STREET HERMISTON,OR 97838	CLINIC
2	GOOD SHEPHERD MEDICAL GROUP 610 NW 11TH STREET HERMISTON,OR 97838	CLINIC
3	GOOD SHEPHERD MEDICAL GROUP 610 NW 11TH STREET HERMISTON,OR 97838	CLINIC
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 3C THE ORGANIZATION PROVIDES DISCOUNTS ON A SLIDING SCALE FROM 10% TO 100% BASED ON AN INDIVIDUAL'S INCOME LEVEL

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE CHARITY CARE INCLUDED IN PART I, LINE 7A IS BASED ON THE COST TO CHARGE RATIO USING WORKSHEET 2 THE UNREIMBURSED MEDICAID IN PART I, LINE 7B IS BASED ON GROSS CHARGES AND CLAIMS FROM THE MEDICAID COST REPORT THE COMMUNITY HEALTH SERVICES, EDUCATION AND CONTRIBUTIONS IN PART I, LINES 7E, 7F AND 7I ARE BASED ON ACTUAL EXPENSES

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM THE DENOMINATOR OF THE CALCULATION ON PART 1, LINE 7, COLUMN F WAS $4,978,778

Identifier	ReturnReference	Explanation
		PART III, LINE 4 FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE RECEIVABLES ARISING FROM REVENUES FROM SERVICES TO PATIENTS ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND CONTRACTUAL ADJUSTMENTS BASED ON EXPERIENCE, THIRD-PARTY CONTRACTUAL REIMBURSEMENT ARRANGEMENTS, AND ANY UNUSUAL CIRCUMSTANCES WHICH MAY AFFECT THE ABILITY OF PATIENTS TO MEET THEIR OBLIGATIONS ACCOUNTS DEEMED UNCOLLECTIBLE ARE CHARGED AGAINST THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLES ARE STATED IN THE BALANCE SHEET LESS SUCH ALLOWANCES THE BAD DEBT EXPENSE WAS CONVERTED TO COST USING THE COST TO CHARGE RATIO CALCULATED USING WORKSHEET 2 THE ORGANIZATION ESTIMATES THE AMOUNT OF BAD DEBT ATTRIBUTABLE TO CHARITY PATIENTS TO BE $248,939 THIS ESTIMATE IS BASED ON AN OVERALL CHARITY CARE PERCENTAGE OF GROSS REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COST IS BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES & REGULATIONS SET FORTH BY CMS THE ORGANIZATION BELIEVES THE ENTIRE SHORTFALL SHOULD BE CONSIDERED COMMUNITY BENEFIT AS THEY PROVIDE SERVICES TO MEDICARE PATIENTS KNOWING THEY WILL NOT RECOVER THE ENTIRE COST OF THE SERVICES HOWEVER, THEY CONTINUE TO PROVIDE THESE SERVICES AS THE ELDERLY ARE CONSIDERED A CHARITABLE CLASS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ORGANIZATION'S COLLECTION PROCEDURES REQUIRES A FINANCIAL ADVISOR TO WORK WITH ANY PATIENT WHO IS IDENFITIED AS POTENTIALLY BEING ELIGIBLE FOR FINANCIAL ASSISTANCE PRIOR TO SENDING THE ACCOUNT TO COLLECTION IF DURING THE COURSE OF THE COLLECTION PROCESS THE COLLECTION AGENCY DETERMINES AN ACCOUNT MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE, IT IS REFERRED BACK TO THE HOSPITAL FOR FURTHER DISCUSSION WITH THE PATIENT OR FOR WRITE OFF ALL FURTHER COLLECTION ACTION IS CEASED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 OUR COMMUNITY HEALTHCARE NEEDS ASSESSMENT PROCESS HAS FIVE COMPONENTS THAT ARE CONDUCTED EVERY OTHER YEAR 1 THE ONGOING COLLECTION AND EVALUATION OF COMMUNITY FEEDBACK FROM PATIENT SURVEYS AND COMMENT FORMS 2 PATIENT AND COMMUNITY-MEMBER HEALTHCARE NEEDS FOCUS GROUPS 3 A HEALTHCARE NEEDS SURVEY COMPLETED BY EMPLOYERS AND OTHER COMMUNITY LEADERS 4 A FORMAL TELEPHONE SURVEY 5 A DEMOGRAPHIC STUDY CONDUCTED BY THE OREGON OFFICE OF RURAL HEALTH

