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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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
ONE HOAG DRIVE BOX 6100

City or town, state or country, and ZIP + 4
NEWPORT BEACH, CA 926586100

D Employer identification number
95-1643327

E Telephone number
(949) 764-4411

G Gross receipts $ 2,075,601,388

F Name and address of principal officer
RICHARD F AFABLE MD
ONE HOAG DRIVE BOX 6100
NEWPORT BEACH, CA 926586100

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 HOAGHOSPITAL ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1944 | **M** State of legal domicile CA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
OUR MISSION AS A NOT-FOR-PROFIT, FAITH-BASED HOSPITAL IS TO PROVIDE THE HIGHEST QUALITY HEALTH CARE SERVICES TO THE COMMUNITIES WE SERVE

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
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**	6,461
6	Total number of volunteers (estimate if necessary)	**6**	1,400
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	3,857,842
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	7,247,538	29,434,564
9	Program service revenue (Part VIII, line 2g)	766,408,017	773,211,956
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	29,359,294	41,200,802
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,464,371	14,178,048
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	806,479,220	858,025,370
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,710,069	7,475,467
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)	347,178,556	392,345,261
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)	412,906,889	431,194,154
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	764,795,514	831,014,882
19	Revenue less expenses Subtract line 18 from line 12	41,683,706	27,010,488
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	2,037,017,974	2,103,471,586
21	Total liabilities (Part X, line 26)	745,611,558	810,378,467
22	Net assets or fund balances Subtract line 21 from line 20	1,291,406,416	1,293,093,119

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2012-08-07 Date

▶ JENNIFER MITZNER SVP AND 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 ▶ ERNST & YOUNG US LLP				Firm's EIN ▶
Firm's address ▶ 18111 VON KARMAN AVENUE SUITE 1000 IRVINE, CA 92612				Phone no ▶ (949) 794-2300

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

OUR MISSION AS A NOT-FOR-PROFIT, FAITH-BASED HOSPITAL IS TO PROVIDE THE HIGHEST QUALITY HEALTH CARE SERVICES TO THE COMMUNITIES WE SERVE

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 $ 546,680,984 including grants of $ 7,475,467) (Revenue $ 785,629,303)

PROVISION OF HEALTH CARE SERVICES - SEE SCHEDULE O

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** ▶ $ 546,680,984

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		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**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *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**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	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**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	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	768		
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	6,461		
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	16		
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	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .		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 ▶ CA

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 ▶

JENNIFER MITZNER
ONE HOAG DRIVE BOX 6100
NEWPORT BEACH, CA 926586100
(949) 764-4411

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)**								7,211,504	0	861,737

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 ▶ 620

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
TAYLOR ASSOCIATES ARCHITECTS 2220 UNIVERSITY DR SUITE 200 NEWPORT BEACH, CA 92660	ARCHITECTURE	5,319,931
DELOITTE TOUCHE LLP 4022 SELLS DRIVE HERMITAGE, TN 37076	CONSULTING	5,114,170
PACIFIC HOSPITALIST ASSOCIATES 510 SUPERIOR AVENUE SUITE 290 NEWPORT BEACH, CA 92663	MEDICAL	4,355,526
DELL RECEIVABLES LP 211 E 7TH ST SUITE 620 AUSTIN, TX 78701	COMPUTER SUPP/SRVCS	3,163,420
GG ORGANIZATION LTD 7670 WOODWAY SUITE 250 HOUSTON, TX 77063	COLLECTION AGENCY	2,632,642

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 ▶ 113

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	17,197,978			
	e Government grants (contributions)	1e	11,932,117			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	304,469			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		29,434,564			
Program Service Revenue		Business Code				
	2a PATIENT SERVICES	622110	666,561,466	666,561,466		
	b HMO CAPITATED PAYMENTS	622110	80,426,294	80,426,294		
	c MOB RENTAL INCOME	531190	17,216,302	16,173,940	1,042,362	
	d CAFETERIA SALES	722212	4,269,481	4,269,481		
	e REFUNDS & REBATES	532299	2,313,721	2,313,721		
	f All other program service revenue		2,424,692	2,424,692		
	g **Total.** Add lines 2a–2f . . . . . ▶		773,211,956			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		16,433,264		0	16,433,264
	4 Income from investment of tax-exempt bond proceeds . . ▶		34,992			34,992
	5 Royalties . . . . . ▶		0			

		(i) Real	(ii) Personal
	6a Gross Rents		
	b Less rental expenses		
	c Rental income or (loss)		
	d Net rental income or (loss) . . . . . ▶		

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	1,242,166,472	142,092				
	b Less cost or other basis and sales expenses	1,217,511,886	64,132				
	c Gain or (loss)	24,654,586	77,960				
	d Net gain or (loss) . . . . . ▶			24,732,546			24,732,546
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 MISC - HOI SERVICES		561110	7,842,321	5,339,547	2,502,774	
	b INCOME FROM PARTNERSHIPS / LLC'S		525990	3,304,217	3,804,755	-500,538	
	c CHILD CARE PROGRAM		624410	1,447,995			1,447,995
	d All other revenue			1,583,515	770,271	813,244	
	e **Total.** Add lines 11a–11d . . . . . ▶			14,178,048			
	12 **Total revenue.** See Instructions . . . ▶			858,025,370	782,084,167	3,857,842	42,648,797

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	7,471,442	7,471,442		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	4,025	4,025		
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	5,672,484	542,943	5,129,541	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	1,231,135	1,231,135		
7	Other salaries and wages	300,558,690	211,177,211	89,381,479	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	15,099,540	2,701,946	12,397,594	
9	Other employee benefits	46,966,491	35,845,411	11,121,080	
10	Payroll taxes	22,816,921	9,608,457	13,208,464	
a	Fees for services (non-employees) Management	0			
b	Legal	2,856,471		2,856,471	
c	Accounting	558,392		558,392	
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	4,049,062		4,049,062	
g	Other	90,496,879	55,460,670	35,036,209	
12	Advertising and promotion	2,860,143	22,170	2,837,973	
13	Office expenses	127,116,890	116,384,042	10,732,848	
14	Information technology	8,292,964	1,700	8,291,264	
15	Royalties	0			
16	Occupancy	41,518,131	24,565,037	16,953,094	
17	Travel	196,580	37,739	158,841	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	647,635	206,562	441,073	
20	Interest	20,449,135	20,244,644	204,491	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	66,053,054	29,045,054	37,008,000	
23	Insurance	5,002,915	3,001,749	2,001,166	
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	QA CA HOSPITAL FEE	21,736,204	21,736,204		
b	ALL OTHER EXPENSES	39,359,699	7,392,843	31,966,856	
c					
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	831,014,882	546,680,984	284,333,898	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		38,826,941	1	75,464,148
	2	Savings and temporary cash investments		42,547,664	2	20,107,052
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		82,467,851	4	83,626,722
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		2,500,000	5	2,532,083
	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		602,963	7	1,973,182
	8	Inventories for sale or use		3,530,280	8	4,727,452
	9	Prepaid expenses and deferred charges		9,792,052	9	17,404,294
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 1,395,226,676			
	b	Less accumulated depreciation	10b 538,452,312	837,376,490	10c	856,774,364
	11	Investments—publicly traded securities		700,871,089	11	627,370,209
	12	Investments—other securities See Part IV, line 11		250,607,000	12	322,454,839
	13	Investments—program-related See Part IV, line 11		42,250,329	13	47,148,454
	14	Intangible assets		1,891,950	14	0
	15	Other assets See Part IV, line 11		23,753,365	15	43,888,787
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		2,037,017,974	16	2,103,471,586
Liabilities	17	Accounts payable and accrued expenses		113,515,253	17	126,175,194
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		535,566,081	20	565,433,341
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		96,530,224	25	118,769,932
	26	**Total liabilities.** Add lines 17 through 25		745,611,558	26	810,378,467
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		1,285,897,502	27	1,285,983,530
	28	Temporarily restricted net assets		5,508,914	28	7,109,589
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,291,406,416	33	1,293,093,119
	34	Total liabilities and net assets/fund balances		2,037,017,974	34	2,103,471,586

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	858,025,370
2	Total expenses (must equal Part IX, column (A), line 25)	2	831,014,882
3	Revenue less expenses Subtract line 2 from line 1	3	27,010,488
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,291,406,416
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-25,323,785
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,293,093,119

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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: 95-1643327
Name: HOAG MEMORIAL HOSPITAL PRESBYTERIAN

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			
STEPHEN JONES CHAIR	3 0	X		X				0	0	0
ROBERT W EVANS VICE-CHAIR	3 0	X		X				0	0	0
JOHN L BENNER SECRETARY	3 0	X		X				0	0	0
DICK P ALLEN BOARD MEMBER	3 0	X						0	0	0
ALLYSON M BROOKS MD BOARD MEMBER	3 0	X						184,373	0	0
WESTON G CHANDLER MD BOARD MEMBER	3 0	X						0	0	0
JAKE EASTON III BOARD MEMBER	3 0	X						20,635	0	0
MAX W HAMPTON BOARD MEMBER	3 0	X						0	0	0
JEFFREY H MARGOLIS BOARD MEMBER	3 0	X						0	0	0
GARY S MCKITTERICK BOARD MEMBER	3 0	X						0	0	0
RICHARD A NORLING BOARD MEMBER	3 0	X						0	0	0
VIRGINIA UEBERROTH BOARD MEMBER	3 0	X						0	0	0
YULUN WANG PHD BOARD MEMBER	3 0	X						0	0	0
RICHARD M ORTWEIN BOARD MEMBER	3 0	X						0	0	0
JAMES O ROLLANS BOARD MEMBER (10/1/10-7/12/11)	3 0	X						0	0	0
DOUGLAS ZUSMAN MD BOARD MEMBER	3 0	X						130	0	0
RICHARD F AFABLE MD PRESIDENT & CEO / BOARD MEMBER	50 0	X		X				1,011,903	0	222,216
ANN L TAYLOR ASSISTANT SECRETARY	50 0			X				99,863	0	15,899
ROBERT BRAITHWAITE SVP & CHIEF OPERATING OFFICER	50 0			X				486,992	0	49,046
JENNIFER MITZNER SVP CORPORATE SERVICES & CFO	50 0			X				630,470	0	72,288
JACK COX MD SVP & CHIEF QUALITY OFFICER	50 0				X			490,797	0	135,872
RICHARD MARTIN SVP & CHIEF NURSING OFFICER	50 0				X			553,956	0	65,790
SANFORD SMITH SVP REAL ESTATE & FACILITIES	50 0				X			438,426	0	74,153
TIMOTHY CL MOORE SVP & CHIEF INFORMATION OFFCR	50 0				X			423,425	0	41,311
CYNTHIA H PERAZZO SVP STRATEGIC & BUSINESS DVPMT	50 0				X			392,968	0	34,699

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			
FLYNN ANDRIZZI SVP	7 0				X			158,067	0	8,826
ROBERT TANCREDI EXECUTIVE MEDICAL DIRECTOR COE	50 0					X		687,576	0	15,844
ROBERT DILLMAN EXECUTIVE MEDICAL DIRECTOR	50 0					X		507,557	0	33,392
MICHAEL BRANT-ZAWADSKI EXECUTIVE MEDICAL DIRECTOR COE	50 0					X		468,388	0	28,553
TERRI CAMMARANO VP AND GENERAL COUNSEL	50 0					X		334,665	0	38,726
JAN BLUE VP HUMAN RESOURCES	50 0					X		321,313	0	25,122

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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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN	95-1643327

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		55,147
j	Total lines 1c through 1i			55,147
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
LOBBYING EFFORTS	SCHEDULE C, PART II-B, LINE 1I	HOAG MEMORIAL HOSPITAL PRESBYTERIAN (HMHP) PAYS DUES TO THE HOSPITAL ASSOCIATION OF SOUTHERN CALIFORNIA A PORTION OF THE DUES PAID BY HMHP ARE SPENT ON LOBBYING EFFORTS BY THE HOSPITAL ASSOCIATION IN FY 2011, $55,147 WAS SPENT ON LOBBYING

