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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 10-01-2010 and ending 09-30-2011

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

C Name of organization
Palmetto Health

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
293 Greystone Boulevard 2nd Floor

City or town, state or country, and ZIP + 4
Columbia, SC 29210

D Employer identification number
58-2296052

E Telephone number
(803) 296-2100

G Gross receipts $ 1,290,395,904

F Name and address of principal officer
Charles D Beaman JR
293 Greystone Boulevard
Columbia, SC 29210

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 PALMETTOHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1996 | **M** State of legal domicile SC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Palmetto Health is central South Carolina's largest and most comprehensive not-for-profit health system and is committed to improving the health of individuals and communities we serve

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	11,144
6	Total number of volunteers (estimate if necessary)	**6**	353
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	10,353,307
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	310,399

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	11,683,437	10,927,009
9	Program service revenue (Part VIII, line 2g)	1,252,101,150	1,243,073,112
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	30,552,420	30,172,614
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-1,433,366	-1,053,779
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,292,903,641	1,283,118,956

Revenue

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	9,156,285	4,768,180
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)	566,818,899	560,671,418
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)	652,420,385	672,828,173
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,228,395,569	1,238,267,771
19	Revenue less expenses Subtract line 18 from line 12	64,508,072	44,851,185

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,442,111,218	1,475,374,000
21	Total liabilities (Part X, line 26)	772,882,196	811,232,855
22	Net assets or fund balances Subtract line 21 from line 20	669,229,022	664,141,145

Net Assets or Fund Balances

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

****** | 2012-08-14
Signature of officer | Date

Paul K Duane Executive VP & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ Grant Thornton LLP				Firm's EIN ▶
Firm's address ▶ 201 S COLLEGE ST STE 2500 CHARLOTTE, NC 28244				Phone no ▶ (704) 632-3500

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

PALMETTO HEALTH IS COMMITTED TO IMPROVING THE PHYSICAL, EMOTIONAL AND SPIRITUAL HEALTH OF ALL INDIVIDUALS AND COMMUNITIES WE SERVE, TO PROVIDING CARE WITH EXCELLENCE AND COMPASSION, AND, TO WORKING WITH OTHERS WHO SHARE OUR FUNDAMENTAL COMMITMENT TO IMPROVING THE HUMAN CONDITION

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 $ 1,112,970,742 including grants of $ 4,768,180) (Revenue $ 1,243,073,112)

Palmetto Health is central South Carolina's largest and most comprehensive not-for-profit health system, committed to being remembered by each patient as providing the care and compassion we want for our families and ourselves Palmetto Health is a South Carolina nonprofit public benefit corporation recognized as an IRC section 501(c)(3) charity The Joint Commission-accredited organization's more than 8,500 team members serve our community in four Columbia-based hospitals - Palmetto Health Richland, Palmetto Health Baptist, Palmetto Health Children's Hospital and Palmetto Health Heart Hospital They also serve in Palmetto Health's employed physician practice network, and alongside more than 1,000 physicians on its medical staffs Being the largest private employer in the Midlands region and the third largest in South Carolina means Palmetto Health is an important economic development driver for our region, but the organization is proud of being recognized for having the best employees For the last four years, Modern Healthcare has named Palmetto Health one of the Top 100 Places to Work in Healthcare The SC Chamber of Commerce has named Palmetto Health one of the top 20 places to work in SC, three years in a row In 2011, Palmetto Health received the South Carolina Chamber of Commerce's Excellence in Diversity Workplace award in the large employer category And for the past five years, Palmetto Health has been named one of the top places in the country to work in Information Technology by ComputerWorld magazine In keeping with Palmetto Health's vision - to be remembered by each patient as providing the care and compassion we want for our families and ourselves - our team members and physicians put our patients and their families at the center of all we do Palmetto Health provides health care for nearly 70 percent of the residents of Richland County and almost 55 percent of the health care for the combined Richland/Lexington County area Patients are rendered services without distinction due to race, religion, color, national origin, ancestry, sex, gender, age, veteran's status or disability Each year, our hospitals treat nearly a half million patients, welcome more than 5,700 babies into the world, admit more than 3,000 cancer patients, treat more than 90,000 pediatric patients, accommodate more than 125,000 emergency department visits, and make more than 32,000 home care visits The system is closely aligned with the University Of South Carolina School Of Medicine, with Palmetto Health Richland serving as its primary teaching hospital At Palmetto Health, we proudly offer services available nowhere else in the region Among these are the largest private behavioral health services offering, a Level I trauma center, two Level III neonatal intensive care units providing the highest level of care for premature infants, a pediatric intensive care unit, a children's emergency room, robotic assisted surgery, and a gamma knife Many of our programs and services have been uniquely accredited for excellence, such as the state's first accredited chest pain center and accredited breast center by the American College of Surgeons' National Accreditation Program The Joint Commission has accredited Palmetto Health's Heart Failure program and its Primary Stroke Center And Blue Cross has designated centers at Palmetto Health for cardiac care, and hip and knee replacement, for their Blue Distinction designation Palmetto Health provides the local community with more low or no-cost services than any other health provider We do this under local ownership, local management and local accountability Our goal is to provide the best for our community, in the best equipped facilities in the state, while working with others to achieve our mission Palmetto Health has pledged 10 percent of its annual bottom line for 35 years to fund community health care initiatives in cancer education and prevention, maternal and child health services, and many others In the last 14 years, Palmetto Health has spent nearly $34 million in this special effort alone This tithe is a contribution over and above the care provided in our hospitals for services to patients in need During 2011, Palmetto Health provided to the communities we served $95 million in community benefit programs More than $35 million of the $95 million was associated with uncompensated care Because of its initiative to reduce health disparities within the community through increased healthcare access and education, Palmetto Health was declared one of three finalists for the 2011 Foster G McGaw Award The prestigious award recognizes innovative hospital programs that significantly improve the health and well-being of their community Palmetto Health is proud to have focused on quality and patient safety improvement initiatives and set about creating the structure, culture and accountability to achieve it These efforts have allowed our hospitals to achieve significant progress in decreasing mortality and increasing the performance in appropriate care measures for nationally benchmarked standards of care for six high-volume procedures This ambitious and concerted quality goal of eliminating all preventable errors and deaths continues to be a focus for all at Palmetto Health, while attention has increased on reducing "harm events" such as infections and falls, and on reducing unnecessary readmissions In addition to the healthcare outreach efforts in which Palmetto Health engages, the system accepts a key role in community support through investment by its employees in the United Way and our own Palmetto Health Foundation Additionally, the organization and its employees participate and invest in community agencies such as the American Heart Association, the March of Dimes, the American Cancer Society, and myriad other health and human services organizations With key leaders volunteering for significant roles in organizations like the Chambers of Commerce, City Center Partnership, Central Carolina Economic Development Alliance and a host of others, Palmetto Health is making its presence known and essential in the community

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** ▶ $ 1,112,970,742

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *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**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *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**	Yes	
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**	Yes	
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	817		
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	11,144		
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	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year 1a 15			
b	Enter the number of voting members included in line 1a, above, who are independent 1b 10			
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	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

Section C. Disclosure

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

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 ▶

BENJAMIN M CUNNINGHAM JR
293 GREYSTONE BLVD
Columbia, SC 29210
(803) 296-2135

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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								11,789,648	0	1,506,780

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 ▶ 380

			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**	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Carolina Care 3 Richland Medical Park Suite 350 COLUMBIA, SC 29203	ER Physicians	15,427,651
MRI Inc of the Carolinas 1519 Marion Street COLUMBIA, SC 29201	Physicians	6,114,991
Frensenius Medical DBA Columbia Dialysis Unit PO Box 281471 ATLANTA, GA 303841471	Dialysis Services	2,824,645
Professional Pathology Services PC PO Box 865 COLUMBIA, SC 29202	Physicians	3,556,690
Carolina Urocorp Taylor at Marion COLUMBIA, SC 29220	Physicians	1,626,398

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 ▶ 89

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	3,947,135			
	e Government grants (contributions)	1e	5,695,423			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1,284,451			
	g Noncash contributions included in lines 1a-1f $		234,854			
	h **Total.** Add lines 1a-1f	▶	10,927,009			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621300	1,169,728,456	1,169,728,456		
	b BAPTIST EASLEY FEE	561000	21,191,849	21,191,849		
	c PALMETTO SENIOR CARE	623000	18,786,500	18,786,500		
	d REFERENCE LABORATORY	621500	9,186,413		9,186,413	
	e PHARMACY	446110	7,936,307			7,936,307
	f All other program service revenue		16,243,587	9,565,439	1,166,894	5,511,254
	g **Total.** Add lines 2a–2f	▶	1,243,073,112			
	3 Investment income (including dividends, interest and other similar amounts)	▶	14,126,612			14,126,612
	4 Income from investment of tax-exempt bond proceeds . .	▶	0			
	5 Royalties	▶	0			

		(i) Real	(ii) Personal				
	6a Gross Rents	6,223,169					
	b Less rental expenses	7,276,948					
	c Rental income or (loss)	-1,053,779					
	d Net rental income or (loss)	▶		-1,053,779			-1,053,779

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	15,906,000	140,002				
	b Less cost or other basis and sales expenses						
	c Gain or (loss)	15,906,000	140,002				
	d Net gain or (loss)	▶		16,046,002			16,046,002
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 . .	▶		0			
	9a Gross income from gaming activities See Part IV, line 19 . a						
	b Less direct expenses . . . . . b						
	c Net income or (loss) from gaming activities . . .	▶		0			
	10a Gross sales of inventory, less returns and allowances . a						
	b Less cost of goods sold . . b						
	c Net income or (loss) from sales of inventory . .	▶		0			
	Miscellaneous Revenue		Business Code				
	11a						
	b						
	c						
	d All other revenue						
	e **Total.** Add lines 11a–11d	▶		0			
	12 **Total revenue.** See Instructions . . .	▶		1,283,118,956	1,219,272,244	10,353,307	42,566,396

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	4,682,180	4,682,180		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	86,000	86,000		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	5,750,650	460,052	5,290,598	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	461,571,283	419,501,108	42,070,175	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0			
9 Other employee benefits	59,745,251	59,744,126	1,125	
10 Payroll taxes	33,604,234	33,604,234		
a Fees for services (non-employees) Management	3,329,093	1,599,715	1,729,378	
b Legal	1,752,813	978,906	773,907	
c Accounting	463,249	25,700	437,549	
d Lobbying	0			
e Professional fundraising services *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	110,714,456	99,549,659	11,164,797	
12 Advertising and promotion	2,581,171	247,935	2,333,236	
13 Office expenses	4,478,085	4,413,278	64,807	
14 Information technology	15,360,291	446,462	14,913,829	
15 Royalties	0			
16 Occupancy	38,099,553	28,509,864	9,589,689	
17 Travel	2,491,579	2,011,227	480,352	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	30,089,932	3,240,480	26,849,452	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	54,021,025	53,180,262	840,763	
23 Insurance	7,864,885	7,864,885		
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 PROVISION FOR UNCOLLECTIBLE AC	201,303,602	201,303,602		
b MEDICAL SUPPLIES	176,248,260	175,567,021	681,239	
c REPAIRS AND MAINTENANCE	5,218,639	5,177,089	41,550	
d UNRELATED BUSINESS INCOME TAX	227,648	227,648		
e EMPLOYEE EDUCATION	1,601,641	744,975	856,666	
f All other expenses	16,982,251	9,804,334	7,177,917	
25 **Total functional expenses.** Add lines 1 through 24f	1,238,267,771	1,112,970,742	125,297,029	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		40,550,520	1	35,094,478
	2	Savings and temporary cash investments		40,237,284	2	27,054,629
	3	Pledges and grants receivable, net		504,437	3	581,106
	4	Accounts receivable, net		200,008,543	4	197,867,481
	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		3,940,245	7	3,873,825
	8	Inventories for sale or use		16,568,345	8	17,021,306
	9	Prepaid expenses and deferred charges		8,868,817	9	10,214,360
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 1,289,232,641			
	b	Less accumulated depreciation	10b 839,161,706	446,621,000	10c	450,070,935
	11	Investments—publicly traded securities		627,527,374	11	678,019,756
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		29,319,408	13	29,484,259
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		27,965,245	15	26,091,865
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,442,111,218	16	1,475,374,000
Liabilities	17	Accounts payable and accrued expenses		110,603,395	17	142,231,600
	18	Grants payable		5,000,000	18	2,500,000
	19	Deferred revenue		713,259	19	1,421,415
	20	Tax-exempt bond liabilities		562,659,737	20	554,047,069
	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		1,359,490	23	1,035,172
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		92,546,315	25	109,997,599
	26	**Total liabilities.** Add lines 17 through 25		772,882,196	26	811,232,855
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		641,970,191	27	636,171,000
	28	Temporarily restricted net assets		20,622,595	28	21,280,105
	29	Permanently restricted net assets		6,636,236	29	6,690,040
		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		669,229,022	33	664,141,145
	34	Total liabilities and net assets/fund balances		1,442,111,218	34	1,475,374,000

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	1,283,118,956
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,238,267,771
3	Revenue less expenses Subtract line 2 from line 1	3	44,851,185
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	669,229,022
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-49,939,062
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	664,141,145

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	Yes	
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	Yes	

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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
Palmetto Health

Employer identification number
58-2296052

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).

Additional Data

Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Jerome D Odom PhD Chairman	5 0	X		X				22,370	0	0
William L Freeman III Vice Chairman	5 0	X		X				15,379	0	0
Traci Young Cooper EdD Secretary	3 0	X		X				15,379	0	0
Sara B Fisher Treasurer	3 0	X		X				15,379	0	0
James H Herlong MD Trustee	3 0	X						15,539	0	0
James E Wheeler Trustee	3 0	X						15,379	0	0
Charles T Gatch Trustee	3 0	X						15,379	0	0
N John Stewart Jr MD Trustee	3 0	X						15,379	0	0
James A Bennett Trustee	3 0	X						15,379	0	0
Arthur M Bjontegard Jr Trustee	3 0	X						15,379	0	0
William L Cogdill Jr Trustee	3 0	X						18,874	0	0
Rosalyn W Frierson Trustee	3 0	X						15,379	0	0
Candy Y Waites Trustee	3 0	X						15,379	0	0
Rep Lester P Branham Jr Trustee	3 0	X						15,379	0	0
James C Reynolds MD Trustee	3 0	X						15,379	0	0
Robert H Bunch MD Trustee/Physician	50 0	X						426,112	0	16,965
Charles D Beaman Jr Chief Executive Officer	50 0			X				949,637	0	403,808
John J Singerling President	50 0			X				469,418	0	319,899
Paul K Duane Exec V P & CFO	50 0			X				519,402	0	119,052
Michelle E Edwards Chief Information Officer	50 0				X			268,802	0	49,796
James I Raymond MD Chief Medical Officer	50 0				X			1,706,683	0	30,550
James M Bridges Executive Vice President	50 0				X			388,763	0	76,110
Howard P West Senior Vice President	50 0				X			360,722	0	140,192
Willis Gregory III Senior Vice President	50 0				X			324,117	0	92,590
Vince Ford Senior Vice President	50 0				X			212,441	0	50,364

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Ellis M Knight MD Sr V P of Ambulatory Srvs	50 0				X			400,014	0	48,488
Edward S Hickson Executive Vice President	50 0				X			212,927	0	21,123
Benjamin M Cunningham Jr Vice President	50 0				X			208,350	0	23,650
Jeffrey T Ehreth MD Physician	50 0					X		1,362,271	0	22,344
Harris H Parker MD Physician	50 0					X		1,113,395	0	25,784
James B Tribble MD Physician	50 0					X		885,001	0	14,473
Roland R Craft MD Physician	50 0					X		813,215	0	12,904
Dalton S Prickett MD Physician	50 0					X		765,075	0	17,339
James E Lathren Pres Leadership Institute PH	50 0						X	161,972	0	21,349

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Palmetto Health	58-2296052

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

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

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		249,058
j	Total lines 1c through 1i			249,058
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Other Activities	Schedule C, Part II-B, Line 1i	Palmetto Health pays annual membership dues as part of its membership with the SC Hospital Association and 6 7% ($23,282) of these dues are used for lobbying activities Palmetto Health also pays annual membership dues to the American Hospital Association and 24 6% ($29,519) of these dues are used for lobbying activities The remaining $196,257 are fees paid to Darrell M Campbell and McNair Law Firm, independent consultants that provide lobbying services

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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
Palmetto Health

Employer identification number
58-2296052

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	3,908,288	3,436,758	2,933,753		
b Contributions	5,305,006	2,875,614	6,515,193		
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs	4,007,338	2,404,084	6,012,188		
f Administrative expenses					
g End of year balance	5,205,956	3,908,288	3,436,758		