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 OUR FINANCIAL COUNSELORS INFORM AND EDUCATE THE PEOPLE WE SERVE WITH RESPECT TO CHARITY CARE AND GOVERNMENTAL ASSISTANCE PROGRAMS ALL PATIENTS AND RESPONSIBLE PARTIES, WHERE POSSIBLE, ARE APPRISED OF THE AVAILABILITY OF FINANCIAL COUNSELING SERVICES AT THE TIME AND POINT OF SERVICE WE HAVE ARRANGED OUR PATIENT FLOW TO MAXIMIZE THE CONVENIENCE OF VISITING OUR FINANCIAL COUNSELORS AS PART OF THE GOOD SHEPHERD TREATMENT REGIME IN ADDITION, THE FINANCIAL ASSISTANCE POLICY IS PROVIDED, IN WRITING TO THE PATIENTS UPON ADMISSION TO THE HOSPITAL FACILITY IT IS ALSO POSTED IN THE EMERGENCY ROOMS, WAITING ROOMS, AND ADMISSIONS OFFICES A COPY OF THE POLICY IS ALSO ATTACHED TO BILLING INVOICES AND AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 GOOD SHEPHERD HEALTH CARE SYSTEM (GSHCS) IS THE CORPORATE NAME FOR AN ORGANIZATION MADE UP OF SEVERAL ENTITIES, INCLUDING GOOD SHEPHERD MEDICAL CENTER, VANGE JOHN MEMORIAL HOSPICE, TLC HOME HEALTH, GOOD SHEPHERD MEDICAL GROUP, GOOD SHEPHERD CLINIC PHARMACY, GOOD SHEPHERD MEDICAL FOUNDATION, AND GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION GOOD SHEPHERD SERVES A CORE POPULATION OF ALMOST 50,000 PEOPLE IN THE CITY OF HERMISTON, OREGON AND IN 14 OUTLYING SMALLER TOWNS WITHIN A ROUGH 50-MILE RADIUS THIS POPULATION IS LARGELY RURAL, WITH AGRICULTURE DOMINATING INDUSTRIAL ENTERPRISES THE AVERAGE HOUSEHOLD INCOME IN HERMISTON IS $35,865 17 1% OF RESIDENTS HAVE INCOMES BELOW FEDERAL POVERTY GUIDELINES 31 3% OF RESIDENTS IDENTIFY AS NON-WHITE HISPANIC ETHNICITY, WITH A SIZABLE NUMBER OF SPANISH-PRIMARY SPEAKERS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 GOOD SHEPHERD MAINTAINS OPEN ACTIVE, AFFILIATE, AND COURTESY MEDICAL STAFFS, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED AND INTERESTED PHYSICIANS IN THE COMMUNITIES WE SERVE GSHCS IS GOVERNED BY A TWELVE-MEMBER BOARD OF TRUSTEES THE BOARD IS COMPRISED OF INDEPENDENT REPRESENTATIVES OF THE COMMUNITY, WITH AN EMPHASIS ON MAINTAINING A TRUE CROSS-SECTION OF CORE POPULATION COMMUNITIES WITHIN ITS MEMBERSHIP OUR SURPLUS FUNDS ARE USED TO FUND COMMUNITY HEALTH EDUCATION CLASSES, AS WELL AS FUNDING BUILDING AND EQUIPMENT UPGRADES TO MAINTAIN THE HIGHEST QUALITY HEALTHCARE FOR OUR COMMUNITY SURPLUS FUNDS ARE ALSO APPLIED TO ONGOING PROFESSIONAL EDUCATION AMONG OUR CLINICAL STAFF TO REMAIN CURRENT IN THE BEST PRACTICES OF MODERN HEALTHCARE WE OPERATE A FULLY-STAFFED 24-HOUR EMERGENCY ROOM, AVAILABLE TO THE PUBLIC REGARDLESS OF ABILITY TO PAY GOOD SHEPHERD OPERATES TWO FOUNDATIONS THAT PROVIDE FUNDS TO APPROPRIATE COMMUNITY GROUPS AND ACTIVITIES, AS WELL AS PROVIDING SCHOLARSHIP FUNDS TO LOCAL RESIDENTS ESTABLISHING OR FURTHERING HEALTHCARE-RELATED EDUCATION WE LIVE OUR MISSION TO PROMOTE A HEALTHY COMMUNITY GOOD SHEPHERD IS THE HOST AND DRIVING FORCE BEHIND THE GOOD SHEPHERD WELLNESS COALITION, A GRASS-ROOTS GROUP OF COMMUNITY LEADERS THAT IDENTIFY, ANALYZE, AND ADDRESS PRESSING HEALTHCARE ISSUES IN THE COMMUNITY WE MAINTAIN A DIALOGUE WITH THE PEOPLE WE SERVE THROUGH A BIWEEKLY RADIO SHOW, WITH AN EMPHASIS ON WELLNESS AND PREVENTATIVE CARE GOOD SHEPHERD HOSTS AN ANNUAL FAMILY HEALTH AND FITNESS DAY, WITH FREE ACCESS TO HEALTHCARE PROFESSIONALS, FREE SCREENINGS, AND A WEALTH OF HEALTH AND WELLNESS INFORMATION AVAILABLE TO THE PUBLIC WE ARE ACTIVE IN COMMUNITY HEALTH-RELATED ACTIVITIES, INCLUDING THE AMERICAN CANCER SOCIETY'S RELAY FOR LIFE, THE MARCH OF DIMES' MARCH FOR BABIES, AND THE UMATILLA COUNTY FAIR, WHERE WE PROVIDE HEALTH INFORMATION AND HEALTHCARE-RELATED GIVEAWAYS

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	OR

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

Part I General Information on Grants and Assistance

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

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

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

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION610 NW 11TH STREET HERMISTON,OR 97838	93-1170546	501(C)(3)	250,000				COMMUNITY SUPPORT

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 1

3 Enter total number of other organizations . . . ▶

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) SCHOLARSHIPS	10	5,222			

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS ARE AWARDED TO EMPLOYEES TO HELP FURTHER THEIR EDUCATION IN A FIELD THAT WOULD POTENTIALLY BENEFIT THE ORGANIZATION IN THE FUTURE ONCE THE EMPLOYEE HAS COMPLETED THEIR EDUCATION EACH EMPLOYEE MUST REPORT BACK WITH A GRADE REPORT SHOWING THEIR PROGRESS/COMPLETION OF THEIR COURSE OF STUDY GRANTS ARE ALSO AWARDED TO GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION, A RELATED ORGANIZATION WHICH IS TAX EXEMPT UNDER SECTION 501(C)(3)

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DENNIS E BURKE	(i)	278,241	18,750	25,202	27,722	26,303	376,218	0
	(ii)	0	0	0	0	0	0	0
(2) JAN D PETER	(i)	122,328	8,179	0	8,400	26,303	165,210	0
	(ii)	0	0	0	0	0	0	0
(3) WILLIAM ALSDURF	(i)	184,610	19,268	0	0	5,685	209,563	0
	(ii)	0	0	0	0	0	0	0
(4) DAVID T HUGHES	(i)	160,219	14,728	0	10,781	19,370	205,098	0
	(ii)	0	0	0	0	0	0	0
(5) DR GARY V TRUPP	(i)	245,410	4,819	0	0	15,055	265,284	0
	(ii)	0	0	0	0	0	0	0
(6) DR FREDERICK G TINIO	(i)	319,387	7,947	0	0	13,220	340,554	0
	(ii)	0	0	0	0	0	0	0
(7) DR THOMAS L FARNEY	(i)	216,838	7,479	0	23,151	0	247,468	0
	(ii)	0	0	0	0	0	0	0
(8) DR THOMAS J HOLT	(i)	212,853	0	0	0	8,377	221,230	0
	(ii)	0	0	0	0	0	0	0
(9) DR JACK M BERTMAN	(i)	244,637	0	0	0	28,946	273,583	0
	(ii)	0	0	0	0	0	0	0
(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

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

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	THE HOSPITAL FACILITY AUTHORITY OF UMATILLA COUNTY OREGON	93-0425580		08-29-2007	17,786,918	NEW CONSTRUCTION, EXPANSION AND MAJOR EQUIPMENT PURCHASES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	17,786,918			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	13,813,512			
11	Other spent proceeds				
12	Other unspent proceeds	3,973,397			
13	Year of substantial completion	2010			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV **Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) CREDITS INC	COMPANY IS OWNED 100% BY A BOARD MEMBER	463,934	CHARGES FOR COLLECTION SERVICES		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	TELEMEDICINE SERVICES BEGAN JULY 2010 TELEMEDICINE IS THE USE OF MEDICAL INFORMATION EXCHANGED FROM ONE SITE TO ANOTHER VIA ELECTRONIC COMMUNICATIONS TO IMPROVE PATIENTS' HEALTH STATUS THIS IS RELATED TO THEIR EXEMPT PURPOSE OF PROVIDING QUALITY HEALTH CARE SERVICES TO THE COMMUNITY IT SERVES

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 8B		THERE ARE NO COMMITTEES WITH THE AUTHORITY TO ACT ON BEHALF OF THE GOVERNING BODY