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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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		77,330,825		77,330,825
b Buildings		750,254,518	240,611,181	509,643,337
c Leasehold improvements		99,824,440	22,008,844	77,815,596
d Equipment		416,402,143	275,832,287	140,569,856
e Other		51,414,750	0	51,414,750
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				856,774,364

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		
(3) Other		
(A) EQUITY COMMINGLED FUNDS	117,411,173	F
(B) FIXED INC COMMINGLED FUNDS	35,958,855	F
(C) HEDGE FUNDS	125,039,931	F
(D) PRIVATE EQUITY	27,724,902	F
(E) REAL ASSETS	16,319,978	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	322,454,839	

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
MEDI-CAL COST REPORTS	547,039
LEASE INCENTIVE OBLIGATION-IRVINE	12,350,812
CASH FLOW HEDGE	54,054,661
ARO LIABILITY	1,956,763
ACCRUED INCOME GUARANTEES	405,156
ACCRUED MALPRACTICE LIABILITY	29,979,653
ACCRUED CAPITATION LIABILITY	19,475,848
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	118,769,932

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
ASC 740 FOOTNOTE (FKA FIN 48)	SCHEDULE D, PART X, LINE 2	THE FOLLOWING IS THE FIN 48 FOOTNOTE FROM THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF HOAG MEMORIAL HOSPITAL PRESBYTERIAN ACCOUNTING STANDARDS CODIFICATION (ASC) 740, INCOME TAXES, CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD THAT A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE, AND TRANSITION THE GUIDANCE IS APPLICABLE TO PASS-THROUGH ENTITIES AND TAX-EXEMPT ORGANIZATIONS NO SIGNIFICANT TAX LIABILITY FOR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT SEPTEMBER 30, 2011 OR 2010

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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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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	0	0	Investments		91,811,000
East Asia and the Pacific	0	0	Investments		842,000
Europe (Including Iceland and Greenland)	0	0	Investments		15,087,000
North America	0	0	Investments		2,780,000
Middle East and North Africa	0	12	Program Services	SEE SCH F, PART V	57,877
3a Sub-total	0	12			110,577,877
b Total from continuation sheets to Part I					
c **Totals** (add lines 3a and 3b)	0	12			110,577,877

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation
DESCRIPTION OF PROGRAM SERVICES	SCHEDULE F, PART I, LINE 3, COLUMN E	THE ORGANIZATION'S ACTIVITIES IN THE REGION CONSISTED OF ASSISTING KENYAN PARISH NURSES WITH TRAINING FOR WORKING IN LOCAL CHURCHES AND PROVIDING MEDICAL EQUIPMENT AND SUPPLIES

Identifier	Return Reference	Explanation
ACCOUNTING METHOD	SCHEDULE F, PART I, LINE 3, COLUMN F	THE AMOUNTS REPORTED IN PART I, LINE 3, COLUMN F REPRESENT THE MARKET VALUES OF THE INVESTMENTS IN THE IDENTIFIED REGIONS AS OF THE ORGANIZATION'S FISCAL YEAR ENDED SEPTEMBER 30, 2011 THE PROGRAM SERVICE EXPENSE WAS DETERMINED USING THE ACCRUAL METHOD OF ACCOUNTING

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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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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)			7,158,458	0	7,158,458	0 820 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			51,702,226	35,029,714	16,672,512	1 920 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			16,517,000	4,645,000	11,872,000	1 370 %
d **Total** Financial Assistance and Means-Tested Government Programs			75,377,684	39,674,714	35,702,970	4 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			6,812,146	0	6,812,146	0 780 %
f Health professions education (from Worksheet 5)			410,393	0	410,393	0 050 %
g Subsidized health services (from Worksheet 6)			2,113,617	0	2,113,617	0 240 %
h Research (from Worksheet 7)			1,067,661	3,081	1,064,580	0 120 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			3,268,115	0	3,268,115	0 380 %
j **Total** Other Benefits			13,671,932	3,081	13,668,851	1 570 %
k **Total.** Add lines 7d and 7j			89,049,616	39,677,795	49,371,821	5 680 %

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			67,014	0	67,014	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy			96,019	0	96,019	0 %
8	Workforce development			19,940	0	19,940	0 %
9	Other						
10	**Total**			182,973	0	182,973	0 %

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	10,718,982		
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	0		
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	129,526,594		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	211,874,391		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-82,347,797		
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		No
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		

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	HOAG ORTHOPEDIC INST	SPECIALTY HOSPITAL	51 000 %	0 %	49 000 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 3

	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	HOAG MEMORIAL HOSPITAL PRESBYTERIAN ONE HOAG DRIVE P O BOX 6100 NEWPORT BEACH,CA 926586100	X	X			X		X		
2	HOAG MEMORIAL HOSP PRESB - IRVINE 1200 SAND CANYON IRVINE,CA 92614	X	X			X		X		
3	HOAG ORTHOPEDIC INSTITUTE 1250 SAND CANYON IRVINE,CA 92614	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: HOAG MEMORIAL HOSPITAL PRESBYTERIAN

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: HOAG MEMORIAL HOSP PRESB - IRVINE

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 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: HOAG ORTHOPEDIC INSTITUTE

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	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? **9**

	Name and address	Type of Facility (Describe)
1	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
2	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
3	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
4	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
5	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
6	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
7	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
8	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
9	HOAG OP IMAGING CENTER 510 SUPERIOR AVENUE NEWPORT BEACH,CA 92663	IMAGING CENTER
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
REQUIRED DESCRIPTIONS	SCHEDULE H, PART VI, LINE 1	THE ORGANIZATION'S REQUIRED SCHEDULE H SPECIFIC LINE ITEM DESCRIPTIONS ARE AS FOLLOWS PART I, LINE 7 COST ACCOUNTING SYSTEM WAS USED TO DERIVE THE COST-TO-CHARGE RATIO OUR TOTAL COSTS (DIRECT AND INDIRECT) AND TOTAL CHARGES WERE $682,858,000 AND $1,934,796,000, RESPECTIVELY THIS RESULTED IN A COST-TO-CHARGE RATIO OF APPROXIMATELY 35 29% WHICH WAS USED TO CALCULATE CHARITY CARE AT COST (GROSS PATIENT CHARGES WRITTEN OFF ON THE P&L TIMES COST-TO-CHARGE RATIO) THE COST ACCOUNTING SYSTEM ADDRESSES INPATIENT, OUTPATIENT AND VARIOUS PAYOR TYPES FOR THE SECTIONS OF LINE 7 AS APPLICABLE, WORKSHEET 2 WAS NOT USED WHILE THE COST TO CHARGE RATIO WAS USED PART II - COMMUNITY BUILDING ACTIVITIES THE PRIMARY PURPOSE OF HOAG'S COMMUNITY BUILDING ACTIVITIES IS TO IMPROVE LOCAL HEALTH IN ORANGE COUNTY THROUGH A COLLABORATIVE PROCESS WITH OTHER NON PROFIT ORGANIZATIONS AND HEALTH CARE DELIVERY SYSTEMS IN PROVIDING FUNDING OPPORTUNITIES FOR HEALTH RELATED COMMUNITY INITIATIVES HOAG ALSO SUPPORTS WITH COMMUNITY DISASTER PREPAREDNESS PLANNING ($65K) AND THE OC CONGREGATION COMMUNITY ORGANIZATIONS ($2 5K) HOAG WORKS WITH VARIOUS OC COMMUNITY CLINICS, THE HEALTH FUNDERS PARTNERSHIP OF OC, AND THE OC HEALTH NEEDS ASSESSMENT GROUP TO FURTHER COMMUNITY BUILDING ACTIVITIES ($96K), AS WELL AS $19K FOR PROJECT SEARCH (A WORKFORCE DEVELOPMENT PROGRAM) PART III, LINE 4 ACCOUNTS RECEIVABLE DISCLOSURE PER THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR HOAG MEMORIAL HOSPITAL PRESBYTERIAN THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM THE FEDERAL AND STATE GOVERNMENTS UNDER THE MEDICARE AND MEDI-CAL PROGRAMS, PRIVATELY SPONSORED MANAGED CARE PROGRAMS FOR WHICH PAYMENT IS MADE BASED ON TERMS DEFINED UNDER FORMAL CONTRACTS, AND OTHER PAYERS THE FOLLOWING TABLE SUMMARIZES THE PERCENTAGE OF NET ACCOUNTS RECEIVABLE FROM ALL PAYERS AT SEPTEMBER 30, 2011 GOVERNMENT 13% CONTRACTED 55% OTHER 32% TOTAL 100% THE ORGANIZATION'S MANAGEMENT BELIEVES THERE IS NO MATERIAL CREDIT RISK ASSOCIATED WITH RECEIVABLES FROM GOVERNMENT PROGRAMS RECEIVABLES FROM CONTRACTED PAYERS AND OTHERS ARE FROM VARIOUS PAYERS WHO ARE SUBJECT TO DIFFERING ECONOMIC CONDITIONS, AND DO NOT REPRESENT ANY CONCENTRATED RISKS TO THE ORGANIZATION MANAGEMENT CONTINUALLY MONITORS AND ADJUSTS THE PROVISION FOR CONTRACTUAL DISCOUNTS AND DOUBTFUL ACCOUNTS ASSOCIATED WITH RECEIVABLES BASED ON HISTORICAL EXPERIENCE ESTIMATED COST OF BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS REPORTED ON LINE 2 WAS DERIVED FROM BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS TIMES THE RATIO OF PATIENT CARE COST TO CHARGES (33 7%) DISCOUNTS ON PATIENT ACCOUNTS ARE RECORDED AS AN ADJUSTMENT TO REVENUE, NOT BAD DEBT EXPENSE PAYMENTS ON PATIENT ACCOUNTS THAT WERE WRITTEN OFF ARE RECORDED AS AN ADJUSTMENT TO BAD DEBT EXPENSE PART III, LINE 8 COSTING METHODOLOGY - MEDICARE ALLOWABLE COSTS WERE CALCULATED USING A COST TO CHARGE RATIO THE ORGANIZATION DOES NOT TREAT THE SHORTFALL FROM MEDICARE AS A COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	THE ORANGE COUNTY HEALTH NEEDS ASSESSMENT (OCHNA) IS A COMMUNITY-BASED, NOT-FOR-PROFIT COLLABORATIVE THAT WAS CREATED AND DESIGNED TO MEET THE REQUIREMENTS OF SB 697 FOR ALL NOT-FOR-PROFIT HOSPITALS IN ORANGE COUNTY OCHNA IS THE PRIMARY SOURCE FOR HEALTH DATA NEEDS, PROVIDING THE LARGEST HEALTH ASSESSMENT OF ITS KIND AT THE COUNTY LEVEL IN THE STATE THE COLLABORATIVE IS JOINTLY FUNDED BY THE HEALTH CARE AGENCY OF ORANGE COUNTY, THE CHILDREN AND FAMILIES COMMISSION, CALOPTIMA, AND NINE ORANGE COUNTY NOT-FOR-PROFIT HOSPITALS, INCLUDING HOAG MEMORIAL HOSPITAL PRESBYTERIAN A NEEDS ASSESSMENT PLAN WAS DEVELOPED THAT INCORPORATED A MIX MODE APPROACH TO DATA COLLECTION THAT INCLUDED A TREND ANALYSIS OF FOUR PREVIOUS OCHNA HEALTH NEEDS SURVEYS (1998, 2001, 2004, AND 2007), AS WELL AS ADDITIONAL PRIMARY DATA FROM THE CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY AND THE CALIFORNIA HEALTH INFORMATION SURVEY POPULATION ESTIMATES FOR OCHNA 1998 AND 2001 WERE UPDATED WITH THE LATEST ESTIMATES FROM THE STATE OF CALIFORNIA DEPARTMENT OF FINANCE, SO THE ESTIMATES PROVIDED FOR THE COUNTY WILL DIFFER FROM COUNTY ESTIMATES PROVIDED IN PREVIOUS REPORTS RELEASED BY OCHNA IN ADDITION, OCHNA INCORPORATED OBJECTIVE/SECONDARY DATA SOURCES, DEMOGRAPHICS/CENSUS DATA, AND A KEY INFORMANT SURVEY THAT OCHNA ADMINISTERED ONLINE, TO BE USED AS THE SOURCE OF QUALITATIVE DATA OBJECTIVE/SECONDARY DATA CAME FROM NUMEROUS SOURCES (ALL CITED WITHIN THE REPORT), INCLUDING DEPT OF FINANCE, 2009 CENSUS ESTIMATES BY NIELSEN CLARITAS, ORANGE COUNTY HEALTH CARE AGENCY, AND HEALTHY PEOPLE 2020 (USED AS BENCHMARKS) QUALITATIVE DATA WAS OBTAINED THROUGH A KEY INFORMANT SURVEY OF COMMUNITY BASED ORGANIZATIONS, FOUNDATIONS, HEALTH ADVOCATES, COMMUNITY CLINICS, LOCAL POLITICAL/POLICY LEADERS, PUBLIC HEALTH ORGANIZATIONS, AND OTHER HOSPITALS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	IN ADDITION TO THE VISUAL NOTICES OF ASSISTANCE AVAILABLE, SELF PAY PATIENTS MEET WITH THE FINANCIAL COUNSELOR TO EVALUATE THEIR STATUS FOR ALL OTHER PATIENTS, THEY WOULD BE EDUCATED AT TIME OF NEED OR UPON PATIENT'S INQUIRY ABOUT THEIR BALANCE