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 2 710 %
- b Permanent endowment ▶ 16 400 %
- c Term endowment ▶ 80 890 %

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

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		33,080,051		33,080,051
b Buildings		514,987,626	272,293,302	242,694,324
c Leasehold improvements		6,426,134	4,075,357	2,350,777
d Equipment		713,662,327	559,346,041	154,316,286
e Other		21,076,503	3,447,006	17,629,497
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				450,070,935

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	0
DERIVATIVE CHANGE IN VALUE	48,943,134
CAPITAL LEASE OBLIGATIONS	21,688,155
POST RETIREMENT RESERVE	13,563,910
DEFERRED COMPENSATION	8,773,939
SELF INSURANCE RESERVE	5,731,723
COMMUNITY OUTREACH PROGRAM	10,183,406
ASSET RETIREMENT RESERVE	1,082,246
ARBITRAGE RESERVE	31,086
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	109,997,599

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Intended Uses of Endowment Funds	Schedule D, Part V, Line 4	Palmetto Health's endowment funds benefit a variety of programs for the well being of its patients which is consistent with the wishes and designations of donors
Liability for Uncertain Tax Position (ASC 740)	Schedule D, Part X, Line 2	Palmetto Health continues to evaluate tax positions related to ASC 740, "Income Taxes," which prescribes financial statement recognition threshold and measurement attributes for tax positions taken or expected to be taken in tax returns

Additional Data

Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Amount
DERIVATIVE CHANGE IN VALUE	48,943,134
CAPITAL LEASE OBLIGATIONS	21,688,155
POST RETIREMENT RESERVE	13,563,910
DEFERRED COMPENSATION	8,773,939
SELF INSURANCE RESERVE	5,731,723
COMMUNITY OUTREACH PROGRAM	10,183,406
ASSET RETIREMENT RESERVE	1,082,246
ARBITRAGE RESERVE	31,086

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Palmetto Health

Employer identification number
58-2296052

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

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

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Central America and the Caribbean			Investments		56,088,000
3a Sub-total					56,088,000
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					56,088,000

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

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

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

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Additional Data

Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

Part V **Supplemental Information**

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

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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
Palmetto Health

Employer identification number
58-2296052

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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ____ %	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)			69,086,906	42,425,040	26,661,866	2 570 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			93,202,574	84,154,480	9,048,094	0 870 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs			162,289,480	126,579,520	35,709,960	3 440 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			12,519,318	33,131	12,486,187	1 200 %
f Health professions education (from Worksheet 5)			40,033,451	4,040,395	35,993,056	3 470 %
g Subsidized health services (from Worksheet 6)			99,427,297	90,470,987	8,956,310	0 860 %
h Research (from Worksheet 7)			979,464	0	979,464	0 090 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			397,195	0	397,195	0 040 %
j **Total** Other Benefits			153,356,725	94,544,513	58,812,212	5 660 %
k **Total.** Add lines 7d and 7j			315,646,205	221,124,033	94,522,172	9 100 %

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			14,785		14,785	
9 Other						
10 **Total**			14,785		14,785	

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 50,574,688			
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 2,516,499			
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	194,491,763
6	Enter Medicare allowable costs of care relating to payments on line 5	6	248,373,199
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-53,881,436
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	Parkridge Surgery	Outpatient Surgery	67 540 %		32 460 %
2	Radiation Oncology	Outpatient Oncology Services	51 000 %		49 000 %
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? 2

	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	Palmetto Health Richland 5 Medical Park Columbia, SC 29203	X	X	X	X		X	X		Heart, Children's Hospital
2	Palmetto Health Baptist Marion Street Columbia, SC 29220	X	X		X			X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Palmetto Health Richland

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

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

Part V Facility Information *(continued)*

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

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Palmetto Health Baptist

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

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

Part V Facility Information *(continued)*

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

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

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? **50**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
Part I, line 7, column f		Consistent with Schedule H Instructions, for purposes of calculating total expense, bad debt expense of $201,303,602 reported in 990 Part IX, has been properly excluded when computing percentages for Column F

Identifier	ReturnReference	Explanation
Costing Methodology	Schedule H, Part I, Line 7	Costing methodology for inpatient and outpatient services were derived using a combination of IRS provided worksheets and Palmetto Health's Medicare Cost report However, actual data from Palmetto Health's audited financial statements were used in the costing methodology for subsidized health services

Identifier	ReturnReference	Explanation
Accounts Receivable and Bad-debt Expense Methodology	Schedule H, Part III, Line 4	Palmetto Health's audited financial statements do not contain a specific footnote describing policies around accounts receivable and bad debt expense Palmetto Health's net accounts receivable on the audited financial statements represents the company's best estimate at that point in time of receivables that will eventually be realized Methodology for calculating such estimate for Self Pay and Third Party accounts generally is derived using historical collection percentages for accounts based on the age of the account All discounts are applied to the patient accounts when accounting for bad debt This includes third party payor discounts, as well as discounts for those who qualify for financial assistance Uninsured and under-insured patients are interviewed during the pre-registration and registration processes The patient is referred to a financial counselor if it is determined there is a potential need Patients who apply for charity care but never complete the process or do not provide required documentation are notated in the system with a charity care qualifier Such accounts are reviewed after service has been provided and are written off as bad debt if they were not previously adjusted off as charity care

Identifier	ReturnReference	Explanation
Medicare Shortfall and Costing Methodology for Medicare	Schedule H, Part III, Line 8	The amount within Line 7 of Part III represents the shortfall after comparing the net revenue and cost of patients classified as Medicare who were not included within the Subsidized Health Service component of Line 7G of Part I The $53 million shortfall consists of the Medicare patients who incurred a loss but were not included within the Subsidized Health Service community benefit figure The costs reported within Line 6, Part III were formulated using a hospital wide cost to charge ratio

Identifier	ReturnReference	Explanation
Debt-Collection Practices for Financial Assistance Patients	Schedule H, Part III, Line 9B	On the front end of the debt collection process, pre-registration staff, as well as financial counselors, are proactive in explaining financial and agency assistance Palmetto Health utilizes Department of Health and Human Services on-site workers, in addition to financial counselors, who meet with the patients or family to determine their eligibility for assistance Palmetto Health also provides helpful information on financial assistance in the patients' handbook and as part of the billing process in both English and Spanish There are signs posted around the campuses and information on the website for related programs available at Palmetto Health Post discharge, a designated unit, pursues financial assistance or agency assistance for the patient, including possible discounts or payment plans Third parties are employed to work the more difficult and time consuming supplemental security income cases In addition, patients who do not respond to internal collection efforts are referred to third party collection agencies who review the patients' status for financial assistance

Identifier	ReturnReference	Explanation
Community Health Care Needs Assessment	Schedule H, Part VI, Line 2	Palmetto Health has contributed more than $34 million dollars towards community health outreach initiatives over the past fourteen years These community outreach programs benefit the community by offering services in areas of need and by supporting existing successful community health outreach initiatives In order to assess the needs of the communities and determine what Palmetto Health's community priorities are, Palmetto Health studies disease specific research and statistics for national, state and county data Palmetto Health also uses inpatient and emergency department trends data and focus group data to help determine what community priorities will be In addition, Palmetto Health utilizes Healthy People 2020 (formerly known as Healthy People 2010) objectives to help drive the community needs program design

Identifier	ReturnReference	Explanation
Patient Education of Eligibility	Schedule H, Part VI, Line 3	Palmetto Health strives to improve the well being of the communities it serves Quality services are made available to all members of the community regardless of an ability to pay Palmetto Health will work with uninsured or under insured patients to seek financial assistance or charity care Patients are educated about their eligibility for assistance under federal, state or local government programs or under Palmetto Health's charity care policy during the registration process During pre-registration and registration, patients are interviewed by a financial counselor to determine whether the patient has a need for financial assistance or charity care The financial counselor reviews the financial status of the patient to determine which program(s) the patient may be eligible to participate If it is deemed that a patient may be eligible for financial assistance, Department of Health and Human Services workers are available to assist patients and their families with completing applications In order to make patients aware of financial assistance or charity care, Palmetto Health's Patient Bill of Rights is posted throughout its facilities with information and contact phone numbers It is also posted in patient brochures Patient statements contain an abbreviated version of the Patient Bill of Rights Palmetto Health's website, www palmettohealth org, states Palmetto Health will work with uninsured or under insured patients to seek financial assistance or charity care Post Discharge, patients expressing issues with being unable to pay their bill will be directed to financial counselors to assist in educating the patients about the financial assistance policy

Identifier	ReturnReference	Explanation
Community Information	Schedule H, Part VI, Line 4a	The primary service area for Palmetto Health consists of Richland and Lexington Counties There are approximately 646,895 residents who live within the primary service area The median household income of the constituents in Richland and Lexington Counties is $50,063 The unemployment rate for Richland County is 7 8% and Lexington County is 6 6% The secondary service area for Palmetto Health consists of Calhoun, Fairfield, Kershaw, Lee, Newberry, Orangeburg, Saluda and Sumter Counties There are approximately 377,388 residents who live in these secondary service areas The median household income for Calhoun county is $36,790, Fairfield County is $32,022, Kershaw County is $44,064, Lee County is $23,378, Newberry County is $41,815, Orangeburg County is $32,849, Saluda County is $40,508 and Sumter County is $39,137 The unemployment rate for the secondary market in Calhoun County is 9 8%, Fairfield County is 11 9%, Kershaw County is 7 5%, Lee County is 11 6%, Newberry County is 8 1%, Orangeburg County is 12 1%, Saluda County is 7 5% and Sumter County is 9 9%

Identifier	ReturnReference	Explanation
Community Building Activities	Schedule H, Part VI, Line 4b	Palmetto Health's workforce development aids in the professional development of health care professionals Over 1,040 individuals participated in monthly job shadowing programs through Midlands Technical College, the University of South Carolina, as well as area High School students during fiscal year 2011 Around 9,200 contacts were made at various career fairs and community speaking engagements

Identifier	ReturnReference	Explanation
Promoting the Health of the Community	Schedule H, Part VI, Line 5	Palmetto Health is central South Carolina's largest and most comprehensive not-for-profit health system In our progressive environment, the latest technology and treatment protocols go hand-in-hand with quality patient care Palmetto Health is a South Carolina nonprofit public benefit corporation recognized as an IRC section 501(c)(3) charity, which consists of the outstanding hospitals - Palmetto Health Richland and Palmetto Health Baptist, Children's Hospital and Palmetto Health Heart Hospital in Columbia Palmetto Health also jointly owns Baptist Easley Hospital in Easley, SC The 1,247-bed system is a JCAHO-accredited institution and has more than 8,500 employees and 1,300 physicians Palmetto Health furthers its exempt purposes by adopting a charity care policy that provides free care to individuals who are at or below the 200% of Federal Poverty Guidelines Palmetto Health also provides care to Medicare, Medicaid and other government payor programs Palmetto Health also operates 24-hour emergency rooms and offers services to all patients regardless of their ability to pay An open medical staff is maintained in order to have proper staffing coverage and allow for more efficient care and delivery of services in our hospital facilities Palmetto Health community health outreach programs benefit the community by offering services in areas of need and by supporting existing successful community health outreach initiatives Palmetto Health provides cash and in-kind contributions to nonprofit community healthcare organizations in the community in order to further promote the health, wellness and welfare of the communities served Palmetto Health also sponsors continuing medical education classes, health education workshops, preventative health screenings and health fairs in the community Some Community Health Initiatives include Cancer Education and Prevention, Real Men Prostate Health Campaign, Free Yourself From Smoking, Trumpeter - Tobacco prevention campaign and contest, Diabetes Initiative, Palmetto Healthy Start - For new parents and expecting moms and dads, Teen Talk! It's time to make good choices, Richland Care Additional Community Service Programs Dental Health Initiative In partnership with the United Way of the Midlands, SC Department of Health and Environmental Control, and Family Service Center, Palmetto Health provides dental services to underinsured and Medicaid-eligible and -ineligible children and adults at the FSC Dental Clinic These patients often have difficulty in finding a dentist who will accept new Medicaid patients Nationally, the adult program was one of the first of its kind to be offered Palmetto Health also partners with the Columbia Oral Health Clinic to provide dental services to HIV/AIDS patients who otherwise could not afford dental care As the only program of its kind in South Carolina, it provides high-risk patients with a source for dental care Family Connection-Project Breathe Easy Project Breathe Easy is an asthma education program developed by Family Connection Palmetto Health provides funds to enhance services to asthmatic children and their families through the provision of asthma education, transportation and medical assistance to patients Program participants have shown a reduction in missed days from school and work, fewer emergency room visits, and a reduction in the number of preventable asthma emergencies Health Administration Scholarship Since the Fall 1998 semester, Palmetto Health has provided scholarship funds for qualified minority students enrolled in the master's degree program in Health Administration at the University of South Carolina School of Public Health The scholarships give students an opportunity to earn a degree in a field that lacks minority participation The program has received a special commendation from the Accrediting Commission on Education for Health Services Administration, one of only two commendations awarded nationwide Parish Nurse Program Palmetto Health, in collaboration with the Columbia Housing Authority, initiated a Parish Nurse Medical Program for elderly and indigent residents of Columbia Housing Authority Residents of these facilities were anticipated to have a diagnosis of high blood pressure, diabetes, cancer, obesity and other medical problems These residents, who often receive little or no medical care, benefit from the Parish Nurse services

Identifier	ReturnReference	Explanation
Community Benefit Report State Filings	Schedule H, Part VI, Line 7	South Carolina

Additional Data

Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **50** Name and address	Type of Facility (Describe)
Radiation Oncology 166 Stoneridge Drive Columbia,SC 29210	Outpatient Oncology Services
Parkridge Surgery Center LLC 190 Parkridge Drive Columbia,SC 29212	Outpatient Surgery Center
Palmetto Health Home Care 1400 Pickens St Columbia,SC 29201	Home Health Care
Palmetto Health Private Services 1401 Pickens St Columbia,SC 29201	Private Services Care
Palmetto Health Hospice- Columbia 1402 Pickens St Columbia,SC 29201	Hospice Care
Palmetto Health Hospice- Newberry 1400 Camellia Ave Newberry,SC 29108	Hospice Care
PH Outpatient Diagnostic Center 190 Parkridge Drive Suite G102 Columbia,SC 29212	Imaging Services
Palmetto Health Richland Imaging Center 14 Richland Medical Park Drive Columbia,SC 29203	Imaging Services
Palmetto Senior Care Laurel 1309 Laurel Street Columbia,SC 29201	Senior Care
Palmetto Senior Care Shandon 1100 Shirley Street Columbia,SC 29205	Senior Care
Palmetto Senior Care Lexington 700 Knox Abbott Drive West Columbia,SC 29169	Senior Care
Palmetto Senior Care White Rock 109 Wartburg Street White Rock,SC 29177	Senior Care
Senior Primary Care Practice 3010 Farrow Road Suite 300 Columbia,SC 29203	Senior Primary Care physicians
Senior Primary Care Practice 190 Parkridge Drive Suite G100 Columbia,SC 29212	Senior Primary Care physicians
Palmetto Health Dental Center 10 Medical Park Road Columbia,SC 29203	Dental Care
Atrium Ridge Internal Medicine 11 Atrium Ridge Court Columbia,SC 29223	Physician Practice
Blythewood Family Care 738 University Village Drive Blythewood,SC 29016	Physician Practice
Carolina Cardiac Surgery 8 Med Park Suite 400 Columbia,SC 29203	Physician Practice
Carolina Colon and Rectal Surgeons 1730 St Julian Place Columbia,SC 29204	Physician Practice
Childrens Hospital Intensivists 9 Med Park Suite 530 Columbia,SC 29203	Physician Practice
ColoRectal Associates 1410 Blanding Street Suite 102 Columbia,SC 29201	Physician Practice
First Care 2406 Decker Blvd Columbia,SC 29206	Physician Practice
Harbison Family Practice 190 Parkridge Drive Suite 250 Columbia,SC 29212	Physician Practice
Hospital Internal Medicine 3 Med Park Suite 510 Columbia,SC 29203	Physician Practice
Baptist Inpatient Medical Associates Taylor at Marion Street Columbia,SC 29220	Physician Practice
Irmo Family Practice 190 Parkridge Drive Suite 220 Columbia,SC 29212	Physician Practice
Midlands Internal Medicine 3000 NE Medical Park Suite 108 Columbia,SC 29223	Physician Practice
Northeast Family Practice 3000 NE Medical Park Suite 209 Columbia,SC 29223	Physician Practice
Palmetto Children's Urology 9 Richland Medical Park Suite 420 Columbia,SC 29203	Physician Practice
PH Children's Special Care Center 9 Richland Medical Park Suite 420 Columbia,SC 29203	Physician Practice
Premier Orthopedic Specialist 3 Medical Park Suite 330 Columbia,SC 29203	Physician Practice
Palmetto Infectious Disease 1333 Taylor Street Suite 4G Columbia,SC 29201	Physician Practice
Palmetto OBGYN Associates 1333 Taylor Street Suite 5F Columbia,SC 29201	Physician Practice
Palmetto Pulmonary 1333 Taylor Street Suite 4G Columbia,SC 29201	Physician Practice
Parkridge Convienence Care 190 Parkridge Drive Suite 104 Columbia,SC 29212	Physician Practice
Pediatric Surgery 9 Medical Park Suite 500 Columbia,SC 29203	Physician Practice
Psych Hospitalists Taylor at Marion Street Columbia,SC 29220	Physician Practice
Ridgeview Family Medicine 4311 Hardscrabble Rd Columbia,SC 29229	Physician Practice
South Hampton Family Practice 5900 Garners Ferry Road Columbia,SC 29209	Physician Practice
Surgical Associates of South Carolina 1850 Laurel Street Columbia,SC 29201	Physician Practice
Trauma Surgery PH Surgical Specialist 9 Med Park Suite 450 Columbia,SC 29203	Physician Practice
Twelve Mile Family Creek 4711 Sunset Boulevard Lexington,SC 29072	Physician Practice
Orthopaedic and Spine Surgeons of SC 1333 Taylor Street Suite 3J Columbia,SC 29201	Physician Practice
Three Rivers OBGYN 1301 Taylor Street Suite 7B Columbia,SC 29201	Physician Practice
Women Physicians Associates OBGYN 9 Richland Med Park Suite 620 Columbia,SC 29203	Physician Practice
Markowitz and Associates 103 Saluda Ridge Court West Columbia,SC 29169	Physician Practice
Three Rivers Medical Associates 1301 Taylor Street Suite 8A Columbia,SC 29201	Physician Practice
University Family Medicine 4311 Hardscrabble Road Columbia,SC 29229	Physician Practice
Lexington Heart 120 West Hospital Drive West Columbia,SC 29169	Physician Practice
Palmetto Surgical Associates 1333 Taylor Street 3A Columbia,SC 29201	Physician Practice