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE RETURN IS REVIEWED BY THE CFO AND CONTROLLER AND PRESENTED ON A HIGH LEVEL TO THE BOARD OF DIRECTORS A FINAL COPY IS PROVIDED TO THE BOARD BEFORE FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ALL OFFICERS, DIRECTORS, AND KEY EMPLOYEES WITH CONFLICTS ARE EXPECTED TO DISCLOSE CONFLICTS OF INTEREST ON A VOLUNTARY BASIS AND REFRAIN FROM DISCUSSION AND/OR VOTING ON RELATED MATTERS AS NECESSARY THESE DISCLOSURES ARE REVIEWED AND DETERMINED TO EXIST OR NOT TO EXIST BY THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO'S COMPENSATION IS APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS BASED ON SURVEY INFORMATION THIS PROCESS IS COMPLETED ANNUALLY IN THE MONTH OF OCTOBER THE COMPENSATION OF OTHER OFFICERS OR KEY EMPLOYEES IS DETERMINED BY THE CEO BASED ON SURVEY INFORMATION THIS PROCESS IS COMPLETED ANNUALLY ON THE ANNIVERSARY DATE OF THE INDIVIDUAL'S HIRE DATE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THESE DOCUMENTS ARE NOT AVAILABLE TO THE GENERAL PUBLIC

Identifier	Return Reference	Explanation
	FORM 990, PART VII, COLUMN (B)	IN ADDITION TO THE HOURS REPORTED ON FORM 990, PART VII, THE FOLLOWING INDIVIDUALS DEVOTED TIME TO GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION, A RELATED ORGANIZATION, EACH WEEK GLENN CHOWNING - 1 HOUR TRICIA FENLEY - 1 HOUR RICHARD LINDNER - 2 HOURS TOM WAMSLEY - 1 HOUR

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 3,644,769 INTERCOMPANY ELIMINATION ENTRY ON FINANCIAL STATEMENTS 3,208,469 TOTAL TO FORM 990, PART XI, LINE 5 6,853,238

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GOOD SHEPHERD HEALTH CARE SYSTEM

Employer identification number
93-0425580

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION 610 NW 11TH STREET HERMISTON, OR 97838 93-1170546	FUNDRAISING	OR	501(C)(3)	LINE 11A, I	GOOD SHEPHERD HEALTH CARE SYSTEM	Yes	
(2) GOOD SHEPHERD MEDICAL FOUNDATION 610 NW 11TH STREET HERMISTON, OR 97838 93-0844485	FUNDRAISING	OR	501(C)(3)	LINE 7	GOOD SHEPHERD HEALTH CARE SYSTEM	Yes	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) GOOD SHEPHERD MEDICAL SERVICE CORP 610 NW 11TH STREET HERMISTON, OR97838 93-0688940	RETAIL PHARMACY	OR	N/A	C	-375,111	3,286,520	100 000 %

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) GOOD SHEPHERD MEDICAL SERVICE CORP	A	210,914	BOOK VALUE
(2) GOOD SHEPHERD MEDICAL SERVICE CORP	N	374,120	BOOK VALUE
(3) GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	B	250,000	BOOK VALUE
(4) GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	C		
(5) GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	M		
(6) GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	O		

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 93-0425580
Name: GOOD SHEPHERD HEALTH CARE SYSTEM

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	GOOD SHEPHERD MEDICAL SERVICE CORP	A	210,914	BOOK VALUE
(2)	GOOD SHEPHERD MEDICAL SERVICE CORP	N	374,120	BOOK VALUE
(3)	GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	B	250,000	BOOK VALUE
(4)	GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	C		
(5)	GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	M		
(6)	GOOD SHEPHERD COMMUNITY HEALTH FOUNDATION	O		

Consolidated Financial Statements
June 30, 2011 and 2010

Good Shepherd Health Care System

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Good Shepherd Health Care System
Hermiston, Oregon

We have audited the accompanying consolidated balance sheet of Good Shepherd Health Care System (the Hospital) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of Good Shepherd Health Care System as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Boise, Idaho
August 25, 2011

877 W Main St, Ste 800 ¦ Boise, ID 83702-5858 ¦ T 208 344 7150 ¦ F 208 344 7435 ¦ EOE

Good Shepherd Health Care System
Consolidated Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash	$ 4,245,541	$ 1,386,022
Patient accounts receivable, net of allowance of $7,096,670 and $6,327,272, respectively	10,940,666	9,932,664
Inventory of supplies	1,785,758	1,615,407
Estimated settlements receivable	879,651	449,973
Prepaid expenses	712,788	712,084
Other assets	271,283	256,021
Total current assets	18,835,687	14,352,171
Assets Limited as to Use		
By the hospital board	50,042,831	39,329,081
Strategic property holdings	4,670,941	1,949,405
Long-term debt sinking fund	-	1,714,822
Unemployment deposit	513,158	484,254
Total assets whose use is limited	55,226,930	43,477,562
Property and Equipment		
Land	789,950	789,950
Land improvements	1,873,744	1,817,163
Buildings	44,846,623	44,641,994
Equipment	31,930,305	29,289,790
Construction in progress	2,888,823	123,649
	82,329,445	76,662,546
Less accumulated depreciation	40,109,270	35,991,462
Total property, plant and equipment	42,220,175	40,671,084
Other Assets		
Bond issuance costs, net of accumulated amortization	101,615	118,093
	$ 116,384,407	$ 98,618,910

Liabilities and Net Assets	2011	2010
Current Liabilities		
Accounts payable	$ 1,795,976	$ 953,521
Accrued payroll	1,915,457	1,856,203
Accrued vacation liabilities	1,609,497	1,468,163
Estimated cost report settlements payable	191,084	175,104
Other accrued liabilities	1,527,405	1,495,559
Current portion of long-term debt	1,475,628	715,346
Total current liabilities	8,515,047	6,663,896
Long-Term Liabilities		
Long-term debt due after one year	12,951,674	14,230,150
Total liabilities	21,466,721	20,894,046
Net Assets		
Unrestricted	94,560,726	77,436,605
Temporarily restricted	356,960	288,259
Total net assets	94,917,686	77,724,864
	$ 116,384,407	$ 98,618,910

Good Shepherd Health Care System
Consolidated Statements of Operations
Years Ended June 30, 2011 and 2010

	2011	2010
Operating Revenue		
Net patient service revenue	$ 79,253,493	$ 76,715,298
Other operating revenue	1,817,039	1,802,280
Net assets released from restrictions used for operations	3,646	47,497
Net operating revenue	81,074,178	78,565,075
Operating Expenses		
Salaries and wages	27,203,895	26,358,001
Payroll taxes and benefits	6,798,781	6,974,144
Supplies	12,243,915	11,208,663
Provision for bad debts, net of recoveries of $1,349,615 and $1,186,170, respectively	4,978,778	6,039,214
Depreciation and amortization	4,331,760	4,042,132
Interest	518,870	447,281
Professional services	5,100,039	3,864,699
Purchased services	5,196,337	4,894,692
Other expenses	2,090,742	1,999,414
Utilities	837,878	840,223
Insurance	594,812	689,345
Total operating expenses	69,895,807	67,357,808
Operating Income	11,178,371	11,207,267
Nonoperating Revenue (Expense)		
Investment income	2,612,654	1,720,444
Other nonoperating revenue	32,303	15,098
Charitable donations	(301,672)	(450,000)
Gain on sale of fixed assets	(42,304)	44,162
Total nonoperating revenue	2,300,981	1,329,704
Excess of Revenues over Expenses	13,479,352	12,536,971
Change in net unrealized gains on investments	3,644,769	148,097
Increase in Unrestricted Net Assets	$ 17,124,121	$ 12,685,068