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	HOAG NEWPORT BEACH ENCOMPASSES 9 CITIES IN ORANGE COUNTY, CALIFORNIA COSTA MESA, FOUNTAIN VALLEY, GARDEN GROVE, HUNTINGTON BEACH, IRVINE, LAGUNA BEACH, NEWPORT BEACH, SANTA ANA, AND WESTMINSTER CENSUS DATA SHOWS THAT THE SERVICE AREA IS RACIALLY AND ETHNICALLY DIVERSE WITH A LARGE PROPORTION OF VIETNAMESE, OTHER ASIAN OR PACIFIC ISLANDER, AND HISPANIC/LATINO INDIVIDUALS ACCORDING TO THE 2009 US CENSUS, THE POPULATION OF ORANGE COUNTY WAS ESTIMATED AT 3,068,575 OF WHICH 41 6% (1,276,426) RESIDE IN THE HOAG SERVICE AREA THERE WERE A TOTAL OF 397,841 HOUSEHOLDS IN THE SERVICE AREA, WITH AN AVERAGE HOUSEHOLD SIZE OF 3 15 IN 2009, SLIGHTLY GREATER THAN THE ORANGE COUNTY AVERAGE OF 3 05 THE AGE DISTRIBUTION SHOWS THAT ALMOST ONE QUARTER (323,486) OF THE SERVICE AREA POPULATION WAS IN THE 45 TO 64 AGE GROUP AND 24 8% (316,877) OF THE HOAG SERVICE AREA POPULATION WAS UNDER THE AGE OF 18 LOOKING AT THE RACE AND ETHNICITY DISTRIBUTION, 36 2% OF THE POPULATION IN THE SERVICE AREA WAS HISPANIC/LATINO THERE IS ALSO MORE DIVERSITY WITH RESPECT TO LANGUAGES SPOKEN AT HOME IN THE HOAG SERVICE AREA COMPARED TO ALL OF ORANGE COUNTY, APPROXIMATELY 30% OF RESIDENTS SPOKE SPANISH AT HOME AND 15 4% OF THE RESIDENTS SPOKE AN ASIAN OR PACIFIC ISLAND LANGUAGE IN REGARDS TO EDUCATIONAL ATTAINMENT, 25 2% (208,209) OF RESIDENTS 25+ IN THE HOAG SERVICE AREA HAD LESS THAN A HIGH SCHOOL DIPLOMA, MORE THAN THE PROPORTION COUNTYWIDE (20 3%) IN 2009 THE COUNTYWIDE UNEMPLOYMENT RATE FOR SEPTEMBER 2010 WAS 9 6%, ACCORDING TO THE STATE OF CALIFORNIA, EMPLOYMENT DEVELOPMENT DEPARTMENT, THIS IS IN MARKED CONTRAST TO THE AVERAGE UNEMPLOYMENT RATE OF 3 9% IN 2007 IT IS CLEAR THAT THE ECONOMIC RECESSION HAS HAD A TOLL ON MANY HOAG HOSPITAL SERVICE AREA RESIDENTS FOR SEPTEMBER 2010, THE UNEMPLOYMENT RATES FOR HOAG SERVICE AREA CITIES RANGED FROM 6 0% TO 15 0% THE SENIOR POPULATION OF THE HOAG SERVICE AREA MAKES UP 10 4% (132,859) OF THE TOTAL POPULATION HOAG IRVINE IS LOCATED WITHIN SOUTH AND CENTRAL ORANGE COUNTY, ENCOMPASSING AN AREA OF 65 MILES IRVINE IS THE THIRD MOST POPULOUS CITY IN ORANGE COUNTY AND ONE OF THE NATION'S LARGEST PLANNED COMMUNITIES FROM 2000 TO 2010, THE POPULATION IN IRVINE GREW AT A MUCH HIGHER PERCENTAGE THAN THE COUNTY (8 6% GROWTH), STATE (11 8%), AND NATION (9 8%) THE PROJECTED POPULATION OF IRVINE IN 2015 IS 247,278 WHITES COMPRISED 59 1% (62,843) OF IRVINE'S ADULT POPULATION WHILE ASIANS COMPRISED 29 4% (31,224) AND IRANIAN/PERSIANS COMPRISED 3 9% (4,096) OF IRVINE'S ADULT POPULATION IN 2010 THE MEDIAN AGE IN THE CITY OF IRVINE WAS 36 5 YEARS, THE MEDIAN AGE IN ALL OF ORANGE COUNTY WAS 36 3 YEARS IT IS ESTIMATED THAT 21 9% (15,465) OF ADULTS IN IRVINE HAD ANNUAL HOUSEHOLD INCOME OF $50,000 OR LESS WHILE 17 4% (1,328) OF CHINESE ADULTS AND 19 7% (8,969) OF WHITE ADULTS HAD ANNUAL HOUSEHOLD INCOMES OF $50,000 OR LESS KOREANS AND IRANIANS HAD HIGHER PERCENTAGES OF LOWER ANNUAL HOUSEHOLD INCOME LEVELS, 25 2% (772) OF KOREAN ADULTS AND 23 9% (549) OF IRANIAN ADULTS HAD ANNUAL HOUSEHOLD INCOMES OF $25,000 OR LESS

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	- HOAG HOSPITAL'S COMMUNITY BENEFIT STAFF CONTINUOUSLY ASSESSES THE HEALTH NEEDS OF THE CO MMUNITY BY SERVING ON BOARD OF DIRECTORS AND COMMITTEES OF NONPROFIT ORGANIZATIONS WHICH A LLOW THEM TO BE ACTIVELY ENGAGED WITH THE COMMUNITY AND PROVIDE SUPPORT AND STRATEGIC DIRE CTION - HOAG HOSPITAL WAS PART OF A COLLABORATIVE INITIATIVE TO HIRE A FULL-TIME SCHOOL-B ASED COUNTY MEDICAL OFFICER THROUGH THE DEPARTMENT OF EDUCATION TO SERVE THE PUBLIC SCHOOL SYSTEM IN ORANGE COUNTY HOAG PROVIDES THE MAJORITY FUNDING FOR THIS POSITION - HOAG HOS PITAL HAS A RELATIONSHIP WITH LOCAL COLLEGES AND UNIVERSITIES TO INVEST IN THE EDUCATION O F VARIOUS HEALTH PROFESSIONS ESPECIALLY WITH THE GROWING NEED OF BILINGUAL AND BICULTURAL HEALTH PROFESSIONALS IN ORANGE COUNTY - HOAG HOSPITAL AND SHARE OUR SELVES (SOS) FREE CLI NIC HAVE NURTURED A UNIQUE PARTNERSHIP SINCE 1984 TO PROVIDE HEALTH CARE TO THE LOW INCOME , UNINSURED, AND UNDERINSURED INDIVIDUALS RESIDING IN THE COMMUNITY THE SOS AND HOAG COLL ABORATION INCLUDES MORE THAN 150 VOLUNTEER HEALTHCARE SPECIALISTS AVAILABLE TO PROVIDE CAR E TO SOS PATIENTS HOAG SUPPORTS THE CLINIC BY PROVIDING DIAGNOSTIC TESTS, PROCEDURES, HOS PITALIZATIONS AND ER VISITS FOR SOS PATIENTS FREE OF CHARGE HOAG ALSO EMPLOYS THE MEDICAL AND ASSOCIATE MEDICAL DIRECTORS WHO ARE STATIONED FULL TIME AT THE SOS CLINIC THIS REFER RAL SYSTEM AND CLINICAL SUPPORT GIVES SOS THE ABILITY TO MAKE LIFE-SAVING CARE AVAILABLE T O PATIENTS AND ENSURES CONTINUITY OF CARE, SEAMLESS DISCHARGE PLANNING, AND PATIENT TRACKI NG - IN 2010, SOS AND HOAG PARTNERED WITH EL SOL SCIENCE AND ARTS ACADEMY IN SANTA ANA TO ESTABLISH THE SOS-EL SOL WELLNESS CENTER, A SCHOOL-BASED HEALTH CENTER THE SOS-EL SOL WE LLNESS CENTER OFFERS AN OPPORTUNITY TO EXTEND HEALTH AND WELLNESS CARE TO LOW INCOME FAMIL IES AND INDIVIDUALS IN THE COUNTY THE WELLNESS CENTER PROVIDES URGENT CARE TO THE EL SOL ACADEMY STUDENTS AND THEIR FAMILIES OPENING SCHOOL DOORS TO HEALTH AND WELLNESS CARE FOR THE ENTIRE FAMILY PROMOTES CHILDREN'S EDUCATIONAL ATTAINMENT AND LIFELONG WELL-BEING - HO AG HOSPITAL ALSO MAINTAINS A UNIQUE RELATIONSHIP WITH THE ALZHEIMER'S FAMILY RESOURCE CENT ER (AFSC) WHICH IS COMMITTED TO THE MISSION OF IMPROVING THE QUALITY OF LIFE FOR FAMILIES CHALLENGED BY ALZHEIMER'S DISEASE OR ANOTHER DEMENTIA THROUGH SERVICES TAILORED TO MEET IN DIVIDUAL NEEDS HOAG HOSPITAL PROVIDES ANNUAL OPERATING AND TRANSPORTATION GRANTS, AND IN- KIND SERVICES SUCH AS CONSULTATION IN NURSING AND COMPLIANCE-RELATED ISSUES TO THE CENTER HOAG ALSO EMPLOYS THE EXECUTIVE DIRECTOR AND ONE DEMENTIA EDUCATION SPECIALIST, BOTH OUT- STATIONED FULL TIME AT AFSC - HOAG'S HEALTH MINISTRIES PROGRAM PROVIDED NEARLY 10,000 DOS ES OF PREVENTIVE FLU VACCINE (IN-KIND) TO COMMUNITY PARTNER CHURCHES, CITY OF IRVINE, IRVI NE UNIFIED SCHOOL DISTRICT, SEVERAL SENIOR CENTERS, AND SHARE OURSELVES AND OTHER COMMUNIT Y CLINICS - Hoag Hospital extends medical staff privileges to all qualified physicians in its community though a credentialing process Membership and privileges are granted to qu alified MDs, DOs, and other Allied Health professionals by the Medical Staff and Hoag Hosp ital Board of Directors - As a not-for-profit institution, governance is provided by a vo lunteer Board of Directors comprised of seventeen voting members who serve overlapping thr ee-year terms Board membership consists of fourteen individuals elected from the communit y at large, and an additional three voting members who are elected from the active medical staff A majority of the organizations governing body is comprised of persons who reside in the organizations primary service area and are neither employees nor contractors of the organization, nor family members - The Board of Directors allocate a significant portion of the net operating income to promoting the health of the community, specifically servin g the needs of the uninsured and low income communities through charity care and a variety of free or low cost services and programs provided by the department of Community Health - Hoag provides uncompensated care (charity) to patients who are unable to pay for the fu ll cost of their care These expenditures amounted to over $35 million in Fiscal Year 2011 (O ctober 1, 2010 through September 30, 2011) Hoags charity care and self pay discount po licy states that self-pay and uninsured patients who are unable to pay for the full cost o f their care may qualify for charity or discounts on a sliding scale for incomes up to 400 % of the federal poverty level In FY2011 the hospital served 9,851 Charity Care cases - Hoags Mental Health and Psychotherapy Program provides free bilingual bicultural services to people who otherwise could not obtain mental health services The Masters prepared soci al workers provided mental health services to 712 clients in the form of psychotherapy, re source brokering, and/or case management In addition, the program offered psychotherapeut ic and psychoeducational groups to 890 participant