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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
Palmetto Health

Employer identification number
58-2296052

Part I General Information on Grants and Assistance

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

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

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

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

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

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 31

3 Enter total number of other organizations . . . ▶ 3

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Helen Golding Lynch	6	6,000			Tuition
(2) Elizabeth H McCullough High Potential Employee	10	80,000			Tuition/Book

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 Use of Grant Funds Inside U S	Schedule I, Part I, Line 2	Palmetto Health provides funding to a number of non-profit organizations to expand services in our community All funded organizations enter into a funding agreement with Palmetto Health that details the scope of services to be provided Organizations must submit monthly reports that detail the scope and type of services provided to patients/clients each month Organizations receive payment if these reports are received in a timely manner and if all conditions of the agreement with Palmetto Health are met In addition, according to the agreement Palmetto Health reserves the right to perform a financial audit regarding the use of funding dollars provided to the organization Palmetto Health will alert the organization of the audit 10 business days before such audit occurs

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Heart Association 190 Knox Abbott Drive Cayce,SC 28202	13-5613797	501 c (3)	15,000				Sponsorship
American Red Cross2751 Bull Street Columbia,SC 29201	53-0196605	501 c (3)	10,400				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Capital Senior Center1650 Park Circle Columbia, SC 29201	57-0773691		25,000				Sponsorship
Central SC Alliance1201 Main Street Columbia, SC 29201	57-1003750	501 c (3)	10,000				General Purpose

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Columbia Blowfish HWS Baseball301 S Assembly St Columbia, SC 29201	20-2706317		15,000				Sponsorship
Columbia College Leadership Initiative1301 Columbia College Dr Columbia, SC 29203	57-0324915	501 c (3)	37,500				General Purpose

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Columbia Oral Health Clinic 3425 1/2 N Main St Columbia, SC 29203	57-1073100	501 c (3)	110,000				Indigent Healthcare
Columbia Urban League 1400 Barnwell St Columbia, SC 29201	57-0482767	501 c (3)	15,150				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Eau Claire Cooperative Health1228 Harden St 1 Greystone Building Ste 206 Columbia, SC 29204	57-0965445	501 c (3)	104,517				Indigent Healthcare
Edventure Children's Museum211 Gervais St Columbia, SC 29201	57-1013857	501 c (3)	6,706				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Family Service Center2712 Middleburg Drive PO Box 4246 Columbia, SC 29204	57-0630921	501 c (3)	186,448				Indigent Healthcare
Free Medical Clinic - Cola 1875 Harden St Columbia, SC 29204	57-0779279	501 c (3)	55,000				Indigent Healthcare

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Greater Chapin Chamber of Commerce302 Columbia Ave Chapin, SC 29036	57-0936258	501 c (3)	7,475				Sponsorship
Greater Columbia Chamber of Commerce930 Richland St Columbia, SC 29201	20-8781550	501 c (3)	39,580				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Greater Irmo Chamber of Commerce1248 Lake Murray Blvd Irmo,SC 29063	57-0669817	501 c (3)	12,400				Sponsorship
HealthTeacher Inc209 10th Ave Suite 350 Nashville,TN 37203	20-3456491	501 c (3)	35,000				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
James R Clark Mem Sickle Cell Foundation1420 Gregg St Columbia, SC 29201	57-0858930	501 c (3)	24,598				Indigent Healthcare
March of Dimes240 Stoneridge Dr Columbia, SC 29210	13-1846366	501 c (3)	15,500				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Mental Illness Recovery Center3809 Rosewood Dr Columbia, SC 29240	57-0984185	501 c (3)	60,000				Homeless Housing
Midlands Educational and Business AllianceMTC 316 S Beltline Blvd Columbia, SC 29205	20-0350584	501 c (3)	25,750				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Midlands Housing Alliance 1901 Main St Columbia, SC 29201	20-3524141	501 c (3)	200,000				Homeless Housing
National Kidney Foundation 508 Hampton St Suite 200 Columbia, SC 29201	13-1673104	501 c (3)	7,000				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Navigating from Good to Great Foundation930 Richland St Columbia, SC 29201	20-8781550	501 c (3)	15,000				General Purpose
Palmetto Aids Life Support Services2638 Two Notch Road Columbia, SC 29204	57-0841427		75,000				Indigent Healthcare

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Palmetto Conservation Foundation1314 Lincoln St Columbia, SC 29201	57-0907043	501 c (3)	45,000				Sponsorship
Richland County School Dist 11616 Richland St Columbia, SC 29201	57-6000243	Government	6,005				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SC Campaign to Prevent Teen Pregnancy1331 Elmwood Ave Columbia, SC 29201	57-0897120	501 c (3)	50,000				Teen Pregnancy Prevention
SC Chamber of Commerce 1301 Gervais St Columbia, SC 29201	57-0219655	501 c(3)	9,500				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SC HIV Aids Council1115 Calhoun St Columbia, SC 29201	57-0994526	501 c (3)	21,764				HIV Testing & Prevention
SC Research Foundation730 Devine St Columbia, SC 29208	57-0967350	501 c (3)	25,000				Child Health

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Sexual Trauma Services 3700 Forest Dr Columbia, SC 29204	57-0763120	501 c (3)	37,320				Crisis Intervention
Town Theater1012 Sumter St Columbia, SC 29201	57-6000280	501 c (3)	7,000				Sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
United Way of the Midlands 1800 Main St Columbia, SC 29201	57-0314396	501 c (3)	13,250				General Purpose
USC Educational Foundation 1600 Hampton St Columbia, SC 29208	57-6017985	501 c (3)	20,000				Scholarship

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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
Palmetto Health

Employer identification number
58-2296052

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**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		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				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Nonqualified Retirement Plan	Schedule J, Part I, Line 4B	The following individuals participated in a supplemental nonqualified retirement plan Name Accrual Amounts Charles D Beaman, Jr $379,600, Paul K Duane $88,600, John J Singerling $295,100, Ellis M Knight, MD $30,500, Howard P West $104,100, James Bridges $59,100, Willis Gregory, III $69,700, Vince Ford $29,700, Michelle E Edwards $27,700, Palmetto Health provides a supplemental retirement benefit to senior executives that is contingent on them remaining at Palmetto Health until retirement The accrual amounts above reflect the change in the actuarial value during the year and are impacted by various factors, including the age of the participant and changes in interest rates During the calendar year reported within this year, Dr James I Raymond reached retirement age and his accrued benefit was paid out and $1,117,954 is included in his reported wages reflected in this form 990

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Charles D Beaman Jr	(I)	731,408	204,184	14,045	384,533	19,275	1,353,445	0
	(II)	0	0	0	0	0	0	0
John J Singerling	(I)	392,049	65,756	11,613	303,782	16,117	789,317	0
	(II)	0	0	0	0	0	0	0
Paul K Duane	(I)	408,803	92,335	18,264	90,363	28,689	638,454	0
	(II)	0	0	0	0	0	0	0
Michelle E Edwards	(I)	237,734	30,515	553	37,408	12,388	318,598	0
	(II)	0	0	0	0	0	0	0
James I Raymond MD	(I)	490,563	87,498	1,128,622	7,097	23,453	1,737,233	244,500
	(II)	0	0	0	0	0	0	0
James M Bridges	(I)	328,825	58,481	1,457	68,478	7,632	464,873	0
	(II)	0	0	0	0	0	0	0
Howard P West	(I)	290,408	66,100	4,214	112,346	27,846	500,914	0
	(II)	0	0	0	0	0	0	0
Willis Gregory III	(I)	265,885	54,731	3,501	79,364	13,226	416,707	0
	(II)	0	0	0	0	0	0	0
Vince Ford	(I)	174,263	37,361	817	37,260	13,104	262,805	0
	(II)	0	0	0	0	0	0	0
Ellis M Knight MD	(I)	344,481	52,829	2,704	37,064	11,424	448,502	0
	(II)	0	0	0	0	0	0	0
Edward S Hickson	(I)	192,046	20,583	298	6,948	14,175	234,050	0
	(II)	0	0	0	0	0	0	0
Benjamin M Cunningham Jr	(I)	181,869	26,107	374	7,863	15,787	232,000	0
	(II)	0	0	0	0	0	0	0
Jeffrey T Ehreth MD	(I)	595,949	764,293	2,029	9,098	13,246	1,384,615	0
	(II)	0	0	0	0	0	0	0
Harris H Parker MD	(I)	596,076	516,264	1,055	1,268	24,516	1,139,179	0
	(II)	0	0	0	0	0	0	0
James B Tribble MD	(I)	762,273	120,033	2,695	3,378	11,095	899,474	0
	(II)	0	0	0	0	0	0	0
Roland R Craft MD	(I)	580,470	231,911	834	1,903	11,001	826,119	0
	(II)	0	0	0	0	0	0	0
James E Lathren	(I)	159,827	1,250	895	6,964	14,385	183,321	0
	(II)	0	0	0	0	0	0	0
Robert H Bunch MD	(I)	373,157	47,696	5,259	6,237	10,728	443,077	0
	(II)	0	0	0	0	0	0	0
Dalton S Prickett MD	(I)	713,912	48,468	2,695	2,537	14,802	782,414	0
	(II)	0	0	0	0	0	0	0

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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

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Name of the organization
Palmetto Health

Employer identification number
58-2296052

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	South Carolina Jobs-Economic Development Authority	57-0960018	83703EHD0	08-28-2003	188,070,805	Refund 3-30-2000 Bonds		X		X		X
B	South Carolina Jobs-Economic Development Authority	57-0960018	83703EHT5	08-28-2003	260,110,624	See Part V	X			X		X
C	South Carolina Jobs-Economic Development Authority	57-0960018	83703EJC0	12-15-2005	257,150,000	Refund of 8-28-2003 Bonds		X		X		X
D	South Carolina Jobs-Economic Development Authority	57-0960018	83703FAX0	03-15-2007	120,000,000	Construct and Equip Health Facilit		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	111,005,000	48,670,000	55,825,000	50,890,000
2	Amount of bonds legally defeased	203,530,000	203,530,000		
3	Total proceeds of issue	188,070,805	260,110,624	257,150,000	120,000,000
4	Gross proceeds in reserve funds	5,428,157	4,141,861	17,314,460	
5	Capitalized interest from proceeds	12,725,140	12,725,140		8,942,835
6	Proceeds in refunding escrow	179,793,196	86,117,168	242,169,011	
7	Issuance costs from proceeds	2,048,312	3,083,904	2,536,419	1,208,861
8	Credit enhancement from proceeds	801,140		12,444,570	
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	154,042,551	154,042,551		102,339,126
11	Other spent proceeds				
12	Other unspent proceeds	13,274,194			13,274,194
13	Year of substantial completion	2006	2006	2009	

		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	X			X		X
15	Were the bonds issued as part of an advance refunding issue?	X			X	X			X
16	Has the final allocation of proceeds been made?	X		X		X			X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X		X		X	
b	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X		X	
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X		X		X	
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 200 %		0 150 %		0 270 %	
6	Total of lines 4 and 5	0 %		0 200 %		0 150 %		0 270 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
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		X		X		X
2	Is the bond issue a variable rate issue?	X			X	X		X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X	X		X	
b	Name of provider	Merrill Lynch				Merrill Lynch			
c	Term of hedge		7 8				7 8		32 5
d	Was the hedge superintegrated?		X				X		X
e	Was a hedge terminated?		X				X		X
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X	X			X	X	
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
See Schedule K Attachment		Three additional bonds and explanations for Part V are included as attachments to this return

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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

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Name of the organization
Palmetto Health

Employer identification number
58-2296052

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
See Additional Data Table					

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Part V - Business Transactions with Interested Parties		(1)(b) KSF Consulting, LLC is an entity owned 100% by Kester S Freeman, former officer of Palmetto Health (2)(b) The following individual is a director of Hospital Receivable Services, Inc , a for-profit corporation Charles D Beaman, Jr an officer of Palmetto Health This individual sits on the board of this entity as a representative of Palmetto Health, but does not hold any ownership interest (3)(b) Toni Odom is a family member of Dr Jerome Odom, a board member of Palmetto Health (4)(b) The following individuals are directors of Radiation Oncology, a for-profit partnership owned in part by Palmetto Health Benjamin M Cunningham Jr, Stan Hickson, and James M Bridges, key employees of Palmetto Health These individuals sit on the board of this entity as representatives of Palmetto Health, but do not hold any ownership interest (5)(b) Carolina UroCorp is an entity more than 5% owned by Dr James Herlong, a Board member of Palmetto Health (6)(b) Carolina Care is an entity in which a board member of Palmetto Health, Dr N John Stewart, MD, is an Officer (7)(b) The following individuals are directors of Parkridge Surgery Center, a for-profit partnership owned in part by Palmetto Health Paul Duane, Officer of Palmetto Health and Marty Bridges, Key Employee of Palmetto Health, and Arthur M "Art" Bjontegard, Jr , Board Member of Palmetto Health These individuals sit on the board of this entity as representatives of Palmetto Health, but do not hold any ownership interest (8)(b) The following individual is a director of Hospital Services, Inc , a for-profit corporation owned in part by Palmetto Health James A Bennett, a board member of Palmetto Health This individual sits on the board of this entity as a representative of Palmetto Health, but does not hold any ownership interest (9)(b) Columbia Urological Associates is an entity more than 5% owned by Dr James Herlong, a Board member of Palmetto Health

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Software ID:
Software Version:
EIN: 58-2296052
Name: Palmetto Health

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
KSF Consulting LLC	See Part V	104,167	Independent Contractor		No
Hospital Receivable Services	See Part V	1,033,746	Collection Services		No
Toni Odom	See Part V	18,984	Employee		No
Radiation Oncology	See Part V	726,536	Rent Facility/ Equipment		No
Carolina Urocorp	See Part V	1,545,297	Performance of Services		No
Carolina Care	See Part V	14,231,752	Performance of Services		No
Parkridge Surgery Center	See Part V	394,369	Rent/Loan		No
Hospital Services Inc	See Part V	2,696,094	Laundry Services		No
Columbia Urological Associates	See Part V	559,281	Performance of Services		No

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2010

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Name of the organization
Palmetto Health

Employer identification number
58-2296052

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies	X	1	234,854	Wholesale value
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?		No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Gift Acceptance Policy	Schedule M, Part I, Line 31	The non-cash contribution was donated by the Palmetto Health Foundation, a related supporting organization Palmetto Health typically does not accept non-cash donations from sources other than the Palmetto Health Foundation and therefore does not have a formal gift acceptance policy

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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
Palmetto Health

Employer identification number
58-2296052

Identifier	Return Reference	Explanation
Members or Stockholders	Form 990, Part VI, Line 6	Palmetto Health has two members Richland Memorial Hospital (Class R Member) and Baptist Healthcare System of SC, Inc (Class B member)

Identifier	Return Reference	Explanation
Members or Stockholders Who May Elect	Form 990, Part VI, Line 7a	The Class R member and the Class B member nominate and elect six directors each to the Palmetto Health Board of Directors Those twelve directors nominate and elect an additional three members for a total of 15 voting directors

Identifier	Return Reference	Explanation
Decisions Subject to Approval	Form 990, Part VI, Line 7b	The Class R and Class B member have "reserved powers " These powers include (quoted directly from Palmetto Health Bylaws) "(i) any change in the Board that would result in those directors selected by the Class R and Class B Members comprising, on a combined basis, less than a majority of the total number of directors, (ii) any change that would result in the Class R Member having the right to elect a different number of directors than the Class B Member, (iii) any change in a Member's rights regarding the election or removal of directors, (iv) approval of any amendment to, or repeal of, the Articles of Incorporation of the Corporation (the "Articles"), (v) approval of any merger, consolidation, sale, or lease of all or substantially all of the assets of the Corporation, (vi) approval of the dissolution of the Corporation, (vii) approval of the addition of a Member, (viii) any change in provisions of the Members' Pre-incorporation and Joint Operating Agreement (the "Joint Operating Agreement") or these Bylaws that require that if the Chair is elected from among the Richland Directors, the Vice Chair must be elected from among the Baptist Directors and vice versa, (ix) any change in provisions of the Joint Operating Agreement or these Bylaws regarding the duties or composition requirements of the Executive Management Committee of the Board, (x) any of the Board actions described in Section 3 14 2 7, below, regarding Palmetto Health Baptist Easley, (xi) any change in the Mission Statement, (xii) approval of the strategic plan of the Corporation or any material modification thereto, and (xiii) any amendment or repeal of these Bylaws that would affect any authority or privilege of a Member as described above " Further explanation for item (x) approval of a merger, consolidation, sale, or lease of all or substantially all of the assets of Palmetto Health Baptist Easley ("PHBE"), approval of the conversion of PHBE to primarily an outpatient facility, or approval of the discontinuation of operation of PHBE.