Good Shepherd Health Care System
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Excess of revenues over expenses	$ 13,479,352	$ 12,536,971
Net changes in unrealized gains on investments	3,644,769	148,097
Increase in unrestricted net assets	17,124,121	12,685,068
Temporarily Restricted Net Assets		
Contributions received	72,347	61,052
Net assets released from restrictions	(3,646)	(47,497)
Increase in temporarily restricted net assets	68,701	13,555
Change in Net Assets	17,192,822	12,698,623
Net Assets, Beginning of Year	77,724,864	65,026,241
Net Assets, End of Year	$ 94,917,686	$ 77,724,864

Good Shepherd Health Care System

Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from patients	$ 72,853,015	$ 68,176,776
Other receipts and payments	1,820,685	1,849,777
Cash paid to suppliers and employees	(59,177,827)	(56,784,467)
Interest paid	(518,870)	(447,281)
Net Cash from Operating Activities	14,977,003	12,794,805
Cash Flows from Investing Activities		
Proceeds from sale of fixed assets	32,340	54,463
Additions to property and equipment	(8,660,553)	(5,108,539)
Purchase of assets whose use is limited	(13,595,106)	(25,732,955)
Proceeds from sale of assets whose use is limited	10,824,698	15,766,924
Net Cash used for Investing Activities	(11,398,621)	(15,020,107)
Cash Flows from Financing Activities		
Charitable donations	(301,672)	(450,000)
Other revenue	101,003	28,652
Principal payments on long-term debt	(518,194)	(685,381)
Net Cash used for Financing Activities	(718,863)	(1,106,729)
Net Increase (Decrease) in Cash	2,859,519	(3,332,031)
Cash, Beginning of Year	1,386,022	4,718,053
Cash, End of Year	$ 4,245,541	$ 1,386,022
Reconciliation of Excess Revenues over Expenses to Net Cash from Operating Activities		
Operating income	$ 11,178,371	$ 11,207,267
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	4,331,760	4,042,132
Increase (decrease) in		
Patient accounts receivable	(1,008,002)	(1,326,944)
Estimated third-party payor settlements	(413,698)	(1,172,364)
Inventory of supplies	(170,351)	(207,667)
Prepaid expenses and other assets	(15,966)	(190,505)
Accounts payable and accrued expenses	1,074,889	442,886
Net Cash from Operating Activities	$ 14,977,003	$ 12,794,805

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Good Shepherd Health Care System (the Hospital) of Hermiston, Oregon, is a non-profit, nonstock corporation operating a 25 bed acute-care hospital in Hermiston, Oregon. The Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Hospital is also exempt from state income taxes.

The Hospital's wholly owned subsidiary, Good Shepherd Medical Service Corp., a for profit corporation, owns and operates medical office buildings and a retail pharmacy. Good Shepherd Community Health Foundation is a separate, not consolidated, non-profit corporation, organized to provide scholarships and support to the community, Good Shepherd Medical Foundation is a separate, non consolidated, non-profit corporation, organized to provide support to the Hospital.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of reporting cash flow, the Hospital considers investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements to be cash and cash equivalents.

The Hospital maintains bank deposits at Banner Bank that are in excess of the insurance limits provided by FDIC. The FDIC and a law firm hired by Banner Bank have confirmed that the Hospital has the right to offset any losses from bank deposits with debt owed to the bank.

Patient Accounts Receivable

Receivables arising from revenues from services to patients are reduced by an allowance for uncollectible accounts and contractual adjustments based on experience, third-party contractual reimbursement arrangements, and any unusual circumstances which may affect the ability of patients to meet their obligations. Accounts deemed uncollectible are charged against the allowance for uncollectible accounts. Receivables are stated in the balance sheet less such allowances.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses.

Assets Limited As to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by trustees under indenture agreements; sinking funds held for payment of upcoming long-term debt payments.

Inventory of Supplies

The inventory of supplies is stated at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. The Hospital generally capitalizes fixed assets with acquisition prices in excess of $750. The estimated useful lives of property and equipment are as follows:

Land improvements	5 to 30 years
Buildings	10 to 40 years
Equipment	3 to 27 years

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Net interest of $0 and $113,569 was capitalized during the years ended June 30, 2011, and 2010, respectively.

Bond Issuance Costs

Bond issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the life of the bonds using the straight line method.

Future amortization expense is as follows:

2012	$ 16,478
2013	16,478
2014	16,478
2015	16,478
2016	16,478
Thereafter	19,225
Total	$ 101,615

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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.

Charity Care

The Hospital provides care to patients that are unable to afford care at established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care. These amounts are not reported as net revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. The following information measures the level of charity care provided during the years ended June 30, 2011 and 2010.

	2011	2010
Charges forgone, based on established rates	$ 7,725,064	$ 5,283,254

Gifts, Grants, and Bequests

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Gifts, grants, and bequests that are not explicitly restricted by the donors are included in other operating revenues in the consolidated statement of operations.

Investment Income

Investment income is reported as non-operating revenue. Investment income on temporary investment of the proceeds from tax exempt borrowings are offset with interest costs on those borrowings. Interest costs exceeding earnings on the tax exempt borrowings are capitalized as part of the cost of acquiring fixed assets associated with the tax exempt borrowings.

Retirement Plan

The Hospital has a defined contribution pension plan that covers substantially all employees. The effective date of the plan was January 1, 1983. Pension costs include current service costs, which are accrued and funded currently. Pension expense included in the consolidated Statement of Operations was approximately $1,144,329 and $1,028,291 as of June 30, 2011 and 2010, respectively.

Advertising

The Hospital expenses the cost of advertising at the time the advertising takes place; no advertising costs have been capitalized. Advertising expense was approximately $121,685 and $111,085 as of June 30, 2011 and 2010, respectively.

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported. At June 30, 2011 $25,000 has been accrued and no amounts were accrued during 2010.

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income. At June 30, 2011 and 2010 the Hospital was not subject to any unrelated business taxable income.

The Hospital has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10, on July 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption, and as of June 30, 2011, the unrecognized tax benefit accrual was zero.

The Hospital will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Hospital is no longer subject to Federal tax examinations by tax authorities for years before 2007 and state examinations for years before 2007.

Excess of Revenues Over Expenses

The Statements of Operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Subsequent Events

The Hospital has evaluated subsequent events through August 25, 2011, the date which the financial statements were available to be issued.

Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Hospital is licensed as a Critical Access Hospital. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2009.

Medicaid: Inpatient, outpatient, and skilled nursing services provided to Medicaid program beneficiaries are reimbursed under cost reimbursement methodologies. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and review thereof by the Medicaid Program. The Hospital's Medicaid cost reports have been settled by the Medicaid program through June 30, 2008.

Other: The Hospital has also entered into payment agreements with certain commercial insurance carriers which include discounts from established charges.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is a possibility that recorded estimates will change by a material amount in the near term. The 2011 net patient service revenue increased approximately $172,316 due to prior-year retroactive adjustments in excess of amounts previously estimated.