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	s - During FY2011, those expenditures amounted to over $400,000 - In an effort to increa se the community pool of available trained and educated health professionals, Hoag invests annually in health professional training and development The hospital currently works wi th a number of professional groups in this endeavor, including Nurses, Physical Therapists , Pharmacists, Laboratory professionals, Social Workers, and Clinical Care Extenders Duri ng FY2011, these Community Benefit expenditures amounted to $1 1 million - Hoag Hospital participates in primary clinical research in several clinical services the Hoag Cancer In stitute, the Neuroscience Institute, the Heart and Vascular Institute, and Womens Health S ervices Most of these studies are to evaluate the effectiveness of pharmaceuticals, biolo gical agents and medical devices In addition to these physician led investigations, sever al nursing studies are also ongoing Most of these studies receive financial support from external funders, including the Hoag Hospital Foundation

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	NOT APPLICABLE

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	CA,

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493222011962

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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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 . . . ▶ 54

3 Enter total number of other organizations . . . ▶ 0

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

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

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

Identifier	Return Reference	Explanation
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	SCHEDULE I, PART I, LINE 2	PRIOR TO CONSIDERATION OF A FUNDING GRANT, ALL RECIPIENTS MUST BE IRS CURRENTLY DESIGNATED TAX EXEMPT 501(C)(3) NON-PROFIT, AND WE MUST HAVE A VERIFIED COPY OF THEIR 501(C)(3) IN FILE THEY MUST HAVE AN EXECUTIVE DIRECTOR AND AN ESTABLISHED BOARD OF DIRECTORS, MEETING REGULARLY WE RESEARCH THE REPUTATION AND RECORD OF PERFORMANCE OF THE PROGRAM AND ITS DIRECTOR FOR SOME OF THESE PROGRAMS, WE HAVE A DEPARTMENTAL MEMBER SERVING ON THEIR BOARD OF DIRECTORS WE REQUIRE A COPY OF THEIR CURRENT BUDGET FOR REVIEW AND OUR FILES WE INTERVIEW THE EXECUTIVE DIRECTOR AND ONE OR MORE BOARD MEMBERS IN OUR OFFICES AND CONDUCT ON-SITE VISITS ONCE A PROGRAM DONATION HAS BEEN MADE, WE EXPECT A REPORT ON ITS PROGRESS THROUGHOUT THE COURSE OF A PROJECT OR PROGRAM, THERE ARE OCCASIONAL MEETINGS WITH THE DIRECTOR, PROGRAM PERSONNEL, AND REPORTS OF NUMBERS SERVED, AND SERVICES PROVIDED FOR SOME, THE REPORTS INCLUDE OUTCOME IMPROVEMENT MEASURES THROUGHOUT THIS PROCESS, THOSE DONATED FUNDS ARE BEING MONITORED FOR THEIR FOCUS ON THE INTENDED PURPOSE THOSE THAT REQUEST CONTINUED FUNDING PROVIDE US WITH A DETAILED REPORT PROGRESS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 95-1643327
Name: HOAG MEMORIAL HOSPITAL PRESBYTERIAN

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
ACADEMY OF INTERNATIONAL DANCE 220 E FOURTH ST SUITE 202 SANTA ANA,CA 92701	26-2657759	501 (C)(3)	10,000				EXPANSION OF AFTER SCHOOL ACTIVIITIES, LITERACY, TUTORING
AGE WELL SENIOR SERVICES24300 EL TORO ROAD BLDG A 2000 LAGUNA WOODS,CA 92637	93-1163563	501 (C)(3)	130,000				SENIOR TRANSPORTATION, OPERATIONS OF PROGRAMS

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
ALZHEIMER'S ASSOCIATION OF ORANGE COUNTY17771 COWAN 200 IRVINE,CA 92614	95-3702013	501 (C) (3)	50,000				PROGRAM SUPPORT
ALZHEIMER'S FAMILY SERVICES CENTER9451 INDIANAPOLIS AVE HUNTINGTON BEACH,CA 92646	95-3463978	501 (C) (3)	1,168,816				OPERATIONS, MATCHING GRTS, MISC GRANTS

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 DIABETES ASSOCIATION151 KALMUS DRC100 COSTA MESA,CA 92626	13-1623888	501 (C) (3)	25,000				EDUCATIONAL CONFERENCES, SPONSOR DIABETES WALK
AMERICAN HEART ASSOCIATION4600 CAMPUS DR PO BX 6046 IRVINE,CA 92614	13-5613797	501 (C) (3)	32,500				SUPPORT ORANGE COUNTY COMMUNITY PROGRAMS

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 LUNG ASSOCIATION1570 E 17TH ST F SANTA ANA,CA 92705	95-0362650	501 (C) (3)	25,000				SCAMP CAMP, SPONSOR OC RESPIRATORY RALLY
ARTHRITIS FOUNDATION 171455 NEWHOPE STA FOUNTAIN VALLEY,CA 92708	95-1885447	501 (C) (3)	25,000				SPONSOR ARTHRITIS WALK

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
CASA TERESA INC123 WEST MAPLE AVE ORANGE,CA 92866	95-3251986	501 (C) (3)	25,000				EXPANSION OF EDUCATION AND CAREER DEVELOPMENT
CHILDRENS HOSPITAL ORANGE COUNTY FOUNDATION455 S MAIN ST ORANGE,CA 92868	95-6097416	501 (C) (3)	653,446				IUSD/CHOC PROGRAM, PLEDGE CVICU/NICU, DIABETES GRANT AT ALLEN CENTER

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
CITY OF HUNTINGTON BEACH COUNCIL ON AGING1706 ORANGE AVE HUNTINGTON BEACH,CA 92648	51-0179431	501 (C) (3)	105,000				SENIOR TRANSPORTATION/CARE MANAGERS (2) HOME VISITATION
CITY OF NEWPORT BEACH PO BOX 1768 NEWPORT BEACH,CA 92658	95-6000751	501 (C) (3)	1,679,000				OASIS SENIOR CENTER PLEDGE, CDM 5K, POLICE EXPLORERS, TRANSPORTATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COMMUNITY PARTNERS FBO EPILEPSY ALLIANCE 1500 ADAMS AVE 314 COSTA MESA,CA 92626	95-4302067	501 (C)(3)	25,000				PROGRAM DEVELOPMENT AND EXPANSION - EPILEPSY ALLIANCE OF ORANGE CTY
COUNCIL ON AGING OC 1971 EAST 4TH ST SUITE 200 SANTA ANA,CA 92705	95-2874089	501 (C)(3)	10,000				SPONSORSHIP JUST IMAGIN LUNCHEON

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
COSTA MESA SENIOR CENTER695 WEST 19TH ST COSTA MESA,CA 92627	33-8265009	501 (C)(3)	103,350				SENIOR TRANSPORTATION AND PROGRAM DEVELOPMENT
EAST AFRICA PARTNERSHIP21581 MIDCREST DR LAKE FOREST,CA 92630	27-0570704	501 (C)(3)	30,708				SURGICAL TEAM - MISSION TO KENYA,AFRICA

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
EL SOL CLINIC1010 NORTH BORADWAY ST SANTA ANA,CA 92701	33-0960964	501 (C) (3)	35,426				SOS FREE CLINIC/EL SOL CLINIC START UP COSTS
EMS SAFETY SERVICES 1046 CALLE RECODO STE K SAN CLEMENTE,CA 92673	33-0604523	501 (C) (3)	10,706				AED PROVIDED TO CHURCHES

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
EPILEPSY SUPPORT NETWORK9114 ADAMS AVE 288 HUNTINGTON BEACH,CA 92646	27-0681680	501 (C) (3)	25,000				EXPANSION OF PROGRAMS FOR SUUPORT GROUPS AND COMMUNITY EDUCATION
FAMILIES FORWARD9221 IRVINE BLVD IRVINE,CA 92618	33-0086043	501 (C) (3)	16,190				COMMUNITY CARES PROGRAMS

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
GIRLS INCORPORATED OF ORANGE COUNTY1815 ANAHEIM AVE COSTA MESA,CA 92627	95-1810150	501 (C) (3)	30,000				COMMUNITY PROGRAMS - FIT GIRLS AND FAMILIES
GOLDEN WEST COLLEGE FOUNDATIONPO BOX 2748 HUNTINGTON BEACH,CA 92647	95-6002272	501 (C) (3)	180,000				EDUCATIONAL ENDEAVOR FOR REGISTERED NURSES

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
GOODWILL OF ORANGE COUNTY410 NORTH FAIRVIEW SANTA ANA,CA 92703	95-1644018	501 (C) (3)	60,000				ASSISTIVE TECHNOLOGY INSTITUTE PROVIDING DISABLED PEOPLE INNOVATIVE PRGMS
HEALTH CARE COUNCIL OF ORANGE COUNTY2333 NORTH BROADWAY 440 SANTA ANA,CA 92706	93-1199923	501 (C) (3)	12,000				PROMOTING IMPROVED HEALTHCARE THROUGH RESEARCH, EDUCATION & ADVOCACY

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
HEALTHY SMILES10602 CHAPMAN AVE 200 GARDEN GROVE,CA 92840	38-3675065	501 (C) (3)	76,080				PROVIDE CHILDREN'S DENTAL SERVICES AT OAKVIEW DISTRICT IN HUNTINGTON BCH
HUMAN OPTIONSPO BOX 53745 IRVINE,CA 92619	95-3667817	501 (C) (3)	10,000				COUNSELORS PROVIDE PREVENTION OF DOMESTIC VIOLENCE SERVICES

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
IRVINE ADULT DAY HEALTH SERVICES20 LAKE ROAD IRVINE,CA 92604	33-0599371	501 (C) (3)	64,984				EXPANSION OF EDUCATIONAL PROGRAMS AND SENIOR TRANSPORTATION
IRVINE CHILDRENS FUND 14301 YALE AVE IRVINE,CA 92604	33-0177921	501 (C) (3)	20,000				PROVIDES BEFORE AND AFTER SCHOOL CHILD CARE SCHOLARSHIPS

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
IRVINE COMMUNITY ALLIANCE FUNDPO BOX 19575 IRVINE,CA 92623	33-0258368	501 (C) (3)	25,000				PROGRAM TO ASSIST FAMILIES IN ACCESSING CHILDREN'S HEALTHCARE
JOHN WAYNE CANCER FOUNDATIONPO BOX 1779 NEWPORT BEACH,CA 92659	95-4023430	501 (C) (3)	5,146				SUNSCREEN PRODUCTS FOR HEALTH FAIRS SUN SAVE

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
JUVENILE DIABETES RESEARCH FOUNDATION 17872 MITCHELL NORTH IRVINE,CA 92614	23-1907729	501 (C) (3)	15,000				PROGRAM DEVELOPMENT
LATINO HEALTH ACCESS 1701 N MAIN ST STE200 SANTA ANA,CA 92706	33-0562943	501 (C) (3)	50,000				GRANTS FOR LATINO HEALTH PROBEMS, DIABETES, ETC