Identifier	Return Reference	Explanation
Form 990 Review Process	Form 990, Part VI, Line 11b	Palmetto Health's Form 990 was reviewed in detail by the Accounting Manager and Vice President of Finance The form was discussed and reviewed in detail by Grant Thornton (outside tax advisors) The CFO then conducted a higher level review of the form with the Vice President of Finance The 990 was provided to Palmetto Health's board of directors and each member was allowed ample time for review and to make inquiries before filing with the IRS

Identifier	Return Reference	Explanation
Conflict of Interest Policy Monitoring & Enforcement	Form 990, Part VI, Line 12c	Each member of the Board of Directors shall complete an annual acknowledgement statement that each of them (a) has received a copy of the Rules of Conduct (conflicts of interest policy), (b) has read and understands the policy, (c) agrees to comply with the policy, (d) understands that the policy applies to all committees, and (e) understands that the organization is a charitable organization and must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes These acknowledgement statements are returned to the Audit and Compliance Committee for review and follow-up as appropriate The Chair of the Audit and Compliance Committee reports to the full Board that the above-referenced process has been completed Upon hire, each employee is educated on Palmetto Health's Potential Conflicts of Interest policy and is asked to document any relationships that may create a potential conflict of interest on a form that is reviewed by Corporate Compliance and retained in the employee's Human Resources file Annually, the policy is reviewed via computer-based training that is mandatory for all employees Situations that are believed to be actual conflicts are addressed by Corporate Compliance, department management and senior leadership as necessary

Identifier	Return Reference	Explanation
Process for Determining Compensation	Form 990, Part VI, Line 15a and 15b	Palmetto Health's Executive Compensation Committee (the "Committee"), composed of members of the board of directors who are disinterested in and independent from the persons compensated, oversees Palmetto Health's executive compensation and benefits programs The Committee annually receives a report from its independent executive compensation consultant on the executive compensation program, including third-party comparability data for functionally-similar positions at similarly-situated organizations (the "Compensation Review") Last completed in the fall of 2011, the Compensation Review includes market analyses for base salaries, total cash compensation and benefits and aggregate total compensation values for the Chief Executive Officer, President, Executive Vice Presidents, Senior Vice Presidents and System Vice Presidents In support of the qualification for the rebuttable presumption of reasonableness, the Committee reviews and approves the CEO's compensation as well as the CEO's recommendations for compensation paid to the President, Executive Vice President, Senior Vice President and System Vice President positions, based on the board-approved compensation philosophy and the Compensation Review, and the decision is documented in meeting minutes In addition, the Committee reviews the information in the Compensation Review relating to aggregate total compensation paid to the President, Executive Vice President, Senior Vice President and System Vice President positions

Identifier	Return Reference	Explanation
How Documents are Made Available to the Public	Form 990, Part VI, Line 19	The organization's audited financial statements are published annually and quarterly financial information is available to the public at www dacbond com

Identifier	Return Reference	Explanation
Other Changes in Net Assets	Form 990, Part XI, Line 5	Unrealized changes in investments (46,541,055) Unrealized changes in liabilities (4,130,392) Assets released from restrictions 1,413,340 Change in COPA accrual (482,196) Unrealized increases (decreases) in affiliated foundations (702,000) Reconciliation due to consolidation 503,241 Total Other Changes in Fund Balance (49,939,062)

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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
Palmetto Health

Employer identification number
58-2296052

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) PALMETTO HEALTH QUAL COLLABORATIVE LLC 1301 TAYLOR STREET SUITE 9A COLUMBIA, SC 29201 27-3029587	ACO	SC	0	0	NA

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Palmetto Health Foundation 1600 Marion Street Columbia, SC 29202 57-0725699	Supports Hosp	SC	501(c)(3)	11c-III-FI	NA		
(2) Palmetto Richland Memorial Auxilliary 5 Richland Medical Park Drive Columbia, SC 29203 57-0645678	Supports Hosp	SC	501(c)(3)	11a-I	NA		
(3) RICHLAND MEM HOSP RESEARCH & EDUCATION 293 Greystone Blvd 2nd Floor Columbia, SC 29210 23-7010028	Supports Hosp	SC	501(C)(3)	11c-III-FI	NA		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate 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
(1) Parkridge Surgery Center LLC COLUMBIA SC 37-1470219 Columbia, SC29212 37-1470219	HealthCare	SC	NA	Related	33,585	1,684,056		No	0	Yes		67 547 %
(2) Radiation Oncology 7 RICHLAND MEDICAL Columbia, SC29203 36-4542465	HealthCare	SC	NA	Related	1,283,813	2,602,461		No			No	51 000 %
(3) Carolina Home Therapeutics LAKE FOREST CA 57-0880120 Lake Forest, CA92630 57-0880120	HealthCare	CA	HealthSource	Related	0	0		No		Yes		0 %
(4) Easley MRI PO Box 2987 Greenville, SC29602 57-1131117	HealthCare	SC	NA	Related	241,086	139,945		No		Yes		50 000 %

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) Healthsource Inc 293 Greystone Blvd Columbia, SC29210 57-0938686	HealthCare	SC	NA	C Corp	402,138	2,259,031	100 000 %
(2) Physician Practice Servics Inc 293 Greystone Blvd Columbia, SC29210 57-1013538	HealthCare	SC	HealthSource	C Corp			
(3) Home Care Resources Inc 293 Greystone Blvd Columbia, SC29210 57-0938656	HealthCare	SC	HealthSource	C Corp			
(4) Premier Practice Management Carolinas 293 Greystone Blvd Columbia, SC29210 36-4366595	HealthCare	SC	NA	S Corp	-46,911	772,599	100 000 %
(5) Baptist Medical Facilities Inc 293 Greystone Blvd Columbia, SC29210 57-0818162	HealthCare	SC	NA	C Corp	0	0	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	Yes	
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	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
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		No
n Sharing of paid employees	1n		No
o Reimbursement paid to other organization for expenses	1o		No
p Reimbursement paid by other organization for expenses	1p	Yes	
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) Parkridge Surgery Center LLC	a	394,369	
(2) Parkridge Surgery Center LLC	d	732,622	
(3) Radiation Oncology LLC	a	434,873	
(4) Radiation Oncology LLC	r	291,663	
(5)			
(6)			

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

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 on Schedule O (Form 990).

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PALMETTO HEALTH

Employer identification number
58-2296052

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) Pooled Financing	
							Yes	No	Yes	No	Yes	No
A	SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY	57-0960018	83703FDG4	09/23/2009	125,300,879.	SEE PART V		X		X		X
B	SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY	57-0960018	N/A	12/31/2010	215,000,000.	CONSTRUCT AND EQUIP HEALTH FACILIT		X		X		X
C	SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY	57-0960018	83703FEL2	05/11/2011	93,905,983.	REFUND OF 6-12-2008 BONDS		X		X		X
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	6,065,000.			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	125,300,879.	215,000,000.	93,905,983.	
4	Gross proceeds in reserve funds	11,222,825.			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	77,047,618.		90,249,504.	
7	Issuance costs from proceeds	2,228,307.	690,000.	1,878,115.	
8	Credit enhancement from proceeds			1,778,364.	
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	22,003,501.	54,000.		
11	Other spent proceeds	8,867,576.			
12	Other unspent proceeds	4,997,737.	214,256,000.		
13	Year of substantial completion	2011			

		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			X	X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?		X		X	X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

ADDITIONAL TAX-EXEMPT BONDS ATTACHED TO FORM 990

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 of bond-financed property?	X		X		X			
b Are there any research agreements that may result in private business use of bond-financed property?	X		X		X			
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X		X			
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 ▶	0.0000 %		0.0000 %		0.0000 %		%	
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 ▶	0.0000 %		0.0000 %		.2000 %		%	
6 Total of lines 4 and 5	0.0000 %		0.0000 %		.2000 %		%	
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		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		X		X		
2 Is the bond issue a variable rate issue?		X	X			X		
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?		X		X		X		
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6 Did the bond issue qualify for an exception to rebate?		X		X	X			

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

SEE FOLLOWING PAGE, PART V

Bond Issue 8/28/2003 - CUSIP# 83703EHT5 (Column B)
Part I, Column f - Description of purpose Refund of 7-10-91, 9-8-93 and 6-29-95 Bonds and Construct and Equip health facilities
Part IV, line 5 - Funds invested beyond temporary period were invested in securities yielding rates below the arbitrage yield and did not exceed the applicable yield limits

Bond Issue 12/15/2005 - CUSIP# 83703EJC0 (Column C)
Part II, Line 4 Total proceeds of issue does not included the $17,314,460 of reserve funds reported on line 5 as those funds were transferred from the 2003 series bonds

Bond Issue 3/15/2007 - CUSIP# 83703FAX0 (Column D)
Part II, Line 4 Total proceeds of issue excludes $6,285,079 of interest income on construction fund Additionally, it includes a difference of capitalized interest of $520,063
Part IV, line 5 - Funds invested beyond temporary period were invested in securities yielding rates below the arbitrage yield and did not exceed the applicable yield limits

Bond Issue 09/23/2009 - CUSIP# 83703FDG4 (Column A)
Part II, Line 4 Total proceeds of issue excludes $1,128,043 of interest income on construction fund Additionally, it includes a difference of capitalized interest of $61,360
Part I, Column F - Description of purpose Refund of 8-28-2003 Bonds and Construct and Equip health facilities
Part II, Line 11 This amount represents swap termination costs

Bond Issue 12/21/2010 - CUSIP# N/A Column B)
Part II, Line 4 Total proceeds of issue of $215,000,000 were not delivered to the trustee at the closing Funds are disbursed as facilities and equipment are purchased and constructed Debt is recorded on the Palmetto Health books as funds are disbursed from the lender

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Palmetto Health and Subsidiaries

September 30, 2011 and 2010

Palmetto Health and Subsidiaries

Table of Contents

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Report of Independent Certified Public Accountants

To the Board of Directors of
Palmetto Health and Subsidiaries

We have audited the accompanying consolidated balance sheets of **Palmetto Health and Subsidiaries** (Palmetto Health) as of September 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of Palmetto Health's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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 Palmetto Health's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Palmetto Health and Subsidiaries as of September 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

As discussed in Note 22, the September 30, 2011 and 2010 financial statements have been restated to correct a misstatement

Grant Thornton LLP

Columbia, South Carolina
December 14, 2011 (except for Note 22, as to which the date is May 11, 2012)

Palmetto Health and Subsidiaries

Consolidated Balance Sheets
September 30, 2011 and 2010

(dollars in thousands)

	2011 Restated	2010 Restated
Assets		
Current assets:		
Cash and cash equivalents	$ 35,094	$ 40,551
Assets limited as to use	18,858	13,536
Patient accounts receivable, net	181,080	175,842
Other receivables, largely amounts due from third-party payors	18,104	25,406
Inventories	17,021	16,568
Other current assets	10,876	9,567
Total current assets	281,033	281,470
Assets limited as to use	686,217	654,229
Property and equipment, net	450,071	446,621
Other assets	58,053	59,791
	$ 1,475,374	$ 1,442,111
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	$ 12,369	$ 8,831
Current portion of related-party capital lease obligations	535	510
Accounts payable	35,832	30,685
Accrued salaries and benefits	53,997	50,128
Other current liabilities	62,587	36,326
Total current liabilities	165,320	126,480
Long-term debt, net	542,713	555,188
Related-party capital lease obligations, net	21,153	21,688
Other noncurrent liabilities	82,047	69,526
Total liabilities	811,233	772,882
Commitments and contingencies		
Net assets:		
Unrestricted	636,171	641,970
Temporarily restricted	21,280	20,623
Permanently restricted	6,690	6,636
Total net assets	664,141	669,229
	$ 1,475,374	$ 1,442,111

The accompanying notes are an integral part of these consolidated financial statements

Palmetto Health and Subsidiaries

Consolidated Statements of Operations
For the Years Ended September 30, 2011 and 2010

(dollars in thousands)

	2011 Restated	2010 Restated
Unrestricted revenue, gains and other support:		
Net patient service revenue	$ 1,175,412	$ 1,144,274
Other revenue	90,292	130,798
Gain on sale of subsidiary	140	16,436
Total unrestricted revenue, gains and other support	1,265,844	1,291,508
Expenses:		
Salaries and benefits	557,754	564,067
Supplies and other expenses	405,056	400,313
Provision for uncollectible accounts	196,828	187,860
Depreciation and amortization	57,243	57,906
Interest expense	28,632	25,772
Total expenses	1,245,513	1,235,918
Operating income	20,331	55,590
Nonoperating (expenses) income:		
Interest expense	(1,500)	(2,000)
Investment income, net	29,721	13,055
Swap termination costs	-	(1,120)
COPA – Community health improvement projects	(4,841)	(4,909)
Revenue and gains over expenses and losses before net change in unrealized gain (loss) on derivative financial instruments and trading investments and loss on debt extinguishment	43,711	60,616
Net change in unrealized loss on derivative financial instruments	(11,422)	(11,231)
Net change in unrealized (loss) gain on trading investments	(33,488)	23,123
Loss on debt extinguishment	(895)	-
Revenue and gains (under)over expenses and losses	(2,094)	72,508
Decrease in interest in Affiliated Foundations	(1,631)	(1,285)
Capital contributions expended and received	1,161	1,986
Net adjustment for defined benefit plans	(3,235)	3,735
(Decrease)increase in unrestricted net assets	$ (5,799)	$ 76,944

The accompanying notes are an integral part of these consolidated financial statements

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2011 and 2010

(dollars in thousands)

	Unrestricted Restated	Temporarily Restricted	Permanently Restricted	Total Restated
Balance as of September 30, 2009	$ 565,026	$ 21,688	$ 6,632	$ 593,346
Revenue and gains over expenses and losses	72,508	-	-	72,508
(Decrease) increase in interest in Affiliated Foundations	(1,285)	(2,110)	4	(3,391)
Net adjustment for defined benefit plans	3,735	-	-	3,735
Contributions and grants	-	7,121	-	7,121
Net assets released from restrictions used for capital	1,986	(1,986)	-	-
Net assets released from restrictions used for operations	-	(4,090)	-	(4,090)
Increase (decrease) in net assets	76,944	(1,065)	4	75,883
Balance as of September 30, 2010	641,970	20,623	6,636	669,229
Revenue and gains (under)over expenses and losses	(2,094)	-	-	(2,094)
(Decrease) increase in interest in Affiliated Foundations	(1,631)	(756)	54	(2,333)
Net adjustment for defined benefit plans	(3,235)	-	-	(3,235)
Contributions and grants	-	7,727	-	7,727
Net assets released from restrictions used for capital	1,161	(1,161)	-	-
Net assets released from restrictions used for operations	-	(5,153)	-	(5,153)
(Decrease) increase in net assets	(5,799)	657	54	(5,088)
Balance as of September 30, 2011	$ 636,171	$ 21,280	$ 6,690	$ 664,141