Net patient service revenue consisted of the following:

	2011	2010
Gross patient service revenue		
Inpatient services	$ 34,635,829	$ 32,888,333
Outpatient services	75,339,416	70,566,239
Clinic services	7,569,841	6,236,584
Retail pharmacy	2,489,115	2,245,649
	120,034,201	111,936,805
Medicare, Welfare and commercial insurance rate adjustments	40,780,708	35,221,507
Net patient service revenue	$ 79,253,493	$ 76,715,298

Note 3 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are residents of Oregon and Southeast Washington and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors follows:

	2011	2010
Medicare	31%	22%
Medicaid	13%	12%
Blue Cross	7%	7%
Other third-party payors	27%	35%
Patients (self-pay)	22%	24%
	100%	100%

Note 4 - Assets Limited as to Use

Assets limited as to use consist of assets that have been designated to replace property and equipment by the Board of Trustees, proceeds from long-term debt that will be used to complete construction projects, strategic property holdings and unemployment deposits.

During 2010 the Hospital purchased strategic property holdings consisting of a parcel of land with a cost of $1,949,405. During 2011 the Hospital purchased strategic property holdings consisting of land with a cost of $770,721 and buildings with a cost of $1,950,815.

Assets limited to use by the Board and unemployment deposits consisted of the following:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Money market accounts	$ 4,539,949	$ 4,539,949	$ 4,095,006	$ 4,095,006
Certificate of deposit, bank	-	-	191,913	196,000
Mutual Funds	1,056,682	1,109,274	701,899	685,547
Equities	21,692,292	23,993,196	17,552,562	15,863,775
US Government bonds and notes	2,762,495	2,820,024	2,535,313	2,624,633
Corporate bonds	17,312,925	18,093,546	15,941,063	16,348,374
	$ 47,364,343	$ 50,555,989	$ 41,017,756	$ 39,813,335

Assets designated to make long-term debt payments by the Board of Trustees.

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	$ -	$ -	$ 1,595,948	$ 1,714,822
	$ -	$ -	$ 1,595,948	$ 1,714,822

Fair Value Measurements

The Hospital has determined the fair value of certain assets and liabilities in accordance with the provision of ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity 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 related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the fair values of assets limited as to use.

	2011			
	Level 1	Level 2	Level 3	Total
Equities	$ 23,993,196	$ -	$ -	$ 23,993,196
Mutual Funds	1,109,274	-	-	1,109,274
Money market accounts	4,539,949	-	-	4,539,949
Certificate of deposit, bank	-	-	-	-
Corporate Bonds	-	15,559,916	-	15,559,916
Government Agency Bonds	-	5,353,654	-	5,353,654
	$ 29,642,419	$ 20,913,570	$ -	$ 50,555,989

	2010			
	Level 1	Level 2	Level 3	Total
Equities	$ 15,863,775	$ -	$ -	$ 15,863,775
Mutual Funds	685,547	-	-	685,547
Money market accounts	4,095,006	-	-	4,095,006
Certificate of deposit, bank	-	196,000	-	196,000
Corporate Bonds	-	18,063,196	-	18,063,196
Government Agency Bonds	-	2,624,633	-	2,624,633
	$ 20,644,328	$ 20,883,829	$ -	$ 41,528,157

Investment income consisted of the following:

	2011	2010
Interest and dividends	$ 1,244,891	$ 1,313,792
Realized gains and sales of securities	1,622,732	565,870
Less broker fees	(254,969)	(159,218)
	$ 2,612,654	$ 1,720,444

The fair values and gross unrealized losses of investments and assets limited as to use for individual securities that have been in a continuous unrealized loss position as of June 30, 2011 are as follows:

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Equities	$ 439,936	$ 4,283,683	$ 182,001	$ 981,745

The gross unrealized losses on these investments were due to market-price movements. The Hospital reviewed the investment portfolio and determined that the gross unrealized losses on these investments were temporary in nature at June 30, 2011. The Hospital has the ability to hold these investments until recovery of fair value.

Note 5 - Capitalized Interest

The amount of interest cost capitalized on assets acquired with proceeds of tax-exempt borrowings that are externally restricted shall be all interest cost of the borrowing less any investment income earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use. The following is a summary of the amount of interest costs capitalized on assets acquired or constructed with proceeds of tax exempt borrowings during the years ended June 30, 2011 and 2010.

	2011	2010
Interest costs on tax-exempt borrowings	$ 666,102	$ 698,916
Interest costs on completed, non constructed, assets	(518,870)	(447,281)
Interest costs on construction projects	147,232	251,635
Investment income earned on related interest-bearing investments	(147,232)	(138,066)
Interest capitalized on construction projects financed with proceeds of tax-exempt borrowings	$ -	$ 113,569

Note 6 - Long-Term Debt

Long-term debt at June 30, 2011 and 2010 consisted of the following:

	2011	2010
The Hospital Facility Authority of Umatilla County, Oregon Bonds, Series 2007, (Good Shepherd Health Care System), due in monthly installments of $115,358, including interest at 4.575%, with a balloon payment due in August 2017 for the remaining balance. Collateralized by real estate.	$ 13,927,302	$ 14,945,496
Ottmar note payable of $500,000 commenced on December 17, 2010, due in annual installments of $100,000, including interest at 4%, payable through December 17, 2015.	500,000	-
Total long-term debt	14,427,302	14,945,496
Less current maturities	(1,475,628)	(715,346)
Long-term debt less current maturities	$ 12,951,674	$ 14,230,150

The Hospital Facility debt agreement requires the Hospital to satisfy certain measures of financial performance. Management believes that the Hospital is in compliance with all debt covenants.

Principal maturities are scheduled as follows:

2012	$ 1,475,628
2013	1,537,042
2014	1,608,706
2015	1,687,801
2016	1,751,291
Thereafter	6,366,834
Total	$ 14,427,302

The fair value of long-term debt is estimated using discounted cash flows based on the Hospital's incremental borrowing rates for similar types of borrowings. The carrying amount and estimated fair value of the Hospital's debt is $12,951,674 and $14,524,991, respectively, as of June 30, 2011, and $14,230,150 and $15,058,837, respectively, as of June 30, 2010.

Note 7 - Rental of Medical Office Buildings

The Hospital and Good Shepherd Medical Service Corporation (Subsidiary) operate the rental of medical office buildings. Revenues and expenses are included in the consolidated totals. Results consisted of the following:

	2011	2010
Gross rents and utilities	$ 479,759	$ 459,302
Utilities, repairs, and other expenses	(79,197)	(70,993)
Property taxes	(109,517)	(108,043)
Depreciation expense	(235,156)	(238,440)
Rental Gain	$ 55,889	$ 41,826

Interest expense from the Subsidiary of $210,914 in 2011 and $243,339 in 2010, to Good Shepherd Health Care System (Parent) is not included as an expense above. The interest expense from the Subsidiary and the interest income to the Parent has been eliminated in the consolidation.

The Hospital leases building space to other medical operations under operating leases. Book value of building space under operating leases was $2,142,145 and $1,688,011 at June 30, 2011 and 2010, respectively, and is included in buildings and improvements in net property and equipment, at cost in the accompanying statement of financial position. Accumulated depreciation on equipment under operating leases was $2,103,368 and $1,348,978 at June 30, 2011 and 2010, respectively. Minimum future rentals on noncancelable operating leases with original terms of one year or longer total $354,728 at June 30, 2011.