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
MARCH OF DIMES CALIFORNIA CHAPTER 1050 SANSOME ST 4FL SAN FRANCISCO,CA 94111	13-1846366	501 (C) (3)	25,000				PROGRAM DEVELOPMENT
MOMS ORANGE COUNTY 1128 W SANTA ANA BLVD SANTA ANA,CA 92703	33-0518078	501 (C) (3)	20,000				HELP WOMEN HAVE HEALTHY BABIES BY CARE COORDINATION AND EDUCATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NEWPORT COMMUNITY COUNSELING CENTER 2200 SAN JOAQUIN HILLS RD NEWPORT BEACH,CA 92660	20-2108327	501 (C) (3)	10,000				EXPANSION OF COUNSELING PROGRAMS, DOMESTIC VIOLENCE AND CHILD ABUSE
NEWPORT -MESA UNIFIED SCHOOL DISTRICT2985 A BEAR ST COSTA MESA,CA 92626	95-2417783	501 (C) (3)	250,000				EXPANSION OF 13 PROGRAMS FOR THE HOPE CLINIC

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
ONE OC1901 E FOURTH ST STE 100 SANTA ANA,CA 92705	95-2021700	501 (C)(3)	94,968				GRANTS AND CONTRIBUTIONS TO OTHER NON-PROFIT SERVICE ORGANIZATIONS
ORANGE COUNTY DEPT OF EDUCATION200 KALMUS DR COSTA MESA,CA 92628	95-6000943	501 (C)(3)	100,000				1 YR BILLING FOR FT PHYSICIAN TO PROVIDE HEALTH SERVICES

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
ORANGE COUNTY UNITED WAY18012 MITCHELL AVE SOUTH IRVINE,CA 92614	33-0047994	501 (C)(3)	62,459				HOAG EMPLOYEES MATCH CONTRIBUTION
ORANGE COUNTY HUMAN RELATIONS1300 S GRAND AVE BLDG B SANTA ANA,CA 92705	33-0438086	501 (C)(3)	25,400				BRIDGES SCHOOL INTER GROUP RELATIONS & VIOLENCE PREVENTION PROGRAMS

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
PEDIATRIC ADOLESCENT DIABETES RESEARCH EDU 455 SOUTH MAIN ST ORANGE, CA 92868	33-0099451	501 (C) (3)	79,500				DIABETES EDUCATION
PROVIDENCE SPEECH & HEARING CENTER1301 PROVIDENCE AVE ORANGE, CA 92868	95-6154473	501 (C) (3)	115,000				LOW INCOME SUBSIDY PROGRAM AND EL SOL CLINIC COLLABORATIVE

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
PUBLIC HEALTH FOUNDATION ENTERPRISES INC12447 LEWIS ST 205 GARDEN GROVE,CA 92840	95-2557063	501 (C) (3)	86,019				HEALTH NEEDS ASSESSMENT - CITY OF IRVINE AND CONTRIBUTION
SAINT JOACHIM CATHOLIC CHURCH1964 ORANGE AVE COSTA MESA,CA 92627	95-3855154	501 (C) (3)	10,000				PROGRAM SUPPORT

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
SHARE OUR SELVES CLINIC1550 SUPERIOR AVE COSTA MESA,CA 92627	95-3222316	501 (C) (3)	1,232,289				FREE MEDICAL AND DENTAL CLINIC FOR THE UNDERSERVE
SOMEONE CARE SOUP KITCHEN720 W 19TH ST COSTA MESA,CA 92627	33-0279080	501 (C) (3)	45,000				SUPPORT TOWARDS PROGRAMS TO FEED THE POOR

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
SPECIAL OLYMPICS550 N PARKCENTER DR STE 102 SANTA ANA,CA 92705	95-4538450	501 (C) (3)	10,000				SPONSORSHIP SPRING REGIONAL GAMES, IRVINE
SWEET SUCCESS EXPRESS PROGRAMPO BOX 9705 FOUNTAIN VALLEY,CA 92728	34-2044369	501 (C) (3)	10,000				DIABETES EDUCATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UCI FOUNDATIONDEV OFFICE MPAA 210 IRVINE,CA 92697	95-2540117	501 (C)(3)	210,000				PLEDGE SUPPORT TO PAUL MERAGE SCHOOL OF BUSINESS HEALTHCARE MNGMT
UCI DEPARTMENT OF PATHOLOGY2646 BIOLOGICAL SCIENCES III IRVINE,CA 92627	95-2226406	501 (C)(3)	10,000				FUNDS TO SAVE THE CLINIC FOR NEUROLOGICAL DISORDERS

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
YMCA OF ORANGE COUNTY13821 NEWPORT AVE STE 200 TUSTIN,CA 92780	95-1644055	501 (C) (3)	160,000				FIT CLUB / NEW HORIZONS PROGRAM
YOUTH EMPLOYMENT SERVICES114 EAST 19TH ST COSTA MESA,CA 92627	95-2704522	501 (C) (3)	30,000				PROVIDE PRE-EMPLOYEMNT TRAINING, JOB COUNSELING TO YOUNG PEOPLE

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
211 ORANGE COUNTYPO BOX 14277 IRVINE,CA 92623	33-0063532	501 (C) (3)	50,000				GENERAL PROGRAM SUPPORT
THE KECK SCHOOL OF MEDICINE AT USC1520 SAN PABLO STREET LOS ANGELES,CA 90033	95-1642394	501 (c) (3)	50,000				RESIDENT EDUCATION AND RESEARCH ACTIVITIES

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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
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		No
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				
(1) ALLYSON M BROOKS MD	(i)	0	0	184,373	0	0	184,373	0
	(ii)	0	0	0	0	0	0	0
(2) RICHARD F AFABLE MD	(i)	589,053	291,425	131,425	191,930	30,286	1,234,119	0
	(ii)	0	0	0	0	0	0	0
(3) ROBERT BRAITHWAITE	(i)	363,847	113,510	9,635	23,860	25,186	536,038	0
	(ii)	0	0	0	0	0	0	0
(4) JACK COX MD	(i)	360,539	39,791	90,467	120,138	15,734	626,669	0
	(ii)	0	0	0	0	0	0	0
(5) RICHARD MARTIN	(i)	413,307	130,487	10,162	57,692	8,098	619,746	0
	(ii)	0	0	0	0	0	0	0
(6) JENNIFER MITZNER	(i)	379,208	242,053	9,209	48,113	24,175	702,758	0
	(ii)	0	0	0	0	0	0	0
(7) SANFORD SMITH	(i)	341,979	86,585	9,862	52,850	21,303	512,579	0
	(ii)	0	0	0	0	0	0	0
(8) TIMOTHY CL MOORE	(i)	368,469	45,003	9,953	17,125	24,186	464,736	0
	(ii)	0	0	0	0	0	0	0
(9) CYNTHIA H PERAZZO	(i)	341,333	42,000	9,635	11,670	23,029	427,667	0
	(ii)	0	0	0	0	0	0	0
(10) FLYNN ANDRIZZI	(i)	153,101	0	4,966	0	8,826	166,893	0
	(ii)	0	0	0	0	0	0	0
(11) ROBERT TANCREDI	(i)	674,483	0	13,093	12,250	3,594	703,420	0
	(ii)	0	0	0	0	0	0	0
(12) ROBERT DILLMAN	(i)	463,574	39,788	4,195	12,250	21,142	540,949	0
	(ii)	0	0	0	0	0	0	0
(13) MICHAEL BRANT-ZAWADSKI	(i)	409,257	54,936	4,195	12,250	16,303	496,941	0
	(ii)	0	0	0	0	0	0	0
(14) TERRI CAMMARANO	(i)	262,577	71,273	815	12,250	26,476	373,391	0
	(ii)	0	0	0	0	0	0	0
(15) JAN BLUE	(i)	253,108	66,163	2,042	12,250	12,872	346,435	0
	(ii)	0	0	0	0	0	0	0
(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 COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 1(A)	THE CEO AND CHIEF QUALITY OFFICER ARE PROVIDED WITH A HOUSING ALLOWANCE IN ACCORDANCE WITH THEIR EMPLOYMENT CONTRACTS HOUSING ALLOWANCES ARE GROSSED UP TO ELIMINATE THE IMPACT OF INCOME TAXES SUCH ALLOWANCES ARE REPORTED AS TAXABLE INCOME TO THE EXECUTIVE AND ARE INCLUDED IN COLUMN B(III) OF PART II THE CEO ALSO RECEIVES A REIMBURSEMENT FOR A PORTION OF HIS CLUB DUES THAT ARE ESSENTIAL TO FUNDRAISING EFFORTS THIS REIMBURSEMENT WAS EXCLUDED FROM TAXABLE INCOME
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 4(B)	THE ORGANIZATION MAKES ANNUAL CONTRIBUTIONS TO A SERP PLAN ON BEHALF OF CERTAIN MEMBERS OF SENIOR MANAGEMENT IN ACCORDANCE WITH THEIR EMPLOYMENT CONTRACTS CONTRIBUTIONS TO THE SERP IN THE AMOUNT OF $421,321 ARE INCLUDED IN COLUMN C OF PART II THE ORGANIZATION MAINTAINS A LEGACY DEFERRED COMPENSATION PLAN THAT IS FROZEN (NO NEW CONTRIBUTION CAN BE MADE) NO OPTIONS WERE EXERCISED DURING CALENDAR YEAR 2010

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

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	CITY OF NEWPORT BEACH	95-6000751	651785CD7	02-08-2011	104,790,616	SEE SCH K, PART V		X		X		X
B	CITY OF NEWPORT BEACH	95-6000751	651785BN6	06-01-2009	218,570,636	SEE SCH K, PART V		X		X		X
C	CITY OF NEWPORT BEACH	95-6000751	651785AT4	05-22-2008	452,080,000	SEE SCH K, PART V		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	73,210,000	131,985,000	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	104,791,548	218,575,005	452,081,355	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrow	0	0	0	
7	Issuance costs from proceeds	1,396,946	2,602,647	1,951,288	
8	Credit enhancement from proceeds	0	0	92,721	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	20,364,764	20,037,358	0	
11	Other spent proceeds	73,210,000	195,935,000	450,037,346	
12	Other unspent proceeds	9,819,838	0	0	
13	Year of substantial completion	2012	2010	2012	

		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			

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			
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 ▶	0 880 %		0 960 %		0 970 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 880 %		0 960 %		0 970 %			
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 hedge with respect to the bond issue?		X		X	X			
b	Name of provider	CITIBANK NA				CITIBANK NA			
c	Term of hedge		32 6				32 6		
d	Was the hedge superintegrated?		X				X		
e	Was a hedge terminated?		X				X		
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)

Identifier	Return Reference	Explanation
See Additional Data Table		

Part V Supplemental Information

Identifier	Return Reference	Explanation
DESCRIPTION OF PURPOSE	SCHEDULE K, PART I, LINE A, COLUMN F	REFUND BONDS ISSUED ON 06/01/09 AND IMPROVE & EQUIP FACILITY
DESCRIPTION OF PURPOSE	SCHEDULE K, PART I, LINE B, COLUMN F	REFUND BONDS ISSUED ON 05/31/07 & 05/22/08 AND IMPROVE & EQUIP FACILITY
DESCRIPTION OF PURPOSE	SCHEDULE K, PART I, LINE C, COLUMN F	REFUND BONDS ISSUED ON 08/24/05 & 05/31/07
TOTAL PROCEEDS OF ISSUE	SCHEDULE K, PART II, LINE 3, COLUMN A&B	DIFFERENCE BETWEEN TOTAL PROCEEDS AND ISSUE PRICE IS INVESTMENT EARNINGS EARNED THRU 09/30/11
YEAR OF SUBSTANTIAL COMPLETION	SCHEDULE K, PART II, LINE 13, COLUMN A	PROCEEDS OF THE SERIES 2008 BOND ISSUE WERE USED TO FINANCE MULTIPLE PROJECTS MOST OF THESE PROJECTS HAVE BEEN SUBSTANTIALLY COMPLETED AS OF MAY 2012 TWO PROJECTS WHICH WERE PARTIALLY FINANCED WITH SERIES 2008 BOND PROCEEDS IN TOTAL AMOUNT OF $167,210 ARE EXPECTED TO BE SUBSTANTIALLY COMPLETED IN FISCAL YEAR 2014
YEAR OF SUBSTANTIAL COMPLETION	SCHEDULE K, PART II, LINE 13, COLUMN C	PROCEEDS OF THE SERIES 2011 BOND ISSUE WERE USED TO FINANCE MULTIPLE PROJECTS MOST OF THESE PROJECTS HAVE BEEN SUBSTANTIALLY COMPLETED AS OF MAY 2012 ONE PROJECT WHICH WAS PARTIALLY FINANCED WITH SERIES 2011 BOND PROCEEDS IN TOTAL AMOUNT OF $86,089 IS EXPECTED TO BE SUBSTANTIALLY COMPLETED IN FISCAL YEAR 2014
QUALIFIED HEDGE	SCHEDULE K, PART IV, LINE 3, COLUMN C	IN FEBRUARY 2012, THE ORGANIZATION ENTERED INTO A TRI-PARTY SWAP NOVATION AGREEMENT WITH CITIBANK N A AND WELLS FARGO BANK N A EFFECTIVE THE SWAP NOVATION DATE IN FEBRUARY 2012, WELLS FARGO BANK REPLACED CITIBANK AS THE SWAP COUNTERPARTY THE KEY SWAP CONFIRMATION TERMS (INCLUDING FIXED AND FLOATING RATES, MATURITY AND AMORTIZATIONS) REMAINED THE SAME THE ORGANIZATION DID NOT MAKE ANY PAYMENTS TO THE COUNTERPARTIES IN CONNECTION WITH THIS SWAP NOVATION TRANSACTION

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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.