The accompanying notes are an integral part of these consolidated financial statements

Palmetto Health and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended September 30, 2011 and 2010

(dollars in thousands)

	2011 Restated	2010 Restated
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (5,088)	$ 75,883
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in interest in Affiliated Foundations	2,333	3,391
Gain on equity method investments, net of distributions	(2,690)	(3,431)
Net change in unrealized losses on derivative financial instruments	11,422	11,231
Depreciation and amortization	57,339	57,906
Provision for uncollectible accounts	196,828	187,860
Gain on sale of subsidiary	(140)	(16,436)
Loss (gain) on the disposal of property and equipment	(313)	(35)
Loss on extinguishment of debt	895	-
Net adjustment for defined benefit plans	3,235	(3,735)
Changes in operating assets and liabilities		
Patient accounts receivable	(202,066)	(184,601)
Other receivables	7,302	3,411
Accounts payable and accrued salaries and benefits	9,016	4,080
Other assets	2,095	(3,775)
Other liabilities	24,125	25,134
Other, net	(5,395)	(3,519)
Net cash provided by operating activities before trading investments	98,898	153,364
Trading investments	(37,310)	(113,655)
Net cash provided by operating activities	61,588	39,709
Cash flows from investing activities:		
Additions to property and equipment	(58,995)	(44,282)
Proceeds from sale of subsidiary	-	42,000
Proceeds from sale of property and equipment	1,310	640
Termination of swap	-	(1,120)
Net cash used in investing activities	(57,685)	(2,762)
Cash flows from financing activities:		
Proceeds from issuance of long term debt	744	-
Proceeds from line of credit	140	249
Payments of line of credit	(464)	(664)
Payments of long-term debt	(8,580)	(9,615)
Payments of debt issuance costs	(690)	-
Payments on capital lease obligations	(510)	(389)
Net cash used in financing activities	(9,360)	(10,419)
Net (decrease) increase in cash and cash equivalents	(5,457)	26,528
Cash and cash equivalents, beginning of year	40,551	14,023
Cash and cash equivalents, end of year	$ 35,094	$ 40,551

Palmetto Health and Subsidiaries

Consolidated Statements of Cash Flows (continued)
For the Years Ended September 30, 2011 and 2010

(dollars in thousands)

	2011	2010
Supplemental information – Cash paid during the year for interest	$ 26,088	$ 23,992
Noncash investing and financing activities:		
Accrued capital expenditures	$ 1,808	$ 2,119

In May 2011, Palmetto Health advance refunded existing bonds and issued new bonds
The following amounts were noncash financing activities related to this transaction

Face value of Series 2011 Bonds	$ 94,695
Debt issuance costs	(4,445)
Defeasance of Series 2008A Bonds	(48,410)
Defeasance of Series 2008B Bonds	(42,005)
Other	165
	$ -

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Organization and Business

In 1998, Richland Memorial Hospital (Richland) and Baptist Healthcare System of South Carolina, Inc (Baptist) formed Palmetto Health through the execution of a joint operating agreement Palmetto Health is composed of substantially all of the assets and liabilities of Richland and Baptist Palmetto Health is organized as a South Carolina nonprofit public benefit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) The governance of Palmetto Health consists of a 16-member board of directors, with six directors appointed by Richland, six by Baptist, three by the board of Palmetto Health, and Chief Executive Officer who serves as an ex officio non-voting member of the Board Both Richland and Baptist elect at least one director each that is a licensed physician or dentist, and Chair of the Board of Trustees of each will be a director without term limit Palmetto Health also includes its for-profit, wholly owned subsidiaries HealthSource, Inc and Premier Practice Management-Carolina, Inc (PPM), and a 67 553⁰ ₀-owned for-profit subsidiary, Parkridge Surgery Center, LLC (Parkridge) On October 1, 2009, Palmetto Health transferred to a new entity all real and personal property comprising the hospital facility in Easley, South Carolina The new entity operates the Easley Hospital as a nonprofit entity as Baptist Easley Hospital (BEH), consisting of two equal members Palmetto Health and Greenville Health Corporation (GHC) See Note 5 for further discussion

Principles of Consolidation

The consolidated financial statements include all accounts of Palmetto Health and its subsidiaries All significant intercompany balances and transactions have been eliminated in consolidation Investments in affiliates which Palmetto Health does not control are accounted for either at cost or under the equity method

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities Actual results could differ from those estimates

Significant estimates include, but are not limited to, accounts receivable allowances, third-party payor receivables and payables, useful lives assigned to capital assets, professional liability and other self-insurance accruals, and pension and post-retirement plan assumptions

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a possibility that recorded estimates associated with these programs will change by a material amount in the near term

Costs of Borrowing

Deferred financing costs and bond discounts are amortized over the period related obligations are outstanding using the effective interest method

Interest costs incurred on borrowed funds during the period of construction of capital assets, net of investment earnings on related trusteed funds, are capitalized as a component of the cost of acquiring those assets

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less

Palmetto Health maintains bank accounts at financial institutions, of which $1,101 are covered by the Federal Depository Insurance Corporation (FDIC), while the remaining $33,933 is in excess of the federally insured limit of $250 per institution

Other Receivables

Other receivables include amounts expected to be received and collected in connection with the settlement of Medicare and Medicaid cost report filings Other receivables also include funds expected to be received from the State of South Carolina disproportionate share program, which enhances Medicaid funding to acute care hospitals Palmetto Health recognizes revenue monthly based on the provisions of the program, which follows the state fiscal year of July 1 through June 30 Therefore, included in other receivables is an accrual for the funds earned from the program that have not yet been collected during the periods reported

Inventories

Inventories, consisting principally of medical supplies and pharmaceuticals, are determined using the first-in, first-out (FIFO) method and are stated at the lower of cost or market

Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors, primarily for future capital improvements, over which the board retains control and may, at its discretion, subsequently use for other purposes Amounts required to meet current liabilities have been reclassified as current assets

Assets limited as to use are comprised of cash and investments Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the accompanying consolidated balance sheets Interest and dividend income and realized gains and losses are reported as nonoperating gains or losses in the accompanying consolidated statements of operations, except for investment income on funds held by the trustee, which is included in other revenue Investment income and realized gains or losses on investments of donor-restricted funds are also included in other revenue unless the income or loss is restricted by donors, in which case the investment income is recorded directly to temporarily or permanently restricted net assets in accordance with the donor's wishes

Palmetto Health has designated and reported its entire investment portfolio as a trading portfolio – as defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, "Investments – Debt and Equity Securities " All changes in unrealized gains and losses on investments are also included within the performance indicator

Property and Equipment

All property and equipment transferred from Richland and Baptist, either by long-term lease in the case of real property or by conveyance of title in the case of personal property, has been recorded at the historical book values of Richland and Baptist Although the title to the real property noted above has been retained by Richland and Baptist, the operating rights of the real property and improvements thereon have been conveyed to Palmetto Health In addition, under the leases of real property, improvements on or to leased real property are covered under the lease Real property under the leases cannot be sold without the prior consent of Richland and Baptist Should real property held under leases be sold, it is the opinion of Palmetto Health's management and legal counsel that the proceeds would be retained in Palmetto Health

Property and equipment is stated at cost or, if donated, at fair value at time of donation Additions and improvements are capitalized and depreciated over the estimated remaining useful lives of the related assets, primarily using the straight-line method

A summary of estimated useful lives follows

Buildings and improvements	5 to 40 years
Land improvements	3 to 8 years
Equipment and furniture	3 to 20 years

Other Noncurrent Liabilities

Other noncurrent liabilities include the fair value of derivatives in a liability position with maturities due in more than one year (see Note 12), deferred revenue, certain compensation accruals, and professional and general liability accruals Deferred revenue represents unearned revenue on certain health care programs Deferred compensation represents the obligation on retirement compensation for certain executives Medical malpractice and general liability accruals represent Palmetto Health's self-insured retention and tail obligations (see Note 14)

Donor-restricted Gifts

Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions To the extent that restricted resources from multiple donors are available for the same purpose, Palmetto Health expends such gifts on a FIFO basis

Interest Expense

Proceeds from issuance of long-term debt effectively provide Palmetto Health with capital planning flexibility in the deployment of assets whose use is limited Management considers associated investing and financing decisions to be nonoperating in nature and, accordingly, a calculated portion of interest expense is classified as nonoperating in the accompanying consolidated statements of operations

Operating Income

Consistent with relevant accounting principles and industry practice, the following items are excluded from operating income nonoperating (expenses) income, net change in unrealized loss on derivative financial instruments, net change in unrealized (loss) gain on trading investments and loss on debt extinguishment Nonoperating (expenses) income includes interest expense on debt obtained for investment purposes, net investment income, swap termination costs and the Certificate of Public Advantage (COPA) commitment The change in unrestricted net assets includes decrease in interest in Affiliated Foundations, contributions received and expended for capital purposes, and net adjustment for defined benefit plans

Revenue and Gains Over Expenses and Losses

Changes in unrestricted net assets are excluded from revenue and gains over expenses and losses (the performance indicator) consistent with relevant accounting principles and industry practice (see Operating Income above for description of items included in changes in unrestricted net assets)

Unrestricted Revenue, Gains and Other Support

Net patient service revenue is reported at the estimated net realizable amounts due 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

Other revenue includes certain capitated arrangements, contributions from donors (when conditions are substantially met), grants, rental income, rebates, equity investee income, BEH leased employee and service contract revenue (see Notes 5 and 17), and certain investment income and other miscellaneous income

Charity Care

Palmetto Health provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates Because Palmetto Health does not pursue the collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue

Palmetto Health maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policies

Income Taxes

Palmetto Health qualifies as an organization exempt from federal and state income taxes on related income under IRC section 501(c)(3) Palmetto Health has three taxable subsidiaries, HealthSource, Inc , Parkridge and PPM As of September 30, 2011, HealthSource, Inc has net operating loss carryforwards for federal income tax purposes of $1,116 that expire beginning September 30, 2012, and continue to expire through September 30, 2024 Parkridge qualifies as a partnership for tax purposes and, as such, is a pass-through entity Since PPM is an S corporation for tax purposes, all of the income or losses of PPM are considered taxable as unrelated business income PPM generated losses for the current year In addition, as of September 30, 2010, Palmetto Health did not have any net operating loss carryforwards and had an estimated tax liability of $289, which was fully paid as of September 30, 2011 Accordingly, no provision has been made for income taxes Palmetto Health continues to evaluate tax positions related to ASC 740, "Income Taxes," which prescribes financial statement recognition threshold and measurement attributes for tax positions taken or expected to be taken in tax returns

Derivative Instruments and Hedging Activities

Palmetto Health selectively enters into interest rate protection agreements to mitigate changes in interest rates on variable rate borrowings The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss None of these agreements are used for speculative or trading purposes

Palmetto Health recognizes all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at their fair value The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, the type of hedging relationship Palmetto Health measures effectiveness of all derivatives that qualify for hedge accounting Palmetto Health formally documents derivative transactions, including identifying the hedge instruments and hedged items, as well as the risk management objectives and strategies for entering into the hedge transaction At inception and on a quarterly basis thereafter, Palmetto Health assesses the effectiveness of derivatives used to hedge transactions

When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, Palmetto Health continues to carry the derivative on the consolidated balance sheets at its fair value with subsequent changes in fair value included in the performance indicator and immediate recognition of gains and losses that were accumulated in unrestricted net assets in the performance indicator

For derivative instruments not designated as a hedging instrument, associated net unrealized gains and losses arising from fair value changes are recognized in the performance indicator

All of the Company's interest rate derivative instruments involve elements of credit and market risk in excess of the amounts recognized in the consolidated financial statements The counterparty to the financial instruments consists of a major financial institution The Swap counterparty was rated A- by Standard & Poor's and Baa1 by Moody's Investors Services as of September 30, 2011 In addition to limiting the amounts of the agreements and contracts it enters into with any one party, the Company monitors its positions with and the credit quality of the counterparties to these financial instruments The Company does not anticipate nonperformance by any of the counterparties

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds the fair value of the asset If applicable, assets to be disposed of are separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated The assets and liabilities of a disposal group classified as held-for-sale are presented separately in the appropriate asset and liability sections of the consolidated balance sheets

Commitments and Contingencies

Liabilities for loss contingencies, including costs arising from claims, assessments, litigation, fines and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Palmetto Health has been limited by donors to a specific time period or purpose Permanently restricted net assets, generally representing specified endowments, have been restricted by donors to be maintained by Palmetto Health in perpetuity Temporarily restricted net assets are generally available to fund designated capital expenditures and specific health care programs of Palmetto Health which include the Children's Hospital, Cancer Programs, Hospice and Camp Kemo

Asset Retirement Obligations

The fair value of a liability for legal obligations associated with asset retirements is recorded in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset Over time, the liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations (see Note 19)

Fair Value of Financial Instruments

The carrying amount reported in the accompanying consolidated balance sheets for cash and cash equivalents, patient accounts receivable, other receivables, other current assets, accounts payable, accrued salaries and benefits, and other current liabilities, approximates fair value due to the relatively short maturity of the respective instruments

Recently Issued Accounting Standards

ASU 2011-07, "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities," amends previous guidance on healthcare entities related to the presentation and disclosure requirements for patient-service revenue and bad debts recognized by entities within the scope of ASC 954 In general, the amendments in the ASU require health care entities that record revenue at gross charge amounts to present the bad debt expense related to patient-service revenue as a reduction to net revenue on the face of the statement of operations This presentation applies only for patient-service revenue, bad debt expense related to other sources of revenue will continue to be reported as operating expense The guidance is effective fiscal years beginning after December 15, 2011, and early adoption is allowed Palmetto Health is continuing to evaluate this guidance and will adopt the related changes in presentation and disclosure as required by fiscal year 2013

Accounting Standards Update (ASU) 2010-20, "Disclosures about the Credit Quality of Financing Receivables and Allowance for Credit Losses," enhances disclosures intended to assist the financial statement users in assessing credit risk exposures and evaluating the adequacy of allowance for credit losses The guidance is effective fiscal years beginning after December 15, 2010 Palmetto Health is continuing to evaluate this new guidance, but does not expect the initial adoption in fiscal 2012 to impact the results of operations, cash flows or financial position

ASU 2010-23, "Measuring Charity Care for Disclosure," amends previous guidance to require healthcare entities to use cost as the measure basis for charity care and include additional disclosures related to the methodology used to identify and determine direct and indirect costs The guidance is effective fiscal years beginning after December 15, 2010 Palmetto Health is continuing to evaluate this guidance and has not yet determined what impact the adoption in fiscal 2012 will have on the results of operations, cash flows or financial position

ASU 2010-24, "Presentation of Insurance Claims and Related Insurance Recoveries," amends previous guidance to require healthcare entities to record medical malpractice claims and similar liabilities and their anticipated insurance recoveries on a gross basis The guidance is effective fiscal years beginning after December 15, 2010 Palmetto Health is continuing to evaluate this guidance and has not yet determined what impact the adoption in fiscal 2012 will have on the results of operations, cash flows or financial position

Note 2 - Joint Operating Agreement and Certificate of Public Advantage (COPA) Restated

The State of South Carolina issued a Certificate of Public Advantage (COPA) in connection with the Joint Operating Agreement arising from Palmetto Health's formation Among other conditions, the COPA requires Palmetto Health to

- Provide an annual report to the South Carolina Department of Health and Environmental Control (DHEC)
- Generally provide 10% of the excess of revenue and gains over expenses and losses to fund public health initiatives and community outreach programs These terms will be re-evaluated should revenue and gains over expenses and losses as a percent of gross revenue escalate or decline to a point where Palmetto Health's commitment to public health and other community benefits becomes unbalanced as it relates to Palmetto Health's profitability or to a point where there is little or no commitment
- Report on the nature, sources and amount of operational savings and capital cost reductions from avoided capital expenditures
- Provide one level of care and continue to provide indigent/charity care
- Provide access to competing facilities for those services not offered by such facilities
- Maintain mission statements that are substantially similar to those of Baptist and Richland

Unexpended funds in the amount of $6,212 (as restated, see Note 22) and $5,730 (as restated, see Note 22) at September 30, 2011 and 2010, respectively, were included in other current liabilities in the accompanying consolidated balance sheets until expended in accordance with COPA requirements Compliance with COPA restrictions is the responsibility of Palmetto Health management and is subject to monitoring by DHEC At September 30, 2011 and 2010, respectively, Board designated funds of $14,823 and $ 10,795 were set aside by Palmetto Health in a separate bank account equal to accrued but unexpended funds disclosed above of $6,212 (as restated, see Note 22) and $5,730 (as restated, see Note 22) at September 30, 2011 and 2010, respectively, in addition to an estimate of one year's COPA obligation