These amounts are receivable as follows:

2012	$ 332,670
2013	224,983
2014	116,473
2015	97,215
Total	$ 771,341

Note 8 - Retail Pharmacy Operation

The Subsidiary also operates a retail pharmacy. Revenues and expenses are included in the consolidated totals. Retail pharmacy operations consisted of the following:

	2011	2010
Pharmacy sales	$ 2,494,179	$ 2,247,608
Cost of sales	(2,051,997)	(1,779,151)
Gross profit	442,182	468,457
Expenses		
Payroll services	(374,120)	(352,026)
Supplies and other pharmacy operations	(23,837)	(22,605)
Total expenses	(397,957)	(374,631)
Income from retail pharmacy operation	$ 44,225	$ 93,826

Note 9 - Commitments and Contingencies

The Hospital leases various equipment and facilities under operating leases expiring at various dates through June 30, 2014. The total rental expense in 2011 and 2010 for all operating leases was $321,024 and $346,254, respectively.

Note 10 - Insurance Coverage, Contingent Liability

The Hospital has professional liability insurance coverage of $10,000,000. The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the Hospital purchases insurance to cover "prior acts." The Hospital currently purchases prior acts coverage annually.

At June 30, 2011, $25,000 has been accrued for claims made during 2011. No amounts were accrued at June 30, 2010.

Note 11 - Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Cash and Cash Equivalents

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

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 1 and 2.

Investments

Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Accounts Payable and Accrued Expenses

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

Estimated Third-Party Payor Settlements

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

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 10.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term. At June 30, 2011 and 2010 no liability has been accrued.

Note 12 - Functional Expenses

The Hospital provides health care services to residents of Oregon and Southeast Washington. Expenses related to providing these services are summarized as follows:

	Health Care Services	Fiscal and Administrative	Total
Year ended June 30, 2011			
Salaries and payroll costs	$ 20,627,776	$ 6,576,119	$ 27,203,895
Supplies and other expenses	39,015,608	3,676,304	42,691,912
Total expenses	$ 59,643,384	$ 10,252,423	$ 69,895,807
Year ended June 30, 2010			
Salaries and payroll costs	$ 20,034,926	$ 6,323,075	$ 26,358,001
Supplies and other expenses	37,385,217	3,614,590	40,999,807
Total expenses	$ 57,420,143	$ 9,937,665	$ 67,357,808

Supplemental Information
June 30, 2011 and 2010

Good Shepherd Health Care System

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplemental Information

The Board of Trustees
Good Shepherd Health Care System
Hermiston, Oregon

Our report on our audits of the consolidated financial statements of Good Shepherd Health Care System for the years ended June 30, 2011 and 2010 appears on page 1. Those audits were made for the purpose of forming an opinion on the consolidated statements taken as a whole. The information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
August 25, 2011

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Good Shepherd Health Care System

Patient Service Revenue

Years Ended June 30, 2011 and 2010

	2011			2010		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient Services						
Acute care	$ 4,755,856	$ 429,158	$ 5,185,014	$ 4,759,273	$ 238,088	$ 4,997,361
Obstetrics and nursery	2,976,908	256,353	3,233,261	2,800,195	206,680	3,006,875
Special care	1,889,147	163,710	2,052,857	1,790,578	176,366	1,966,944
Diagnostic imaging	2,103,032	22,297,370	24,400,402	1,994,765	20,444,148	22,438,913
Emergency room	914,435	15,483,719	16,398,154	762,349	13,009,602	13,771,951
Surgery and recovery rooms	11,473,680	12,785,193	24,258,873	9,981,333	15,027,908	25,009,241
Laboratory	2,663,345	7,855,753	10,519,098	2,670,020	6,631,302	9,301,322
Pharmacy	3,215,603	4,539,568	7,755,171	3,431,857	3,827,150	7,259,007
Respiratory care, EKG, and EEG	2,174,036	1,352,738	3,526,774	2,472,475	1,381,480	3,853,955
Anesthesiology	2,189,783	3,695,453	5,885,236	2,001,254	4,299,979	6,301,233
Physical therapy	153,877	2,150,558	2,304,435	128,488	1,965,872	2,094,360
Home health	-	671,675	671,675	-	618,331	618,331
Clinic services	-	7,569,841	7,569,841	-	6,236,584	6,236,584
Retail pharmacy	-	2,489,115	2,489,115	-	2,245,649	2,245,649
Hospice care	1,478	1,089,210	1,090,688	6,256	969,806	976,062
Other	149,346	2,544,261	2,693,607	89,490	1,769,527	1,859,017
Gross Patient Service Revenue	$ 34,660,526	$ 85,373,675	120,034,201	$ 32,888,333	$ 79,048,472	111,936,805
Medical, Welfare, and Insurance Adjustments			40,780,708			35,221,507
Net Patient Service Revenue			$ 79,253,493			$ 76,715,298

Good Shepherd Health Care System

Operating Expenses

Years Ended June 30, 2011 and 2010

	Year Ended June 30, 2011			Year Ended June 30, 2010		
	Salaries and Wages	Supplies and Other Expenses	Total	Salaries and Wages	Supplies and Other Expenses	Total
Patient Services						
Acute care	$ 1,870,894	$ 195,110	$ 2,066,004	$ 1,860,025	$ 199,129	$ 2,059,154
Obstetrics and nursery	1,165,018	168,232	1,333,250	1,110,700	149,944	1,260,644
Special care	825,017	68,442	893,459	898,048	115,362	1,013,410
Diagnostic imaging	1,577,329	1,827,889	3,405,218	1,489,071	1,798,705	3,287,776
Emergency room	2,771,396	1,079,630	3,851,026	2,783,495	951,719	3,735,214
Surgery and recovery rooms	2,143,874	5,244,284	7,388,158	2,522,195	5,272,328	7,794,523
Laboratory	927,388	1,299,593	2,226,981	871,161	1,198,619	2,069,780
Pharmacy	581,921	1,953,821	2,535,742	557,516	1,584,803	2,142,319
Clinic services	3,692,233	2,903,272	6,595,505	3,225,925	1,675,533	4,901,458
Respiratory care, EKG, and EEG	628,129	108,562	736,691	558,424	106,358	664,782
Anesthesiology	428,113	1,360,485	1,788,598	461,473	1,279,806	1,741,279
Physical therapy	-	1,102,337	1,102,337	-	1,009,661	1,009,661
Home health	357,126	247,214	604,340	414,147	184,896	599,043
Hospice care	361,391	178,253	539,644	334,973	167,601	502,574
Medical services pharmacy	-	2,239,040	2,239,040	-	1,910,443	1,910,443
Other	1,097,930	138,325	1,236,255	865,415	85,537	950,952
	18,427,759	20,114,489	38,542,248	17,952,568	17,690,444	35,643,012
General Services						
Dietary and cafeteria	899,700	690,941	1,590,641	828,705	610,666	1,439,371
Maintenance	589,272	761,779	1,351,051	560,570	767,698	1,328,268
Environmental services	711,045	420,582	1,131,627	693,083	404,774	1,097,857
	2,200,017	1,873,302	4,073,319	2,082,358	1,783,138	3,865,496