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) RICHARD AFABLE MD RECRUITMENT		X	1,000,000	1,000,000		No	Yes		Yes	
(2) JACK COX SR VP RECRUITMENT		X	1,500,000	1,500,000		No	Yes		Yes	
(3) CYNTHIA PERAZZO SVP MOVING EXPENSES		X	105,000	32,082		No	Yes		Yes	
Total . . . . . ▶ $				2,532,082						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ALEXANDER EASTON	SEE SCH L, PART V	20,988	COMPENSATION		No
(2) PACIFIC HOSPITALIST ASSOCIATES	SEE SCH L, PART V	5,591,095	MEDICAL SERVICES		No
(3) INTOUCH HEALTH	SEE SCH L, PART V	125,694	PURCHASE OF PRODUCT		No
(4) RANEY ZUSMAN	SEE SCH L, PART V	789,631	MEDICAL SERVICES		No
(5) MELISSA DICKERSON	SEE SCH L, PART V	49,092	COMPENSATION		No
(6) HOAG ORTHOPEDIC INSTITUTE	SEE SCH L, PART V	16,813,489	ADMINISTRATIVE SERVICES		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIPS	FORM 990, SCHEDULE L, PART IV	- JAKE EASTON III IS A BOARD MEMBER OF HMHP HIS SON, ALEXANDER EASTON, IS AN EMPLOYEE OF HOAG MEMORIAL HOSPITAL PRESBYTERIAN - WESTON CHANDLER, BOARD MEMBER OF HMHP, SERVES AS PRESIDENT & CEO OF PACIFIC HOSPITALIST ASSOCIATES WHICH PROVIDES MEDICAL SERVICES TO HOAG MEMORIAL HOSPITAL PRESBYTERIAN - YULUN WANG, BOARD MEMBER OF HMHP, SERVES AS AN OFFICER / DIRECTOR AT INTOUCH HEALTH WHICH SELLS PRODUCTS TO HOAG MEMORIAL HOSPITAL PRESBYTERIAN - DOUGLAS ZUSMAN, BOARD MEMBER OF HMHP, HAS 50% OWNERSHIP INTEREST IN RANEY & ZUSMAN WHICH PROVIDES MEDICAL SERVICES TO HOAG MEMORIAL HOSPITAL PRESBYTERIAN - TIMOTHY MOORE IS A KEY EMPLOYEE OF HMHP HIS DAUGHTER-IN-LAW, MELISSA DICKERSON, IS AN EMPLOYEE OF HOAG MEMORIAL HOSPITAL PRESBYTERIAN - JENNIFER MITZNER AND ROBERT BRAITHWAITE ARE OFFICERS OF HOAG MEMORIAL HOSPITAL PRESBYTERIAN AND ALSO SERVE AS BOARD MEMBERS OF HOAG ORTHOPEDIC INSTITUTE (HOI) HMHP PROVIDES ADMINISTRATIVE AND OPERATIONAL SERVICES TO HOI

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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.

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Name of the organization
HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Employer identification number
95-1643327

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4	EXECUTIVE SUMMARY OF HOAG MEMORIAL HOSPITAL PRESBYTERIAN'S COMMUNITY BENEFIT REPORT FOR 2011 WAS FILED WITH OSHPD THE COMMUNITY MEDICINE DEPARTMENT AT HOAG MEMORIAL HOSPITAL PRESBYTERIAN WAS ESTABLISHED IN 1995 SINCE ITS BEGINNING, THE PROGRAM HAS FOCUSED ON TWO PRINCIPAL STRATEGIES 1) PROVIDE NECESSARY HEALTHCARE-RELATED SERVICES WHICH ARE UNDUPLICATED IN THE COMMUNITY, AND 2) PROVIDE FINANCIAL SUPPORT TO EXISTING COMMUNITY BASED NOT-FOR-PROFIT ORGANIZATIONS WHICH ALREADY PROVIDE EFFECTIVE HEALTHCARE AND RELATED SOCIAL SERVICES TO MEET COMMUNITY HEALTH NEEDS THE DEPARTMENT OF COMMUNITY MEDICINE, LED BY ITS DIRECTOR, DR GWYN PARRY, IS RESPONSIBLE FOR THE COORDINATION OF HOAG HOSPITAL COMMUNITY BENEFIT REPORTING AND PROVIDES FREE PROGRAMS TO ASSIST THE UNDERSERVED IN THE COMMUNITY THESE INCLUDE COMMUNITY CASE MANAGEMENT, COMMUNITY COUNSELING AND HEALTH MINISTRIES COORDINATION IN ADDITION TO THESE SERVICES, MANY OTHER HOAG HOSPITAL DEPARTMENTS PROVIDE COMMUNITY HEALTH SERVICES INCLUDING EDUCATION AND SUPPORT GROUPS WHICH ARE FREE TO THE COMMUNITY THE HOSPITAL ALSO HAS SUBSTANTIAL RELATIONSHIPS WITH LOCAL COLLEGES AND UNIVERSITIES TO INVEST IN THE EDUCATION OF VARIOUS HEALTH PROFESSIONS COMMUNITY MEDICINE GRANTS SUPPORT HOAG HEALTH ASSOCIATES - ORGANIZATIONS THAT PROVIDE A BROAD RANGE OF SERVICES, INCLUDING THE FOLLOWING FREE MEDICAL AND DENTAL CARE, ADULT DAY CARE AND EDUCATION FOR PERSONS WHO SUFFER FROM ALZHEIMER'S DISEASE OR MILD DEMENTIA WITH SUPPORT AND EDUCATION FOR THEIR CAREGIVERS AND FAMILIES, TRANSPORTATION SERVICES FOR LOCAL SENIOR CENTERS HOAG MEMORIAL HOSPITAL PRESBYTERIAN IS A NOT-FOR-PROFIT ORGANIZATION THAT OPERATES GENERAL ACUTE CARE HOSPITALS IN NEWPORT BEACH AND IRVINE, CALIFORNIA THE HOSPITAL PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY SERVICES FOR RESIDENTS OF ORANGE COUNTY, CALIFORNIA HOAG OPERATES A 498 LICENSED BED FACILITY IN NEWPORT BEACH AND AN 84 LICENSED BED FACILITY IN IRVINE FULLY ACCREDITED BY THE DET NORSKE VERITAS HEALTHCARE, INC (DNV) AND DESIGNATED AS A MAGNET HOSPITAL BY THE AMERICAN NURSES CREDENTIALING CENTER (ANCC), HOAG OFFERS A COMPREHENSIVE MIX OF HEALTH CARE SERVICES THESE INCLUDE THE CENTERS OF EXCELLENCE IN CANCER, HEART AND VASCULAR INSTITUTE, NEUROSCIENCES INSTITUTE, ORTHOPEDIC SERVICES AND WOMEN'S HEALTH SERVICES SINCE OPENING THE NEWPORT BEACH CAMPUS IN 1952, HOAG HAS GROWN FROM A SINGLE-SITE HOSPITAL TO HAVING THREE HOSPITALS ACROSS TWO CAMPUSES AND MULTIPLE SATELLITE OUTPATIENT SERVICES LOCATIONS HOAG HAS INSTILLED ITS EXEMPLARY BRAND OF QUALITY PATIENT CARE AT ALL LOCATIONS ANCC MAGNET RECOGNITION PROGRAM (R) HAS RE-DESIGNATED HOAG HOSPITAL NEWPORT BEACH AS A MAGNET HOSPITAL AND EXTENDED THE MAGNET DESIGNATION TO HOAG HOSPITAL IRVINE IN RECOGNITION OF THE COMMITMENT TO NURSING EXCELLENCE AT BOTH HOSPITALS HOAG HAS ALSO RECEIVED ACCLAIM AS A TOP RANKING HOSPITAL FROM CONSUMER PUBLICATIONS IN 2010, US NEWS & WORLD REPORT RELEASED ITS LATEST TOP 100 HOSPITAL RANKINGS THE CANCER INSTITUTE RANKED 9TH AMONG CALIFORNIA HOSPITALS AND THE HIGHEST IN ORANGE COUNTY FOR THE 15TH CONSECUTIVE YEAR, HOAG HAS BEEN NAMED THE MOST PREFERRED HOSPITAL BY ORANGE COUNTY RESIDENTS BASED ON A CONSUMER STUDY BY NATIONAL RESEARCH CORPORATION (NRC) AND IN A READER'S POLL, THE ORANGE COUNTY REGISTER SELECTED HOAG HOSPITAL AS THE BEST HOSPITAL IN ORANGE COUNTY, A TITLE HOAG HAS CLAIMED FOR 15 OF THE 16 YEARS THE POLL HAS BEEN TAKEN HOAG SERVES ITS SURROUNDING COMMUNITIES WITH HEALTH CENTERS LOCATED IN COSTA MESA, HUNTINGTON BEACH, FOUNTAIN VALLEY, ALISO VIEJO, TWO IRVINE LOCATIONS AND ITS NEWEST LOCATION IN NEWPORT BEACH HOAG SUCCESSFULLY OPENED HOAG HOSPITAL IRVINE ON SEPTEMBER 1, 2010 THE NEW HOSPITAL IS AN ACUTE CARE GENERAL HOSPITAL WITH A FULL-STAFFED EMERGENCY ROOM FOCUSED ON IMPROVING THE FLOW OF EMERGENCY CARE AND FEATURES HOAG ORTHOPEDICS, AN INPATIENT HOSPITAL WITHIN HOAG HOSPITAL IRVINE, PROGRESSIVE CARDIAC CARE AND DEDICATED HOSPITALISTS COMMITTED TO EXPANDING CARE 24/7

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIP	FORM 990, PART VI, LINE 2	OFFICERS ROBERT BRAITHWAITE AND JENNIFER MITZNER HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, LINE 6	IN ACCORDANCE WITH THE BYLAWS OF THE CORPORATION, THE MEMBERS OF THE CORPORATION ARE FIFTY (50) IN NUMBER AND ARE DIVIDED EQUALLY BETWEEN THE GEORGE HOAG FAMILY FOUNDATION AND THE CONSTITUENT CHURCHES OF THE LOS RANCHOS PRESBYTERY OF THE PRESBYTERIAN CHURCH (USA), AS REPRESENTED BY THE ASSOCIATION OF PRESBYTERIAN MEMBERS

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, LINE 7A	THE MEMBERS OF THE CORPORATION HAVE THE POWER TO ELECT OR REMOVE DIRECTORS FROM THE BOARD OF DIRECTORS OF THE CORPORATION