Note 3 - Net Patient Service Revenue and Patient Accounts Receivable Restated

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

Medicare

Inpatient acute care and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors Inpatient nonacute services, certain outpatient services, and certain defined capital and medical education costs related to Medicare beneficiaries are paid based on formula/cost reimbursement methodologies Palmetto Health is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by Palmetto Health and audits thereof by the Medicare fiscal intermediary The Medicare cost reports of Palmetto Health have been audited and final settled by the Medicare fiscal intermediary through the fiscal years ended September 30, 2006, for both Palmetto Richland Memorial Hospital and Baptist Medical Center Columbia, and through September 30, 2007, for Baptist Medical Center Easley Net revenue from the Medicare program accounted for approximately 25% (as restated, see Note 22) and 26% (as restated, see Note 22) of Palmetto Health's net patient service revenue in both fiscal 2011 and 2010, respectively

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed on an interim basis at either a prospectively determined rate per discharge or specific rate for each inpatient day and then final settled at cost Outpatient services are paid on an interim basis based on prospectively determined rates and then final settled at cost Net revenue from the Medicaid program accounted for approximately 19% (as restated, see Note 22) of Palmetto Health's net patient service revenue in fiscal 2011 and 2010

State Medicaid funding is a vital source of health care service funding for Palmetto Health Palmetto Health recognized reimbursement from its participation in the South Carolina Medicaid disproportionate share program totaling $14,742 and $11,299 in fiscal 2011 and 2010, respectively, net of the Medically Indigent Assistance program tax There can be no assurance that Palmetto Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified Any material reduction in such funding would have a correspondingly material adverse effect on Palmetto Health's financial position and results of operations

Other

Palmetto Health has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations The basis for payment to Palmetto Health, under these agreements, is primarily discounts from established charges, but also include prospectively determined rates per discharge and prospectively determined daily rates

(dollars in thousands)

The health care industry is subject to numerous laws and regulations of federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that Palmetto Health is in compliance with relevant fraud and abuse statutes as well as other applicable government laws and regulations

Net patient service revenue is comprised of the following

	2011 Restated	2010 Restated
Revenue at established charges	$ 3,489,059	$ 3,320,347
Contractual adjustments (as restated, see Note 22)	(2,174,704)	(2,049,432)
Charity care	(153,685)	(137,940)
Disproportionate share funding (also see Note 6)	14,742	11,299
Net patient service revenue (as restated, see Note 22)	$ 1,175,412	$ 1,144,274

Palmetto Health grants credit to its patients, most of whom are local residents Palmetto Health generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e g , Medicare, Medicaid, Blue Cross, preferred provider arrangements and commercial insurance policies) The mix of net receivables from patients and third-party payors follows

	2011	2010
Medicare	20%	17%
Medicaid	16%	18%
Commercial/managed care/other third-party payors	46%	46%
Self-pay	18%	19%
	100%	100%

(dollars in thousands)

Palmetto Health generally maintains two distinct portfolios of patient accounts receivable One portfolio is largely comprised of billings to third-party payors and related account apportionment due from insured patients (collectively, the active accounts) The other portfolio consists of early-out self-pay accounts and other troubled accounts requiring more focused collections attention The composition of patient accounts receivable at September 30, 2011 and 2010, follows

	2011 Restated	2010 Restated
Active accounts (as restated, see Note 22)	$ 174,113	$ 169,766
Less – Allowance for uncollectible accounts	(23,368)	(24,974)
Net active accounts (as restated, see Note 22)	150,745	144,792
Collection accounts	240,920	256,849
Less – Allowance for uncollectible accounts	(210,585)	(225,799)
Net collection accounts	30,335	31,050
Patient accounts receivable, net (as restated, see Note 22)	$ 181,080	$ 175,842

Note 4 - Other Revenue

Other revenue includes a capitated arrangement for Palmetto Senior Care, whereby member premiums received are based on a per-member, per-month basis, regardless of the related utilization Revenue recorded in connection with this arrangement was $18,787 and $19,530 for the years ended September 30, 2011 and 2010, respectively

Note 5 - Sale of Subsidiary

On October 1, 2009, Palmetto Health transferred to a new entity all real and personal property comprising the hospital facility in Easley, South Carolina The new entity operates the BEH as a nonprofit entity consisting of two equal members Palmetto Health and GHC The Board is appointed equally by Palmetto Health and GHC or an affiliate of GHC In connection with this transaction, Palmetto Health received $42,000 in cash, transferred net assets of $41,046 to the new entity, received a 50% membership interest in the new entity with a fair value of $20,523 at the opening balance sheet date of October 1, 2009, recorded a related gain of $16,436, which is included in operations for the year ended September 30, 2010 Palmetto Health guaranteed the collectability of certain receivables transferred to BEH in the transaction In August 2011 Palmetto Health paid $4,901 to BEH for the settlement of patient receivables that BEH could not collect Note the $140 difference between this amount paid and the estimate of $5,041 recorded during the year ended September 30, 2010, was recorded as an additional gain on the sale of subsidiary on the statement of operations for the year ended September 30, 2011

In addition, Palmetto Health 1) transferred all real and personal property comprising the hospital facility in Easley, South Carolina, 2) continues to provide certain services to the new entity for a fee pursuant to written agreements, 3) continues to employ all persons employed by Palmetto Health providing services to the facility at the closing of the transaction and will lease such employees pursuant to a written agreement Effective December 26, 2010 the entity employs those personnel directly

(dollars in thousands)

Effective October 1, 2009, Palmetto Health accounts for its investment in the BEH under the equity method of accounting The components of the gain on sale of subsidiary are as follows

Cash received	$	42,000
Assets transferred		(42,771)
Liabilities assumed		1,725
Estimated settlement		(5,041)
50% membership interest in new entity		20,523
Gain on sale of subsidiary at September 30, 2010	$	16,436
True up of settlement recorded in August 2011		140
Total gain on sale of subsidiary	$	16,576

(dollars in thousands)

Note 6 - Other Receivables

Other receivables consists of amounts due from federal and state grant programs, amounts due from BEH for service contract, lease employee and sublease revenue (see Note 17), accrued interest income and amounts due from third-party payors Components of other receivables follow

	2011	2010
Settlement amounts due from third-party payors	$ 4,133	$ 3,294
Amounts due from South Carolina Medicaid disproportionate share program	2,551	7,173
Amounts due from graduate medical education arrangements	832	1,012
Interest receivable	984	1,275
Grant receivables	581	519
Due from BEH (see Note 17)	2,434	6,039
Other	6,589	6,094
	$ 18,104	$ 25,406

(dollars in thousands)

Note 7 - Assets Limited as to Use

The composition of Palmetto Health's assets limited as to use are as follows

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
By board primarily for capital improvements:				
US Treasury and government agencies	$ 20,533	$ 44	$ (3)	20,574
Cash and short-term investments	9,182	-	-	9,182
Mutual funds	319,781	1,696	(11,536)	309,941
Common stocks and options	105,744	7,984	(13,582)	100,146
Corporate bonds, mortgage and asset-backed securities, and other	165,196	5,014	(1,571)	168,639
	620,436	14,738	(26,692)	608,482
By trustee primarily under indenture agreement:				
US Treasury and government agencies	57,503	332	(31)	57,804
Cash and short-term investment	17,873	-	-	17,873
Corporate bonds, mortgage and asset-backed securities, and other	20,687	240	(11)	20,916
	96,063	572	(42)	96,593
	$ 716,499	$ 15,310	$ (26,734)	$ 705,075

(dollars in thousands)

	September 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
By board primarily for capital improvements:				
U S Treasury and government agencies	$ 68,843	$ 1,163	$ (72)	$ 69,934
Cash and short-term investments	18,655	-	-	18,655
Mutual funds	217,715	9,160	(3,442)	223,433
Common stocks and options	123,966	10,657	(3,040)	131,583
Corporate bonds, mortgage and asset-backed securities, and other	115,528	8,221	(189)	123,560
	544,707	29,201	(6,743)	567,165
By trustee primarily under indenture agreement:				
U S Treasury and government agencies	23,006	-	(815)	22,191
Cash and short-term investment	21,582	-	-	21,582
Corporate bonds, mortgage and asset-backed securities, and other	56,406	519	(98)	56,827
	100,994	519	(913)	100,600
	$ 645,701	$ 29,720	$ (7,656)	$ 667,765

The composition of net investment income is as follows

	2011	2010
In other revenue – Interest income	$ 311	$ 516
In nonoperating gains and losses:		
Interest and dividend income	$ 13,815	$ 13,134
Realized gains (losses), net	15,906	(79)
	$ 29,721	$ 13,055

Note 8 - Property and Equipment

The components of property and equipment follow

	2011	2010
Land and improvements	$ 38,450	$ 38,650
Buildings and improvements	521,414	514,458
Equipment and furniture	713,662	668,314
	1,273,526	1,221,422
Accumulated depreciation	(839,162)	(788,404)
Construction-in-progress	15,707	13,603
Property and equipment, net	$ 450,071	$ 446,621

Depreciation expense was $56,356 and $57,178 in 2011 and 2010, respectively

(dollars in thousands)

Interest cost capitalized, net of interest earned on the related trusteed project funds, was $1,088 and $1,298 for the years ended September 30, 2011 and 2010, respectively At September 30, 2011, Palmetto Health had committed to expend an additional $18,895 for the construction of new facilities and purchase of other miscellaneous equipment over the next several years

Note 9 - Other Assets

The components of other assets follow

	2011	2010
Interest in net assets of Affiliated Foundations (Note 17)	$ 23,459	$ 25,532
Cash surrender value, prepaids, deposits and other receivables	11,521	10,201
Notes receivable, net – Intermedical Hospital, Inc. (Intermedical), Foundation and RCHCA	3,139	3,205
Investment in affiliates	29,484	29,319
Other	1,326	1,101
	68,929	69,358
Less – Current portion	(10,876)	(9,567)
Other assets, noncurrent	$ 58,053	$ 59,791

The following investments in affiliates are reported using the equity method of accounting

Name of Investee	Ownership Percentage	2011	2010
Hospital Services, Inc.	26 47%	$ 759	$ 700
Carolina Home Therapeutics	49 00%	1,154	1,033
Radiation Oncology, LLC	51 00%	1,307	1,135
Baptist Easley Hospital	50 00%	26,264	26,451
		$ 29,484	$ 29,319

Palmetto Health has a 26 47% interest in Hospital Services, Inc (a shared laundry facility) For the years ended September 30, 2011 and 2010, Palmetto Health recorded approximately $2,673 and $2,666, respectively, as laundry expense for services rendered by Hospital Services, Inc In addition, Palmetto Health has a 51% interest in Radiation Oncology, LLC (Radiation Oncology), a for-profit joint venture with a group of physicians (Palmetto Health does not exert control) Easley MRI, LLC (Easley MRI) is a for-profit corporation Prior to October 1, 2009, Easley MRI was owned equally by Palmetto Health and Greenville Radiology, P A (Palmetto Health did not exert control) Upon Palmetto Health transferring to an entity all real and personal property comprising the hospital facility in Easley, South Carolina, such investment was transferred to the BEH Easley MRI's primary purpose is to increase the quality of medical services in BEH's service area by operating a fixed MRI facility at the BEH

(dollars in thousands)

On September 30, 2007, Palmetto Health's wholly owned, for-profit subsidiary, HealthSource, Inc , purchased a 49% interest in Coram Healthcare/Carolina Home Therapeutics (CHT) from MedCorp Health Systems, Inc , a wholly owned subsidiary of the Palmetto Health Foundation (the Foundation) The purchase price is a maximum of $2,200 defined as distributions received by Palmetto Health attributable to fiscal years of CHT ending on or before December 31, 2013 Palmetto Health paid the Foundation $493 and $209 during the years ended September 30, 2011 and 2010, respectively, as a result of distributions from CHT CHT is a for-profit joint venture whose primary purpose is providing home infusion therapy and home oxygen supply services The remaining 51% of CHT is owned by Curaflex Health Services, Inc (Palmetto Health does not exert control)

As described previously in Note 5, on October 1, 2009, Palmetto Health transferred to a new entity all real and personal property comprising the hospital facility in Easley, South Carolina The new entity operates the BEH as a nonprofit entity consisting of two equal members Palmetto Health and GHC The Board is appointed equally by Palmetto Health and GHC or an affiliate of GHC Effective October 1, 2009, Palmetto Health accounts for its investment in the BEH under the equity method of accounting See Note 17 for further discussion on services rendered to BEH by Palmetto Health

Palmetto Health had a $1,413 promissory note receivable (noninterest-bearing) from the Foundation The note is payable on demand and is also payable upon the sale, redemption or disposition of the capital stock of Hospital Services, Inc The note is collateralized by the Foundation's capital stock in the shared laundry facility At September 30, 2011 and 2010, Palmetto Health also had a mortgage with Richland Community Health Care Associates (RCHCA) with outstanding balances of $1,146 and $1,183, respectively, pertaining to property and improvements purchased from Palmetto Health The monthly payments are based on an amortization of 25 years at an interest rate of 5 0% with final payment due July 1, 2024

A summary of combined unaudited financial information of the above mentioned affiliates as of and for the year ended September 30, 2011 and 2010, follows

	September 30,	
	2011	2010
Revenues	$ 170,285	$ 160,723
Net income	11,141	6,811
Assets	78,108	73,068
Equity	61,715	56,242

(dollars in thousands)

Note 10 - Operating Leases

Palmetto Health leases certain of its business space and equipment under noncancelable operating leases Rental expense totaled approximately $23,355 and $22,772 for the years ended September 30, 2011 and 2010, respectively Future minimum rental payments, reduced by minimum sublease rentals, required under noncancelable leases that have remaining lease terms in excess of one year as of September 30, 2011, follow

For the year ended	
2012	$ 11,064
2013	8,685
2014	5,334
2015	3,933
2016	3,212
Thereafter	32,074
	$ 64,302

(dollars in thousands)

Note 11 - Long-term Debt

Long-term debt of Palmetto Health consists of the following

	September 30, 2011	2010
Bonds payable		
2011 Series current interest paying serial bonds, payable annually and maturing on August 1, 2039, in varying amounts with interest rates ranging from 3.00% to 6.50%	$ 94,695	$ -
2010 Series A current interest paying serial bonds, payable annually beginning in August 2014, and maturing on December 31, 2017, in varying amounts, with quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.27% (1.42% at September 30, 2011) and interest on the undrawn balance 0.25%	352	-
2010 Series B current interest paying serial bonds, payable annually beginning in August 2014, and maturing on December 31, 2017, in varying amounts, with quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.27% (1.42% at September 30, 2011) and interest on the undrawn balance 0.25%	51	-
2010 Series C current interest paying serial bonds, payable annually beginning in August 2014, and maturing on December 31, 2017, in varying amounts, with quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.27% (1.42% at September 30, 2011) and interest on the undrawn balance 0.25%	290	-
2010 Series D current interest paying serial bonds, payable annually beginning in August 2015, and maturing on December 31, 2015, in varying amounts, with quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.27% (1.21% at September 30, 2011) and interest on the undrawn balance 0.50%	51	-
2009 Series current interest paying serial bonds, payable annually and maturing on August 1, 2039, in varying amounts with interest rates ranging from 3.00% to 5.90%	120,830	123,330
2008 Series A current interest paying bonds, due August 1, 2011 to 2035, in varying amounts, with monthly interest at variable rate demand bond rates (refunded in May 2011)	-	43,805
2008 Series B current interest paying bonds, due August 1, 2009 to 2039, in varying amounts, with monthly interest at variable rate demand bond rates (refunded in May 2011)	-	48,410
2007 Series current interest paying bonds, due August 1, 2009 to 2039, in varying amounts with interest at index rates established on a 30-day cycle (0.91% at September 30, 2011 and 1.03% at September 30, 2010)	69,110	69,505
2005 Series A current interest paying bonds, payable annually and maturing on August 1, 2035, in varying amounts with interest rates ranging from 3.25% to 5.00% (4.88% at September 30, 2011 and 4.87% at September 30, 2010)	201,325	202,400
2003 Series A current interest paying serial bonds, payable annually and maturing on August 1, 2031, in varying amounts with interest rates ranging from 4.00% to 6.25%	7,945	9,935
2003 Series C current interest paying serial bonds, payable annually and maturing on August 1, 2034, in varying amounts with interest rates ranging from 4.00% to 5.00%	7,850	11,470
Less – Unamortized premiums, discounts and issuance costs	(19,452)	(16,195)
	554,047	562,660

(dollars in thousands)

Note 11 - Long-term Debt (cont'd.)