Good Shepherd Health Care System

Operating Expenses

Years Ended June 30, 2011 and 2010

	Year Ended June 30, 2011			Year Ended June 30, 2010		
	Salaries and Wages	Supplies and Other Expenses	Total	Salaries and Wages	Supplies and Other Expenses	Total
Fiscal and Administrative Services						
Fiscal and administrative	3,839,278	3,227,975	7,067,253	3,739,788	3,208,157	6,947,945
Nursing administration and quality	1,368,055	176,432	1,544,487	1,258,487	129,709	1,388,196
Medical records	593,906	90,716	684,622	569,643	125,246	694,889
Purchasing	205,038	16,942	221,980	202,408	9,273	211,681
Daycare	294,551	63,770	358,321	303,449	55,762	359,211
Health education	252,371	100,024	352,395	228,488	85,163	313,651
Chaplain	22,920	445	23,365	20,812	1,280	22,092
	6,576,119	3,676,304	10,252,423	6,323,075	3,614,590	9,937,665
Other						
Medical services rentals	-	399,628	399,628	-	408,864	408,864
Provision for bad debts	-	4,978,778	4,978,778	-	6,039,214	6,039,214
Payroll taxes and benefits	-	6,798,781	6,798,781	-	6,974,144	6,974,144
Interest	-	518,870	518,870	-	447,281	447,281
Depreciation and amortization	-	4,331,760	4,331,760	-	4,042,132	4,042,132
	-	17,027,817	17,027,817	-	17,911,635	17,911,635
	$ 27,203,895	$ 42,691,912	$ 69,895,807	$ 26,358,001	$ 40,999,807	$ 67,357,808

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2011

Assets	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Current Assets				
Cash	$ 4,162,250	$ 83,291	$ -	$ 4,245,541
Patient accounts receivable, net of allowance of $8,400,731	10,781,389	159,277	-	10,940,666
Interest receivable - intercompany	3,054,914	-	(3,054,914)	-
Inventory of supplies	1,512,595	273,163	-	1,785,758
Estimated settlements receivable	879,651	-	-	879,651
Prepaid expenses	709,516	3,272	-	712,788
Other assets	256,929	14,354	-	271,283
Total current assets	21,357,244	533,357	(3,054,914)	18,835,687
Assets Whose Use is Limited				
By the hospital board	50,042,831	-	-	50,042,831
Strategic property holdings	4,670,941	-	-	4,670,941
Long-term debt sinking fund	-	-	-	-
Unemployment deposit	513,158	-	-	513,158
Total assets whose use is limited	55,226,930	-	-	55,226,930
Property and Equipment				
Land	741,457	48,493	-	789,950
Land improvements	1,642,206	231,538	-	1,873,744
Buildings	38,398,646	6,447,977	-	44,846,623
Equipment	31,554,576	375,729	-	31,930,305
Construction in progress	2,888,554	269	-	2,888,823
	75,225,439	7,104,006	-	82,329,445
Less accumulated depreciation	35,758,427	4,350,843	-	40,109,270
Total property, plant and equipment	39,467,012	2,753,163	-	42,220,175
Other Assets				
Note receivable - subsidiary	6,230,048	-	(6,230,048)	-
Investment in subsidiary	(11,332,713)	-	11,332,713	-
Bond issuance costs, net of accumulated amortization	101,615	-	-	101,615
	(5,001,050)	-	5,102,665	101,615
	$ 111,050,136	$ 3,286,520	$ 2,047,751	$ 116,384,407

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2011

	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 1,764,642	$ 31,334	$ -	$ 1,795,976
Accrued payroll	1,915,457	-	-	1,915,457
Accrued vacation liabilities	1,609,497	-	-	1,609,497
Estimated cost report settlements payable	191,084	-	-	191,084
Interest payable - intercompany	-	3,054,914	(3,054,914)	-
Other accrued liabilities	1,444,448	82,957	-	1,527,405
Current portion of long-term debt	1,475,628	-	-	1,475,628
Total current liabilities	8,400,756	3,169,205	(3,054,914)	8,515,047
Long-Term Liabilities				
Note payable - subsidiary	-	6,230,048	(6,230,048)	-
Long-term debt due after one year	12,951,674	-	-	12,951,674
Total liabilities	21,352,430	9,399,253	(9,284,962)	21,466,721
Net Assets				
Unrestricted	89,340,746	(6,112,733)	11,332,713	94,560,726
Temporarily restricted	356,960	-	-	356,960
Total net assets	89,697,706	(6,112,733)	11,332,713	94,917,686
	$ 111,050,136	$ 3,286,520	$ 2,047,751	$ 116,384,407

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2010

	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Assets				
Current Assets				
Cash	$ 1,291,757	$ 94,265	$ -	$ 1,386,022
Patient accounts receivable, net of allowance of $7,041,429	9,790,119	142,545	-	9,932,664
Interest receivable - intercompany	3,044,000	-	(3,044,000)	-
Inventory of supplies	1,365,994	249,413	-	1,615,407
Estimated settlements receivable	449,973	-	-	449,973
Prepaid expenses	700,641	11,443	-	712,084
Other assets	247,518	8,503	-	256,021
Total current assets	16,890,002	506,169	(3,044,000)	14,352,171
Assets Whose Use is Limited				
By the Hospital Board	39,329,081	-	-	39,329,081
Strategic property holdings	1,949,405	-	-	1,949,405
Long-term debt sinking fund	1,714,822	-	-	1,714,822
Unemployment deposit	484,254	-	-	484,254
Total assets whose use is limited	43,477,562	-	-	43,477,562
Property and Equipment				
Land	741,457	48,493	-	789,950
Land improvements	1,585,625	231,538	-	1,817,163
Buildings	39,313,077	5,328,917	-	44,641,994
Equipment	28,916,670	373,120	-	29,289,790
Construction in progress	123,649	-	-	123,649
	70,680,478	5,982,068	-	76,662,546
Less accumulated depreciation	31,831,403	4,160,059	-	35,991,462
Total property, plant and equipment	38,849,075	1,822,009	-	40,671,084
Other Assets				
Note receivable - subsidiary	5,122,921	-	(5,122,921)	-
Investment in subsidiary	(9,157,005)	-	9,157,005	-
Bond issuance costs, net of accumulated amortization	118,093	-	-	118,093
	(3,915,991)	-	4,034,084	118,093
	$ 95,300,648	$ 2,328,178	$ 990,084	$ 98,618,910