Identifier	Return Reference	Explanation
DECISIONS REQUIRING APPROVAL	FORM 990, PART VI, LINE 7B	THE POWERS AND RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION INCLUDE, BUT ARE NOT LIMITED TO (A) TO ASSURE THE BOARD OF DIRECTORS CARRIES OUT THE CORPORATION'S MISSION, (B) TO CONSIDER THE QUALIFICATIONS OF DIRECTORS TO BE ELECTED TO THE BOARD OF DIRECTORS, (C) TO APPROVE ANY CHANGE TO THE NAME OF THE CORPORATION, (D) TO APPROVE ANY CHANGES TO THE CORPORATION'S MISSION STATEMENT, AND (E) TO APPROVE ANY SALE OR ALIENATION TO THE PROPERTY OR ASSETS OF THE CORPORATION

Identifier	Return Reference	Explanation
PROCESS USED BY MANAGEMENT AND/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, LINE 11B	THE ORGANIZATION'S BOARD OF DIRECTORS HAS DELEGATED TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD THE REVIEW OF THE FORM 990 PRIOR TO ISSUANCE. MANAGEMENT, INCLUDING AN OFFICER OF THE ORGANIZATION, PREPARES AND REVIEWS THE FORM 990. THE AUDIT AND COMPLIANCE COMMITTEE IS PROVIDED WITH A DRAFT FORM 990 AND IS PROVIDED AMPLE TIME TO READ THE DOCUMENT AND DEVELOP QUESTIONS. THE AUDIT AND COMPLIANCE COMMITTEE THEN CONVENES PRIOR TO ISSUANCE OF THE FORM 990 TO REVIEW AND DISCUSS THE DRAFT FORM 990 WITH MANAGEMENT AND EXTERNAL EXPERTS HIRED BY MANAGEMENT. AN ELECTRONIC VERSION OF THE FORM 990 IS POSTED TO A SECURE WEB SITE AVAILABLE TO ALL OF THE BOARD OF DIRECTORS PRIOR TO FILING

Identifier	Return Reference	Explanation
PROCESS USED TO MONITOR TRANSACTIONS FOR CONFLICT OF INTEREST	FORM 990, PART VI, LINE 12C	THE ORGANIZATION HAS A COMPREHENSIVE CONFLICT OF INTEREST POLICY OFFICERS, DIRECTORS, NON-DIRECTOR MEMBERS OF BOARD COMMITTEES, AND SENIOR EXECUTIVES ARE REQUIRED TO COMPLETE AN ANNUAL CONFLICT OF INTEREST QUESTIONNAIRE RESPONSES TO THE QUESTIONNAIRE ARE REVIEWED BY THE CHAIR AND CEO AND MATTERS ARE DISCUSSED AT THE APPROPRIATE LEVEL AS APPLICABLE GIVEN THE SITUATION INDIVIDUAL TRANSACTIONS THAT OCCUR BETWEEN THE ANNUAL QUESTIONNAIRE ARE REVIEWED BY THE CORPORATION'S LEGAL AND COMPLIANCE OFFICERS FOR POTENTIAL CONFLICTS OF INTEREST ANY DIRECTOR WHO HAS A CONFLICT OF INTEREST WITH RESPECT TO A PROPOSED CONTRACT, TRANSACTION OR ARRANGEMENT SHALL REFRAIN FROM VOTING ON ANY MATTER RELATING TO THE CONTRACT, TRANSACTION OR ARRANGEMENT, OR BE EXCUSED FROM ANY MEETING WHERE THE PROPOSED CONTRACT IS DISCUSSED

Identifier	Return Reference	Explanation
PROCESS USED TO DETERMINE COMPENSATION	FORM 990, PART VI, LINES 15A AND 15B	THE COMPENSATION OF THE CEO, CFO AND ALL SENIOR VICE PRESIDENTS (KEY EMPLOYEES) IS REVIEWED BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, COMPRISED SOLELY OF INDEPENDENT DIRECTORS PLUS ONE OUTSIDE NON-VOTING MEMBER THE COMPENSATION COMMITTEE RECEIVES A STUDY PERFORMED BY AN INDEPENDENT CONSULTING FIRM THAT REVIEWS LEVELS OF COMPENSATION AT COMPARABLE ORGANIZATIONS FOR COMPARABLE POSITIONS WHEN SETTING COMPENSATION OF THE KEY EXECUTIVES THE COMPENSATION COMMITTEE'S RECOMMENDATIONS RELATIVE TO EXECUTIVE COMPENSATION ARE REVIEWED AND APPROVED BY THE FULL BOARD OF DIRECTORS, MEETING IN EXECUTIVE SESSION, WHOSE MINUTES DOCUMENT THAT THE APPROVED COMPENSATION IS DEEMED REASONABLE THIS PROCESS OF USING COMPARABLE DATA TO ESTABLISH LEVELS OF COMPENSATION HAS BEEN IN PLACE FOR IN EXCESS OF 36 YEARS THIS PROCESS WAS LAST COMPLETED IN 2011

Identifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, LINE 19	THE CORPORATION'S FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC IN SUMMARY BY INCLUSION IN AN ANNUAL REPORT THAT IS AVAILABLE ON ITS WEBSITE HTTP://WWW HOAG ORG/ABOUT/CORPORATE-INFORMATION HOAG'S CODE OF CONDUCT IS POSTED ON ITS PUBLIC WEBSITE AS WELL THE CODE OF CONDUCT PROVIDES READERS WITH AN UNDERSTANDABLE REVIEW OF THE CODE OF CONDUCT THAT MUST BE ADHERED TO BY ALL EMPLOYEES, DIRECTORS AND VENDORS THE CORPORATION MAKES ITS GOVERNING DOCUMENTS AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
HOURS DEVOTED TO RELATED ORGANIZATIONS	FORM 990, PART VII	RICHARD AFABLE, M D IS A BOARD MEMBER OF HOAG HOSPITAL FOUNDATION (HHF) AND THE PRESIDENT & CEO / BOARD MEMBER OF HOAG MEMORIAL HOSPITAL PRESBYTERIAN (HMHP) HE DEVOTED 3 HOURS PER WEEK TO HHF AND 50 HOURS PER WEEK TO HMHP FLYNN ANDRIZZI IS THE PRESIDENT OF HHF AND AN SVP OF HMHP HE DEVOTED 43 HOURS PER WEEK TO HHF AND 7 HOURS PER WEEK TO HMHP STEPHEN JONES IS A BOARD MEMBER OF HHF AND THE CHAIR OF HMHP HE DEVOTED 1 HOUR PER WEEK TO HHF AND 3 HOURS PER WEEK TO HMHP

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCE	FORM 990, PART XI, LINE 5	INCREASE IN VALUE OF CRT $1,600,000 UNREALIZED LOSSES ($24,364,100) CUMULATIVE EFFECT OF LOSS ON GOODWILL IMPAIRMENT ($3,125,831) UNRELATED BUSINESS LOSS FROM PARTNERSHIPS $500,538 OTHER ITEMS $65,608 ---------- TOTAL ($25,323,785)

Identifier	Return Reference	Explanation
CONSOLIDATED AUDITED FINANCIAL STATEMENTS	FORM 990, PART XII, LINE 2B	HOAG MEMORIAL HOSPITAL PRESBYTERIAN IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR HOAG MEMORIAL HOSPITAL PRESBYTERIAN AND AFFILIATES A STAND-ALONE AUDIT IS NOT PREPARED FOR HOAG MEMORIAL HOSPITAL PRESBYTERIAN

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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

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Employer identification number
95-1643327

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) NEWPORT HEALTHCARE CENTER LLC ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92663 33-1127904	MEDICAL BLDG	CA	8,567,481	152,366,902	N/A
(2) HOAG OUTPATIENT CENTERS LLC ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92663 45-3587572	PATIENT SVCS	CA	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) HOAG HOSPITAL FOUNDATION ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92663 95-3222343	FUNDRAISING	CA	501(C)(3)	7	HMHP		
(2) HOAG MEDICAL FOUNDATION ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92663 45-3583707	SUPPORT	CA	501(C)(3)	3	HMHP		
(3) HOAG CHARITY SPORTS 3920 BIRCH STREET SUITE 105 NEWPORT BEACH, CA 92660 45-2982422	SUPPORT	CA	501(C)(3)	11	HHF		

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) NEWPORT IMAGING CENTER LP 360 SAN MIGUEL NEWPORT BEACH, CA92660 33-0191776	MEDICAL IMAGING	CA	N/A	RELATED	266,842	7,524,825		No	0	Yes		99 000 %
(2) HOAG ORTHOPEDIC INSTITUTE LLC ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA92663 61-1588294	SPECIALTY HSPL	CA	N/A	RELATED	942,723	39,180,086		No	0	Yes		51 000 %
(3) MAIN STREET SPECIALTY SURGERY CENTER LLC 280 MAIN STREET SUITE 100 ORANGE, CA92868 95-4813223	SURGERY	CA	N/A	N/A	0	0		No	0		No	0 %
(4) ORTHO SURGERY CENTER OF ORANGE COUNTY LL 22 CORPORATE PLAZA DRIVE NEWPORT BEACH, CA92660 33-0841806	SURGERY	CA	N/A	N/A	0	0		No	0		No	0 %
(5) ORTHOPEDIC SPECIALISTS OF NEWPORT BEACH 22 CORPORATE PLAZA DRIVE NEWPORT BEACH, CA92660 20-3014704	INVESTMENT	CA	N/A	N/A	0	0		No	0		No	0 %

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) HOAG MANAGEMENT SERVICES INC ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA926586100 33-0731587	MEDICAL MNMGT	CA	N/A	C-CORP	675,655	15,032,041	100 000 %
(2) COASTAL MANAGEMENT SERVICES ORGANIZATION ONE HOAG DRIVE BOX 6100 NEWPORT BEACH, CA926586100 33-0676831	PURCHASE CO-OP	CA	N/A	C-CORP	19,551	419,890	100 000 %

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i		No
j Lease of facilities, equipment, or other assets from other organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
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) See Additional Data Table			
(2)			
(3)			
(4)			
(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