	September 30, 2011	2010
Notes payable and other long-term debt		
Note payable, bearing interest at 30-day LIBOR plus 1 75 (1 97% at September 30, 2011 and 2 01% at September 30, 2010), payable in monthly installments of $13, commencing October 20, 2005, including interest, due September 20, 2020	935	1,067
Note payable, bearing interest at 30-day LIBOR plus 1 75 (2 01% at September 30, 2010), payable in monthly installments of $29, commencing October 20, 2005, including interest, paid off on September 20, 2012	-	236
Note payable, bearing no interest, payable in monthly installments of $3, commencing June 1, 2010, and paid of on July 1, 2011	-	26
Line of credit, with maximum amount available of $700, bearing interest at 4 00% at September 30, 2011 and September 30, 2010, expires March 5, 2012	100	30
	1,035	1,359
Total notes payable and long-term debt	555,082	564,019
Less – Current portion	(12,369)	(8,831)
	$ 542,713	$ 555,188

Future maturities of long-term debt follow:

	Maturities	Net Amortization of Premiums, Discounts and Issuance Costs	Payments
2012	$ 12,369	$ 976	$ 13,345
2013	12,981	847	13,828
2014	11,904	799	12,703
2015	9,915	804	10,719
2016	10,345	837	11,182
Thereafter	497,568	15,189	512,757
	$ 555,082	$ 19,452	$ 574,534

Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities The estimated fair value of Palmetto Health's long-term debt as of September 30, 2011 and 2010, was approximately $596,847 and $569,537, respectively

In May 2011, Palmetto Health issued the 2011 Series A bonds for $94,695 The bonds were issued, along with a cash payment from Palmetto Health, to (i) advance refund the outstanding amount of the $43,805 principal of the 2008 Series A bonds and the outstanding amount of the $48,410 principal of the 2008B bonds and (ii) pay certain expenses incurred in connection with the issuance of the 2011 Series A bonds

In December 2010, Palmetto Health entered into agreements allowing for the eventual issuance of 2010 series revenue bonds of $215,000 The availability of the $90,000 from the 2010 Series D bonds, beyond the amount thereof disbursed at the closing is contingent upon 1) the 2008 Series A and B Bonds being paid in full and defeased on or prior to June 21, 2011 (note this occurred as described in the above paragraph) and 2) all funds from the 2010 series A, B and C must be fully expended The bonds were issued to (i) finance the acquisition , by construction or purchase, of an approximately 186,000-square foot building and other improvements on one or more parcels of land, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein located in Richland County, South Carolina, to be used as an approximately 76 bed hospital, (ii) finance certain additions, expansions and enlargements to Palmetto Health's existing hospital facilities and certain acquisitions of machinery, equipment, office furnishings and other depreciable assets all constituting hospital facilities in Richland County, and (iii) pay certain expenses incurred in connection with the issuance of the 2010 series bonds The bonds are issued periodically as funds are expended for the purposes described above As of September 30, 2011, there was $744 of such bonds issued, and $214,256 available for future draws

In September 2009, Palmetto Health issued the 2009 series revenue bonds for $126,895 The bonds were issued to (i) advance refund the $84,000 outstanding principal amount of the 2003 Series B bonds, (ii) finance certain additions, expansions and enlargements to Palmetto Health's existing hospital facilities and certain acquisitions of machinery, equipment, office furnishings and other depreciable assets all constituting hospital facilities in Richland County, (iii) fund a debt service reserve fund, (iv) pay other fees and expenses including, but not limited to, swap termination payments and (v) pay certain expenses incurred in connection with the issuance of the 2009 series bonds and refunding of the 2003 Series B bonds

Palmetto Health issued 2008 Series A and B bonds in June 2008 for $43,805 and $49,360, respectively These bonds were issued to refinance $50,000 of the 2007 series bonds, which are variable rate hospital improvement revenue bonds As discussed above, in May 2011 the 2011 Series A bonds were issued to advance refund the outstanding amount of these bonds

In March 2007, Palmetto Health issued the 2007 series revenue bonds for $120,000 The bonds were issued to (i) finance the acquisition by construction or purchase of an approximately 145,000 square foot building to be used as a children's hospital on one or more parcels of land, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein located in Richland County, SC, certain additions, expansions and enlargements to its existing hospital facility located in Richland County, SC, certain additions and enhancements to equipment at its existing hospital facility located in Pickens County, SC and certain other routine capital expenditures, (ii) fund interest on the 2007 series bonds and (iii) pay the cost of issuance of the 2007 series bonds Series 2007 index rate bonds are scheduled for mandatory remarketing in August 2013

In December 2005, Palmetto Health issued the 2005 series A and B revenue bonds for $257,150 The bonds were issued to (i) advance refund a portion of the outstanding $260,050 original principal amount of 2003 Series C bonds, (ii) fund a debt service reserve fund and (iii) pay certain expenses incurred in connection with the issuance of the 2005 series bonds Palmetto Health utilized a portion of the 2005 series revenue bonds to defease a portion of the outstanding bonds from the 2003 Series C bonds In April 2008, Palmetto Health refinanced the line of credit debt that current refunded the $47,150 outstanding principal of the 2005 Series B bonds in June 2008 with the issuance of the 2008 Series A bonds for $43,805, which are variable rate demand hospital refunding revenue bonds Simultaneous with the issuance of the 2008 Series A and B bonds in June 2008, Palmetto Health completed a reoffering of its 2005 Series A bonds, effectively converting the mode from an auction rate to fixed interest rates These bonds are backed by letters of credit that mature June 15, 2013

In August 2003, Palmetto Health issued its 2003 series revenue bonds for $450,000 The bonds were issued to (i) provide funds for the payment of certain capital projects, (ii) fund a debt service reserve fund and (iii) pay certain expenses incurred in connection with the issuance of the 2003 series bonds Palmetto Health utilized a portion of the 2003 series revenue bonds to defease all of the outstanding bonds from the 1991, 1993, 1995 and 2000 bonds series The bond indentures between Palmetto Health and a national bank, as trustee, have been released and Palmetto Health no longer has any obligations associated with the defeased issues Therefore, neither the assets of the trust established in connection with the defeasance of the 1991, 1993, 1995 and 2000 series bonds nor the unpaid principal are included in the accompanying consolidated balance sheets

Palmetto Health's bonds payable are collateralized by the Obligated Group's pledged assets, including all revenues, receipts and income derived in connection with the ownership and operation of the Obligated Group's property, plant and equipment

In September 2004, Parkridge completed a loan facility to fund its start-up activities This facility consists of (i) a $1,500 note payable for the upfitting of the surgery center, (ii) a $1,700 note payable for the purchase of machinery, equipment, furniture and fixtures, (iii) a $700 line of credit for miscellaneous working capital and (iv) a $177 note payable for equipment This loan facility is secured by the assets of Parkridge and guarantees from physician investors and Palmetto Health of $700 and $232, respectively Parkridge is not part of the obligated group as defined in the master indenture discussed above

Note 12 - Derivative Financial Instruments

Palmetto Health utilizes certain derivative instruments to enhance its ability to manage risk related to identified cash flow exposures Derivative instruments are entered into for periods consistent with the underlying cash flow exposures and do not represent positions independent of those positions Palmetto Health does not enter into contracts for speculative purposes, however, certain interest rate swap and other contracts are not accounted for as accounting hedges

Palmetto Health has entered into interest rate swap agreements, some of which contain interest rate caps and call features These instruments, which are not designated as accounting hedges, have notional amounts tied to bond issuance principal balances

When the total fair value of certain swaps exceeds a liability of $15,000, Palmetto Health is required to provide collateralization for the excess The collateralization can take the form of cash held in safekeeping by a third-party bank or by liens on investments in treasuries or government sponsored entities owned by Palmetto Health As of September 30, 2011, there was $35,943 set aside for such collateral, reported in assets limited as to use Amount required changes on a weekly basis

In August 2010, the rate cap with a $130,150 outstanding notional amount that was entered into in connection with the issuance of the 2000 Series bonds was terminated as a result of the bankruptcy of the counterparty The cost of such termination was $1,120

(dollars in thousands)

The net fair value of all the derivative instruments is recorded in other liabilities at September 30, 2011 and 2010 The following is a summary of the fair value of the instruments outstanding, excluding any net settlement differential receivable/payable, at September 30, 2011 and 2010

At September 30, 2011

Type	Notional Amount	Effective Date	Maturity Date	Rate Paid	Rate Received	Increase (Decrease) in Interest Expense	Swap Fair Value Asset (Liability)
Basis swap	144,000	8/1/03	5/9/18	3 236%	3 620%	(1,212)	4,265
Basis swap	275,000	9/9/05	9/14/15	0 278%	0 325%	(1,338)	(6,987)
Fixed payor	47,150	12/15/05	8/1/13	3 650%	0 300%	1,593	(2,679)
Fixed payor	119,605	3/15/07	8/1/39	3 474%	0 286%	4,269	(34,931)
Fixed payor	46,525	8/1/13	7/26/35	†	†	-	(8,610)
Totals for derivative instruments						$ 3,312	$ (48,942)

† Swap is not effective until August 1, 2013 Therefore, rate paid and received not applicable as of September 30, 2011

At September 30, 2010

Type	Notional Amount	Effective Date	Maturity Date	Rate Paid	Rate Received	Increase (Decrease) in Interest Expense	Swap Fair Value Asset (Liability)
Rate cap	$ 130,150	3/22/00	12/15/21	0 290%	0 000%	$ 268	$ -
Basis swap	144,000	8/1/03	8/1/18	3 236%	3 620%	(1,008)	5,686
Basis swap	275,000	9/9/05	9/12/30	0 278%	0 325%	(1,298)	(7,840)
Fixed payor	47,150	12/15/05	8/1/13	3 650%	0 300%	1,530	(3,763)
Fixed payor	120,000	3/15/07	8/1/39	3 474%	0 286%	3,938	(26,497)
Fixed payor	46,525	8/1/13	7/26/35	†	†	-	(5,106)
Totals for derivative instruments						$ 3,430	$ (37,520)

† Swap is not effective until August 1, 2013 Therefore, rate paid and received not applicable as of September 30, 2010

Note 13 - Related-party Obligations with Richland County, Richland and Baptist

Concurrent with the transfer of substantially all net assets to Palmetto Health, the operating rights of associated real property and improvements thereon were conveyed to Palmetto Health through the following leases

Capital Lease Obligation to Richland County

In exchange for an annual lease payment (including a fixed portion and other expenses assumed by Palmetto Health from Richland County), Richland County and Richland leased to Palmetto Health all of the real property recorded on the Richland property records as of the date Palmetto Health was formed Real property includes all land, buildings and the building systems The terms of the leases include a 35-year period with three five-year options, of which two have been exercised Upon completion of the 35-year original lease period, the remaining lease payments are treated as an operating lease and such payments are included in the operating lease disclosure in Note 10

(dollars in thousands)

The lease payment to the County includes a fixed payment of $1,693 per year The 35 years of annual payments of $1,693 have been discounted using a 5 5% interest rate to its present value and recorded as a capital lease obligation In addition, Palmetto Health reimburses Richland County an amount from operations equal to the County's annual responsibility for the Medically Indigent Assistance Program (MIAP) as determined by the State of South Carolina

Maturities on the long-term obligation to Richland County for the next five years and the aggregate are as follows

For the year ended	
2012	$ 1,693
2013	1,693
2014	1,693
2015	1,693
2016	1,693
2017 and thereafter	29,251
Total minimum payments	37,716
Amount representing interest	(16,028)
Obligations under capital leases	21,688
Obligations due within one year	(535)
Long-term obligations under capital leases	$ 21,153

The gross amount of assets under capital lease is $26,522 with accumulated amortization of $4,834 and $4,324 at September 30, 2011 and 2010, respectively

Additional Payment to Richland and Baptist

Palmetto Health is committed to provide an annual payment from operations to cover certain governance costs of Richland and Baptist The payment is calculated using a base of $250, subject to adjustment based upon the Consumer Price Index and other expenses, as defined, for an original term of 35 years with three five-year renewal options, of which two have been exercised Expense of $674 and $663 for the years ended September 30, 2011 and 2010, respectively, was recorded associated with these payments and is included in supplies and other expense in the accompanying consolidated statements of operations

Note 14 - Insurance Coverage and Litigation

Medical Malpractice Claims

Palmetto Health purchases professional medical liability insurance coverage to cover medical malpractice claims There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients Palmetto Health has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued malpractice losses totaling $9,348 and $9,393, discounted at 3%, are included in other liabilities as of September 30, 2011 and 2010, respectively, and, in management's opinion, provide an adequate reserve for related loss contingencies

Palmetto Healthcare Liability Insurance Program

The PHLIP is a nonprofit entity comprised of Palmetto Health and 10 other South Carolina health care systems (collectively, including Palmetto Health, the Members) The PHLIP was established to provide medical malpractice and general liability insurance coverage to the Members The PHLIP provides claims-made insurance coverage to its Members by utilizing a captive insurance arrangement with a segregated portfolio (the PHLIP Segregated Portfolio) operated within an offshore captive insurance company, Preferred Healthcare Liability Insurance Program (SPC) (PHLIP SPC) PHLIP SPC and the PHLIP Segregated Portfolio are wholly-owned subsidiaries of PHLIP

Each Member has an equal vote, as provided by the PHLIP bylaws Although Palmetto Health is a related party to the PHLIP through participation by Palmetto Health management at the director level, Palmetto Health does not exercise significant influence or control As such, Palmetto Health does not consolidate the assets (ultimately, investments from collected premiums) or liabilities (ultimately, nonreinsured exposure for current and anticipated claims experience) of the PHLIP, PHLIP SPC, or the PHLIP Segregated Portfolio

Premiums for primary, primary excess and contingent excess coverage amounted to $4,787 and $4,473 and the self-insured retention (or deductible) for reported claims was limited to a maximum of $2,750 for the years ended September 30, 2011 and 2010 Premium payments have been recorded in other expense in the consolidated statements of operations for the years then ended Additionally, Palmetto Health is contingently liable for up to 100% of cumulative premiums incurred for primary coverage, or $33,053 at September 30, 2010 (the Potential Premium Assessment) As of September 30, 2011, management believes the likelihood of any Potential Premium Assessment is not probable, hence, no related amounts have been accrued at September 30, 2011 Palmetto Health has provided a letter of credit with a commercial bank in a maximum amount of approximately $5,863 (expiring January 2012) to secure a portion of the maximum obligation for the Retroactive Premium Management anticipates an updated renewal of this facility under substantially the same terms and conditions at expiration

Workers' Compensation and Employee Health

Palmetto Health is self-insured for workers' compensation claims and has a stop-loss insurance policy for claims in excess of $500 Palmetto Health has provided a letter of credit with a commercial bank in a maximum amount of $3,450 (expiring October 2012) related to the self-insurance of workers' compensation Palmetto Health is also self-insured for its employee group health insurance Palmetto Health has estimated and recorded accruals in other current liabilities totaling $4,961 and $5,309 at September 30, 2011 and 2010, respectively, for the self-insurance portion of these arrangements and maintains excess coverages for exposures above self-insured retentions

Litigation

As a not-for-profit corporation, Palmetto Health is the beneficiary of certain liability caps established under South Carolina Charitable Immunity Statutes The laws of the state limit the amount that can be recovered for damages for medical services rendered by the facility or the facility's employees to $300 per claim with a maximum of $600 per occurrence, with liability caps for employed physicians at $1,200 per occurrence From time to time, Palmetto Health is involved in litigation and regulatory investigations arising in the normal course of business Based on consultation with legal counsel and given available insurance coverages and related accruals, management believes that these matters will be resolved without a material adverse effect on Palmetto Health's financial position or results of operations

Note 15 - Retirement Plans

Palmetto Health Retirement Savings Plan (Savings Plan) is a defined contribution retirement plan Employees are eligible to participate in the pretax salary reduction portion of the Savings Plan beginning with the first payroll after employment Employees are eligible for the Palmetto Health match after the completion of 12 months of service in which the employee works 1,000 hours and after reaching the age of 21 Palmetto Health matches up to 140% of employee contributions up to 3 5% of the employee's eligible compensation The ultimate level of this employer match is based on years of service Benefits are vested 20% a year beginning with the second year of employment with employees becoming fully vested after six years The Savings Plan credits all previous years of vesting service with Baptist and Richland from the date of hire

With the formation of Palmetto Health, certain Richland employees remained Richland employees and Richland entered into an arrangement with Palmetto Health whereby those employees were then leased to Palmetto Health Those employees continue to participate in the State of South Carolina Retirement System The plan requires contributions by employers who elect or are required to participate in the plan Richland has funded all contributions required by the plan Information concerning the portion of the South Carolina Retirement System's assets and vested and nonvested benefits applicable to Richland employees is not available