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2010

	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 919,909	$ 33,612	$ -	$ 953,521
Accrued payroll	1,856,203	-	-	1,856,203
Accrued vacation liabilities	1,468,163	-	-	1,468,163
Estimated cost report settlements payable	175,104	-	-	175,104
Interest payable - intercompany	-	3,044,000	(3,044,000)	-
Other accrued liabilities	1,419,378	76,181	-	1,495,559
Current portion of long-term debt	715,346	-	-	715,346
Total current liabilities	6,554,103	3,153,793	(3,044,000)	6,663,896
Long-Term Liabilities				
Note payable - subsidiary	-	5,122,921	(5,122,921)	-
Long-term debt due after one year	14,230,150	-	-	14,230,150
Total liabilities	20,784,253	8,276,714	(8,166,921)	20,894,046
Net Assets				
Unrestricted	74,228,136	(5,948,536)	9,157,005	77,436,605
Temporarily restricted	288,259	-	-	288,259
Total net assets	74,516,395	(5,948,536)	9,157,005	77,724,864
	$ 95,300,648	$ 2,328,178	$ 990,084	$ 98,618,910

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2011

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Gross Revenue						
Inpatient services	$ 34,635,829	$ -	$ -	$ -	$ -	$ 34,635,829
Outpatient services	75,339,416	7,569,841	2,489,115	-	-	85,398,372
Gross revenue	109,975,245	7,569,841	2,489,115	-	-	120,034,201
Deductions from						
Patient Revenue						
Medicare allowances	18,491,632	471,636	-	-	-	18,963,268
Welfare allowances	8,870,881	490,031	-	-	-	9,360,912
Other allowances	3,532,899	667,423	-	-	-	4,200,322
Administrative adjustments	531,142	-	-	-	-	531,142
Charity care	7,440,575	284,489	-	-	-	7,725,064
Total deductions	38,867,129	1,913,579	-	-	-	40,780,708
Net patient revenue	71,108,116	5,656,262	2,489,115	-	-	79,253,493
Other income	1,462,328	(17)	-	354,728	-	1,817,039
Net assets released from restrictions used for operations	3,646	-	-	-	-	3,646
Net Operating Revenue	72,574,090	5,656,245	2,489,115	354,728	-	81,074,178
Operating Expenses						
Salaries and wages	23,511,662	3,692,233	-	-	-	27,203,895
Employee benefits	5,826,865	971,916	-	-	-	6,798,781
Supplies	9,843,189	339,271	2,055,643	5,812	-	12,243,915
Provision for bad debts	4,878,443	100,335	-	-	-	4,978,778
Depreciation and amortization	4,140,975	-	-	190,785	-	4,331,760
Interest	518,870	-	-	210,914	(210,914)	518,870
Professional fees	3,287,346	1,812,693	-	-	-	5,100,039
Purchased services	4,184,956	610,989	374,120	26,272	-	5,196,337
Insurance	590,289	-	-	4,523	-	594,812
Rental and lease	239,115	63,132	18,777	-	-	321,024
Utilities and telephone	766,494	28,794	-	42,590	-	837,878
Travel and education	333,814	14,538	-	-	-	348,352
Dues and subscriptions	107,311	3,386	1,001	-	-	111,698
Recruitment	342,713	-	-	-	-	342,713
Other direct expenses	826,556	30,469	413	109,517	-	966,955
Total operating expense	59,398,598	7,667,756	2,449,954	590,413	(210,914)	69,895,807

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2011

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Income (Loss) from Operations	13,175,492	(2,011,511)	39,161	(235,685)	210,914	11,178,371
Nonoperating Revenue (Expense)						
Investment income	2,823,568	-	-	-	(210,914)	2,612,654
Nonoperating revenues	(42,328)	-	5,064	27,263	-	(10,001)
Nonoperating expenses	(2,175,708)	-	-	-	2,175,708	-
Charitable donations	(301,672)	-	-	-	-	(301,672)
Total nonoperating	303,860	-	5,064	27,263	1,964,794	2,300,981
Excess of Revenues over Expenses	13,479,352	(2,011,511)	44,225	(208,422)	2,175,708	13,479,352
Change in net unrealized gains on investments	3,644,769	-	-	-	-	3,644,769
Increase in Unrestricted Net Assets	$ 17,124,121	$ (2,011,511)	$ 44,225	$ (208,422)	$ 2,175,708	$ 17,124,121

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2010

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Gross Revenue						
Inpatient services	$ 32,888,333	$ -	$ -	$ -	$ -	$ 32,888,333
Outpatient services	70,566,239	6,236,584	2,245,649	-	-	79,048,472
Gross revenue	103,454,572	6,236,584	2,245,649	-	-	111,936,805
Deductions from						
Patient Revenue						
Medicare allowances	17,756,494	417,447	-	-	-	18,173,941
Welfare allowances	6,515,348	(378,005)	-	-	-	6,137,343
Other allowances	4,845,193	602,803	-	-	-	5,447,996
Administrative adjustments	178,973	-	-	-	-	178,973
Charity care	5,097,185	186,069	-	-	-	5,283,254
Total deductions	34,393,193	828,314	-	-	-	35,221,507
Net patient revenue	69,061,379	5,408,270	2,245,649	-	-	76,715,298
Other income	1,450,004	2,957	-	349,319	-	1,802,280
Net assets released from restrictions used for operations	47,497	-	-	-	-	47,497
Net Operating Revenue	70,558,880	5,411,227	2,245,649	349,319	-	78,565,075
Operating Expenses						
Salaries and wages	23,132,076	3,225,925	-	-	-	26,358,001
Employee benefits	6,170,535	803,609	-	-	-	6,974,144
Supplies	9,105,957	317,127	1,783,680	1,899	-	11,208,663
Provision for bad debts	5,943,620	95,594	-	-	-	6,039,214
Depreciation and amortization	3,848,063	-	-	194,069	-	4,042,132
Interest	447,281	-	-	243,339	(243,339)	447,281
Professional fees	3,021,401	843,298	-	-	-	3,864,699
Purchased services	4,117,980	405,007	352,026	19,679	-	4,894,692
Insurance	685,420	-	-	3,925	-	689,345
Rental and lease	290,987	38,818	16,449	-	-	346,254
Utilities and telephone	766,293	34,729	-	39,201	-	840,223
Travel and education	323,912	11,954	480	-	-	336,346
Dues and subscriptions	100,850	2,394	600	-	-	103,844
Recruitment	609,414	-	-	-	-	609,414
Other direct expenses	479,982	22,206	547	100,821	-	603,556
Total operating expense	59,043,771	5,800,661	2,153,782	602,933	(243,339)	67,357,808

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2010

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Income (Loss) from Operations	11,515,109	(389,434)	91,867	(253,614)	243,339	11,207,267
Nonoperating Revenue (Expense)						
Investment income	1,963,783	-	-	-	(243,339)	1,720,444
Nonoperating revenues	44,162	-	1,959	13,139	-	59,260
Nonoperating expenses	(986,082)	-	-	-	536,082	(450,000)
Charitable donations	-	-	-	-	-	-
Total nonoperating	1,021,863	-	1,959	13,139	292,743	1,329,704
Excess of Revenue over Expenses	12,536,972	(389,434)	93,826	(240,475)	536,082	12,536,971
Change in net unrealized gains on investments	148,097	-	-	-	-	148,097
Increase in Unrestricted Net Assets	$ 12,685,069	$ (389,434)	$ 93,826	$ (240,475)	$ 536,082	$ 12,685,068