Palmetto Health expensed $10,029 and $7,871 related to the above retirement plans in fiscal 2011 and 2010, respectively

Palmetto Health has an unfunded defined benefit supplemental executive retirement plan in which the participant becomes eligible to receive benefit payments in the month coinciding with his respective 62nd birthday Palmetto Health has a second unfunded defined benefit supplemental executive retirement plan for certain members of senior management The participants become eligible to receive benefit payments in the month coinciding with the later of their respective 65th birthdays or 36 months of participation

(dollars in thousands)

The changes in the associated benefit obligation follow

	2011	2010
Benefit obligation at beginning of year	$ 7,079	$ 7,969
Service Cost	372	373
Interest cost	318	368
Actuarial gain	1,171	365
Amendments	36	-
Benefits paid	(1,051)	(1,996)
Total benefit obligation, end of year	7,925	7,079
Unrecognized actuarial (loss) gain	(1,726)	(687)
Unrecognized prior service cost	(2,434)	(2,732)
Accrued benefit cost recognized	$ 3,765	$ 3,660

The components of net periodic benefit cost are as follows

	2011	2010
Service Cost	$ 372	$ 373
Interest cost	318	368
Amortization of prior service cost	333	340
Amortization of actuarial (gain)/loss	79	89
Net periodic postretirement benefit cost	1,102	1,170
Settlement	54	(51)
Total benefit cost	$ 1,156	$ 1,119

The weighted average discount rates used to determine benefit obligations at September 30, 2011 and 2010, were 4 00% and 4 75%, respectively The rate of compensation increase used to determine benefit obligations at September 30, 2011 and 2010, were 4 00%

Per ASC 715, "Compensation – Retirement Benefits," Palmetto Health recognized a pension liability of $4,160 and $3,419 for the unfunded status of its defined benefit pension plans on the consolidated balance sheets as of September 30, 2011 and 2010, respectively Related amortization of $412 and $429 was recorded on the net adjustment for defined benefit plans line in the consolidated statement of operations in the years ended September 30, 2011 and 2010, respectively, and is projected at $499 for the year ended September 30, 2012

(dollars in thousands)

Note 16 - Postretirement Benefits Plan

Palmetto Health currently provides defined unfunded health care and drug benefits for certain retired employees Additionally, certain active employees are eligible for future benefits Employees who retire with Palmetto Health on and after October 1, 2004, pay the full cost of retiree medical coverage Palmetto Health has elected to record the unrecognized transition obligation as an operating expense on a prospective basis as part of the future annual benefit cost The changes in the associated benefit obligation follow

	2011	2010
Benefit obligation at beginning of year	$ 10,809	$ 13,474
Interest cost	477	674
Actuarial gain (loss)	2,974	(2,725)
Benefits paid	(696)	(614)
Total benefit obligation, end of year	13,564	10,809
Unrecognized actuarial (loss) gain	(625)	2,453
Unrecognized prior service credit	526	577
Unrecognized net transition obligation	(4,296)	(4,949)
Accrued benefit cost recognized	$ 9,169	$ 8,890

The components of net periodic postretirement benefit cost are as follows

	2011	2010
Interest cost on accumulated postretirement benefit obligation	$ 477	$ 674
Amortization of transition obligation	653	653
Amortization of unrecognized prior service cost	(51)	(51)
Amortization of net (gain)/loss	(104)	(614)
Net periodic postretirement benefit cost	$ 975	$ 662

The weighted average discount rates used to determine benefit obligations at September 30, 2011 and 2010, were 4 00% and 4 75%, respectively

	2011	2010
Health care cost trend rate assumptions		
Initial trend rate, pre-Medicare	8 00%	7 50%
Initial trend rate, post-Medicare	8 00%	7 50%
Ultimate medical trend rate	5 00%	5 00%
Pharmacy initial trend rate	8 00%	7 50%
Pharmacy ultimate trend rate	5 00%	5 00%
Ultimate trend rate is reached in year	2017	2015

	1% Decrease		1% Increase	
	2011	2010	2011	2010
Sensitivity to the assumed health care cost trend rates				
Effect on total of service and interest cost components	$ (58)	$ (61)	$ 69	$ 69
Effect on postretirement benefit obligation	(1,334)	(1,013)	1,480	1,171

The weighted average discount rates used to determine net cost for the years ended September 30, 2011 and 2010, were 4 00% and 4 75%, respectively

The benefits expected to be paid, net of Medicare Part D Subsidy, in each of the years 2012 to 2016 are $804, $838, $867, $881 and $890, respectively The aggregate benefits expected to be paid in the five years from 2017 to 2021 are $4,490 The expected benefits are based on the same assumptions used to measure Palmetto Health's benefit obligation at September 30, 2011

Per ASC 715, "Compensation – Retirement Benefits," Palmetto Health recognized a pension liability of $4,395 and $1,901 for the unfunded status of its postretirement benefit plans on the consolidated balance sheets for September 30, 2011 and 2010, respectively Related amortization of $498 and $602 was recorded on the net adjustment for defined benefit plans line in the consolidated statement of operations in the years ended September 30, 2011 and 2010, respectively, and is projected at $602 for the year ended September 30, 2012

Note 17 - Related Parties

At the formation of Palmetto Health, certain Richland employees elected to remain employees of Richland in order to continue to participate in the State of South Carolina Retirement System Those employees are leased to Palmetto Health under an employee lease agreement The total payments by Palmetto Health to Richland under the employee lease agreement amounted to $10,852 and $12,059 for the years ended September 30, 2011 and 2010, respectively Palmetto Health had on deposit $904 and $1,054 for the years ended September 30, 2011 and 2010, respectively, with Richland as a deposit equal to two payrolls for employees leased by Richland to Palmetto Health The deposit is included in other current assets

As described previously in Note 5, on October 1, 2009, Palmetto Health transferred to a new entity (BEH) all real and personal property comprising the hospital facility in Easley, South Carolina As part of the joint venture arrangement, Palmetto Health loaned BEH $1,000 BEH paid principal and interest (at the prime rate) to Palmetto Health in full before the due date of August 31, 2010 Palmetto Health recorded $20,162 and $56,144 for the years ended September 30, 2011 and 2010, respectively, in other revenue of related service contract, leased employee and sublease revenue (see Note 6 for related receivable)

Effective October 1, 2009, Palmetto Health accounts for its investment in the BEH under the equity method of accounting

Palmetto Health is affiliated with the Palmetto Health Foundation (the Foundation) During the years ended September 30, 2011 and 2010, Palmetto Health received $3,223 and $4,407, respectively, in contributions from the Affiliated Foundation and Palmetto Health paid $1,330 and $1,330, respectively, in operating expenses of the Affiliated Foundation

The Foundation was established through the merger of the Baptist Medical Center Columbia Foundation into the Richland Memorial Hospital Foundation for the sole purpose of supporting the mission, purposes and activities of Palmetto Health, and its related organizations The directors of this foundation include certain officers and board members of Palmetto Health, as well as other community leaders The Foundation is constituted so as to attract support and contributions directly or indirectly from persons in the community in which it operates and was not formed for pecuniary profit or financial gain

(dollars in thousands)

Palmetto Health follows ASC 958, "Not-for-profit Entities," in accounting for contributions and funds held by the Foundation for the benefit of Palmetto Health The following table sets forth selected financial information of the Foundation at September 30, 2011 and 2010

	September 30,	
	2011	2010
Assets	$ 25,985	$ 27,756
Liabilities	2,526	1,965
Unrestricted net assets	3,226	4,857
Temporary and permanently restricted net assets	20,233	20,934

Note 18 - Fair Value Measurements

ASC 820, "Fair Value Measurements and Disclosures," establishes a framework for measuring fair value That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value That hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy under ASC 820 are described below

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Palmetto Health has the ability to access

Level 2 – Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in inactive markets,
- Inputs other than quoted prices that are observable for the asset or liability, and
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

(dollars in thousands)

The following tables set forth the level, within the fair value hierarchy, Palmetto Health's financial instruments at fair value as of September 30, 2011 and 2010

At September 30, 2011	Level 1	Level 2	Level 3	Total
U S Treasury and government agencies	$ 21,577	$ -	$ -	$ 21,577
Cash and short-term investments	34,050	-	-	34,050
Mutual funds	309,941	-	-	309,941
Common stocks and options	101,860	-	-	101,860
Corporate bonds, mortgage and asset backed securities, and other	-	188,038	-	188,038
Alternative investments	-	-	49,609	49,609
Assets at fair value	467,428	188,038	49,609	705,075
Derivative instruments, swaps	-	(48,942)	-	(48,942)
Liabilities at fair value	-	(48,942)	-	(48,942)
Total financial instruments at fair value	$ 467,428	$ 139,096	$ 49,609	$ 656,133

At September 30, 2010	Level 1	Level 2	Level 3	Total
U S Treasury and government agencies	$ 92,125	$ -	$ -	$ 92,125
Cash and short-term investments	39,757	-	-	39,757
Mutual funds	223,433	-	-	223,433
Common stocks and options	124,374	-	-	124,374
Corporate bonds, mortgage and asset backed securities, and other	-	175,458	-	175,458
Alternative investments	-	-	12,618	12,618
Assets at fair value	479,689	175,458	12,618	667,765
Derivative instruments, swaps	-	(37,520)	-	(37,520)
Liabilities at fair value	-	(37,520)	-	(37,520)
Total financial instruments at fair value	$ 479,689	$ 137,938	$ 12,618	$ 630,245

The table below sets forth a summary of changes in the fair value of Palmetto Health's Level 3 financial instruments for the period ended September 30, 2011, and 2010

	2011	2010
Balance, beginning of year	$ 12,618	$ 12,126
Purchases	39,000	-
Unrealized (loss) gains	(933)	772
Settlements, net	(1,076)	(280)
Balance, end of year	$ 49,609	$ 12,618

(dollars in thousands)

Palmetto Health estimates the fair value of investments in corporate bonds, mortgage and asset backed securities, and other based on fair values determined by independent vendors The vendors compile prices from various sources and may apply matrix pricing for similar bonds where no price is observable in an actively traded market If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued

Palmetto Health estimates the fair value of investments in alternative investments using the reported net asset value as a practical expedient for fair value The use of net asset value as a practical expedient for fair value is permitted under GAAP for investments in entities that meet the description of an investment company and whose underlying investments are measured at fair value The table below is a summary of the alternative investments held by Palmetto Health as of September 30, 2011 and 2010

	2011	2010	Unfunded Commitments	Redemption Notice Period
Equity long/short hedge fund of funds	$ 5,378	$ 4,929	None	20 days
Global macro hedge fund of funds	5,701	5,645	None	106 days
US macro hedge fund of funds	1,052	2,044	None	N/A - currently liquidating
Diversified multistrategy fund of funds	37,478	-	None	5-90 days
Balance, end of year	$ 49,609	$ 12,618		

The Equity long/short hedge fund of funds oversees various managers which seek to earn attractive returns by generally focusing on investments in global equities, both long and short, but may also use other securities and instruments deemed appropriate by the investment manager to carry out the overall objective of the fund The investment manager has broad and flexible investment authority and may trade in any type of security, issuer, or group of related issuers, country, region, etc , believed to help the fund achieve its investment objectives

The Global macro hedge fund of funds oversees various managers whose investment objective is to seek risk-adjusted returns while preserving capital during difficult market periods, through exposure to the financial, metal, energy, agricultural, currency and other markets, in addition to diversify its portfolio through investment in a range of funds or managed accounts seeking to implement trading strategies in numerous U S and international currency, futures, options, forward and other derivative markets

The US macro hedge fund of funds seeks lower volatility than traditional markets, investing primarily in non-directional hedge fund strategies By investing in a broadly diversified portfolio of alternative asset managers, the fund seeks to produce consistent, above-average, risk adjusted, long-term rates of return with low correction relative to the equity and fixed income markets Palmetto Health is currently liquidating out of this fund

The Diversified multistrategy fund of funds oversees various managers which seek diversification by investment strategy Strategy sectors include, among others, Long Short, Event Driven, Fundamental Macro, Systematic Macro (CTA), Relative Value, and Multi-Strategy Currently all investments in this fund of funds is in the initial one year lock-out period After the lock-out expires, a 5-90 day notice period is required

Management estimates the fair value of interest rate swaps, based primarily on Level 2 inputs Management also considers the creditworthiness of Palmetto Health and its counterparties in estimating the fair value of interest rate swaps, however, the effect of credit valuation adjustments was not significant to the fair value measurements as of September 30, 2011

Note 19 - Asset Retirement Obligations

Palmetto Health has estimated asset retirement obligations of $1,062 that arise primarily from a legal obligation to remove asbestos in facilities at the time of major renovation or demolition, which are included in noncurrent liabilities The related accretion expense was $46 and $44 in fiscal 2011 and 2010, respectively

(dollars in thousands)

Note 20 - Functional Expenses Restated

Palmetto Health provides health care services to residents within its geographic location Expenses based on functional classification related to providing these services are as follows

	2011 Restated	2010 Restated
Health care service	$ 1,126,931	$ 1,110,360
General and administrative (as restated, see Note 22)	118,582	125,558
	$ 1,245,513	$ 1,235,918

Note 21 - Subsequent Events

As required by ASC 855, "Subsequent Events," management of Palmetto Health has evaluated events that occurred between October 1, 2011, and December 14, 2011 (the date of issuance) to determine whether any of those events required recognition or disclosure in the 2011 financial statements Additionally, management of Palmetto Heath has evaluated subsequent events through May 11, 2012 (date of reissuance) to determine whether any of those events required recognition or disclosure in the 2011 financial statements Palmetto Health is not aware of any subsequent events that would require recognition in the financial statements, however, the items noted below were identified for disclosure

As discussed in Note 12, when the total fair value of certain swaps exceeds a liability of $15,000, Palmetto Health is required to provide collateralization for the excess As of December 8, 2011, the amount of such collateral required decreased to $32,496 due to a favorable change in market conditions

Note 22 - Correction for Medicare Overpayment

After the December 14, 2011 issuance of the September 30, 2011 and 2010 financial statements, Palmetto Health identified overpayments from Medicare Medicare miscalculated the cost to charge ratio used in determining high cost outlier payments Medicare applied this cost to charge ratio to services provided from April 30, 2010 through May 16, 2011 Therefore, the accompanying financial statements for 2011 and 2010 have been restated to consider both the overpayments and any directly related changes in accounts receivable and the COPA obligation

(dollars in thousands)

The following table provides a comparison of previously reported amounts with the restated amounts

	2011			2010		
	As Previously Reported	Restated	Change	As Previously Reported	Restated	Change
Consolidated Balance Sheets						
Patient accounts receivable, net	$ 182,935	$ 181,080	$ (1,855)	$ 176,345	$ 175,842	$ (503)
Total current assets	282,888	281,033	(1,855)	281,973	281,470	(503)
Total assets	1,477,229	1,475,374	(1,855)	1,442,614	1,442,111	(503)
Other current liabilities	28,710	62,587	33,877	27,305	36,326	9,021
Total current liabilities	131,443	165,320	33,877	117,459	126,480	9,021
Total liabilities	777,356	811,233	33,877	763,861	772,882	9,021
Unrestricted net assets	671,903	636,171	(35,732)	651,494	641,970	(9,524)
Total net assets	699,873	664,141	(35,732)	678,753	669,229	(9,524)
Total liabilities and net assets	1,477,229	1,475,374	(1,855)	1,442,614	1,442,111	(503)
Consolidated Statements of Operations						
Net patient service revenue	1,203,993	1,175,412	(28,581)	1,154,631	1,144,274	(10,357)
Total unrestricted revenue, gains and other support	1,294,425	1,265,844	(28,581)	1,301,865	1,291,508	(10,357)
Interest expense	28,092	28,632	540	25,547	25,772	225
Total expenses	1,244,973	1,245,513	540	1,235,693	1,235,918	225
Operating income	49,452	20,331	(29,121)	66,172	55,590	(10,582)
COPA- community health improvement projects	(7,754)	(4,841)	2,913	(5,967)	(4,909)	1,058
Revenue and gains over expenses and losses before net unrealized gain (loss) on derivative financial instruments and trading investments and loss on debt extinguishment	69,919	43,711	(26,208)	70,140	60,616	(9,524)
Revenue and gains (under) over expenses and losses	24,114	(2,094)	(26,208)	82,032	72,508	(9,524)
(Decrease) increase in unrestricted net assets	20,409	(5,799)	(26,208)	86,468	76,944	(9,524)
Consolidated Statements of Cash Flows						
(Decrease) increase in net assets	21,120	(5,088)	(26,208)	85,407	75,883	(9,524)
Change in patient accounts receivable	(203,418)	(202,066)	1,352	(185,104)	(184,601)	503
Change in other liabilities	(731)	24,125	24,856	16,113	25,134	9,021