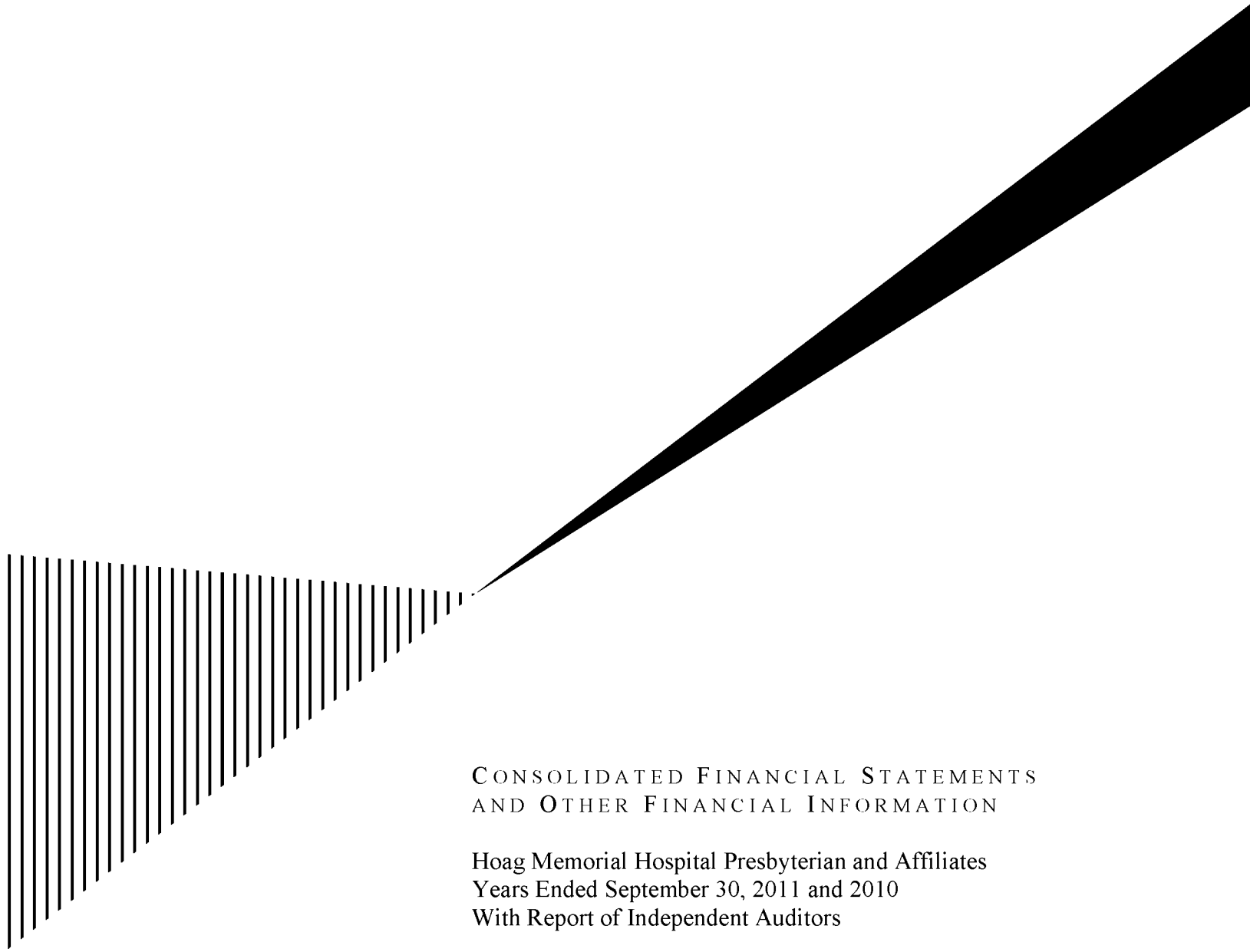
Additional Data

Return to Form

Software ID:
Software Version:
EIN: 95-1643327
Name: HOAG MEMORIAL HOSPITAL PRESBYTERIAN

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	NEWPORT IMAGING CENTER	K	106,592	
(2)	HOAG HOSPITAL FOUNDATION	C	17,197,978	
(3)	HOAG HOSPITAL FOUNDATION	K	90,000	
(4)	HOAG HOSPITAL FOUNDATION	A(IV)	168,143	
(5)	COASTAL MANAGEMENT SERVICES ORGANIZATION	K	132,000	
(6)	HOAG MANAGEMENT SERVICES	L	4,285,676	
(7)	NEWPORT IMAGING CENTER	C	1,697,909	
(8)	HOAG ORTHOPEDIC INSTITUTE	B	5,497,260	
(9)	HOAG ORTHOPEDIC INSTITUTE	C	2,241,553	
(10)	MAIN STREET SPECIALITY SURGERY CENTER		0	
(11)	ORTHO SURGERY CENTER ORANGE COUNTY		0	
(12)	HOAG MEDICAL FOUNDATION		0	
(13)	HOAG CHARITY SPORTS		0	
(14)	HOAG OUTPATIENT CENTERS		0	
(15)	ORTHOPEDIC SPECIALISTS OF NEWPORT BEACH		0	



CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Hoag Memorial Hospital Presbyterian and Affiliates
Years Ended September 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidated Financial Statements and
Other Financial Information

Years Ended September 30, 2011 and 2010

Contents

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Report of Independent Auditors

Board of Directors
Hoag Memorial Hospital Presbyterian and Affiliates

We have audited the accompanying consolidated balance sheets of Hoag Memorial Hospital Presbyterian and Affiliates (the Organization) 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 the Organization'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 Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement We were not engaged to perform an audit of the Organization's internal control over financial reporting Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hoag Memorial Hospital Presbyterian and Affiliates as of September 30, 2011 and 2010, and the consolidated results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States

Ernst & Young LLP

January 11, 2012

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidated Balance Sheets

(in thousands)

	September 30	
	2011	**2010**
Assets		
Current assets		
Cash and equivalents	**$ 115,409**	$ 78,410
Patient accounts receivable, net of allowance for doubtful accounts of $35,231 in 2011 and $27,365 in 2010	**97,056**	89,061
Investments	**17,803**	27,563
Board-designated investments for short-term cash needs	**241,390**	259,688
Current donations and bequests pledged, net of allowance and discount	**13,023**	11,847
Other receivables	**15,763**	9,986
Other current assets	**23,549**	16,249
Total current assets	**523,993**	492,804
Long-term investments for		
Board-designated investments for capital improvements	**658,115**	648,535
Endowments	**107,000**	113,284
Under indenture agreement held by trustee	**9,877**	65
Cash collateral held by swap counterparty	**26,211**	28,835
Malpractice reserves	**14,232**	14,356
Total long-term investments	**815,435**	805,075
Noncurrent donations and bequests pledged, net of allowance and discount	**34,529**	38,573
Property and equipment, net	**870,809**	849,161
Intangibles, net	**58,291**	64,499
Other assets	**24,473**	12,245
Total assets	**$ 2,327,530**	$ 2,262,357
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 42,091**	$ 47,071
Accrued expenses		
Payroll and related taxes	**14,949**	17,517
Employee benefits	**43,957**	43,210
Other	**31,334**	11,109
Accrued liabilities under capitated contracts	**19,476**	17,457
Current portion of debt	**78,449**	144,144
Total current liabilities	**230,256**	280,508
Self-insurance liabilities	**30,210**	18,243
Noncurrent portion of debt	**496,449**	393,702
Interest rate swap	**54,055**	44,335
Other long-term liabilities	**17,621**	19,019
Total liabilities	**828,591**	755,807
Net assets		
Unrestricted		
Controlling interest	**1,318,195**	1,323,551
Noncontrolling interests in subsidiaries	**41,963**	41,724
Temporarily restricted	**92,989**	96,929
Permanently restricted	**45,792**	44,346
Total net assets	**1,498,939**	1,506,550
Total liabilities and net assets	**$ 2,327,530**	$ 2,262,357

See accompanying notes

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidated Statements of Operations
(in thousands)

	Year Ended September 30	
	2011	**2010**
Unrestricted operating revenues		
Patient service, net of contractual allowances and discounts	**$ 794,335**	$ 712,251
Less Provision for doubtful accounts	**32,852**	29,565
Net patient service revenues	**761,483**	682,686
Capitation	**80,426**	75,109
Other	**39,251**	25,478
Net assets released from restrictions used for specific program purposes	**7,968**	5,070
Total unrestricted operating revenues	**889,128**	788,343
Operating expenses		
Salaries and employee benefits	**413,819**	363,134
Professional fees	**16,846**	13,811
Supplies	**153,070**	141,516
Utilities	**9,578**	8,568
Insurance	**5,709**	2,552
Lease rental	**24,006**	10,030
Other	**75,546**	41,590
Purchased services	**97,921**	87,102
Depreciation and amortization	**70,591**	60,630
Interest related to interest rate swap agreement	**7,162**	7,016
Interest	**13,517**	10,545
Total operating expenses, less restructuring costs	**887,765**	746,494
Income from operations before restructuring costs	**1,363**	41,849
Restructuring costs	**7,124**	–
(Loss) income from operations	**(5,761)**	41,849
Other income (expense)		
Investment income, net	**13,283**	73,190
Change in fair value of interest rate swap	**(9,720)**	(14,969)
Other non-operating losses	**(3,193)**	(29,327)
Other income, net	**370**	28,894
(Deficiency) excess of revenues over expenses	**(5,391)**	70,743
Less excess of revenues over expenses attributable to noncontrolling interests	**(3,769)**	(1,617)
(Deficiency) excess of revenues over expenses attributable to controlling interest	**(9,160)**	69,126
(Deficiency) excess of revenues over expenses attributable to controlling interest	**(9,160)**	69,126
Excess of revenues over expenses attributable to noncontrolling interests	**3,769**	1,617
Cumulative effect of loss on goodwill impairment upon adoption of new accounting principle	**(3,983)**	–
Net assets released from restrictions used for purchase of property and equipment attributable to controlling interest	**6,932**	3,392
Distributions paid attributable to noncontrolling interest	**(2,675)**	(4,519)
Appreciation in assets contributed to joint venture attributable to controlling interest	**–**	796
Appreciation in value of investment in joint venture attributable to controlling interest	**–**	1,532
Appreciation in value of investment in joint venture attributable to noncontrolling interest	**–**	1,421
(Decrease) increase in unrestricted net assets	**$ (5,117)**	$ 73,365

See accompanying notes

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidated Statements of Changes in Net Assets

(in thousands)

	Year Ended September 30	
	2011	**2010**
Unrestricted net assets		
(Deficiency) excess of revenues over expenses attributable to controlling interest	**$ (9,160)**	$ 69,126
Excess of revenues over expenses attributable to noncontrolling interests	**3,769**	1,617
Cumulative effect of loss on goodwill impairment upon adoption of new accounting principle attributable to noncontrolling interests	**(3,983)**	–
Net assets released from restrictions used for purchase of property and equipment attributable to controlling interest	**6,932**	3,392
Distributions to noncontrolling interest	**(2,675)**	(4,519)
Appreciation in assets contributed to joint venture attributable to controlling interest	–	796
Appreciation in value of investment in joint venture attributable to controlling interest	–	1,532
Appreciation in value of investment in joint venture attributable to noncontrolling interest	–	1,421
(Decrease) increase in unrestricted net assets	**(5,117)**	73,365
Temporarily restricted net assets		
Contributions	**10,970**	13,820
Investment (loss) income	**(145)**	6,436
Change in value of split-interest agreements	**1,444**	328
Annuity payments and other	–	(63)
Net assets released from restrictions used for purchase of property and equipment and specific program purposes	**(16,209)**	(7,912)
(Decrease) increase in temporarily restricted net assets	**(3,940)**	12,609
Permanently restricted net assets		
Contributions	**144**	2,869
Change in value of split-interest agreements	**(11)**	185
Investment income	**4**	1
Annuity payments	–	(1)
Net assets released from restrictions used for purchase of property and equipment and specific program purposes	**1,309**	(550)
Increase in permanently restricted net assets	**1,446**	2,504
(Decrease) increase in net assets	**(7,611)**	88,478
Net assets, beginning of the year	**1,506,550**	1,418,072
Net assets, end of the year	**$ 1,498,939**	$ 1,506,550

See accompanying notes

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended September 30	
	2011	**2010**
Operating activities		
(Decrease) increase in net assets	**$ (7,611)**	$ 88,478
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**70,591**	60,630
Provision for doubtful accounts	**32,852**	29,565
Net loss on disposition of property and equipment	**3,273**	1,913
Temporarily and permanently restricted contributions	**(14,314)**	(13,969)
Change in fair value of interest rate swap	**9,720**	14,969
Cumulative effect of loss on goodwill impairment upon adoption of new accounting principle	**3,983**	–
Amortization of bond premium	**(1,714)**	(2,335)
Appreciation in assets contributed to joint venture	**–**	(796)
Appreciation in value of investment in joint venture	**–**	(1,532)
Changes in operating assets and liabilities		
Patient accounts receivable	**(40,847)**	(38,746)
Investments	**9,760**	(6,799)
Other receivables and other current and noncurrent assets	**(9,905)**	3,464
Board-designated investments and endowments	**15,002**	(84,133)
Under indenture agreement held by trustee	**(9,812)**	63
Malpractice reserves	**124**	(977)
Donations and bequests pledged	**2,868**	244
Accounts payable	**(4,980)**	16,015
Accrued expenses	**16,403**	8,851
Accrued liabilities under capitated contracts	**2,019**	3,179
Other long-term liabilities	**(1,398)**	5,017
Self-insurance liabilities	**2,641**	(269)
Net cash provided by operating activities	**78,655**	82,832
Investing activities		
Increase in other assets	**–**	(2,214)
Purchase of property and equipment, net	**(93,287)**	(144,143)
Net cash used in investing activities	**(93,287)**	(146,357)
Financing activities		
Proceeds released from restriction for purposes of bond redemption	**–**	6,742
Proceeds from bond issuance	**104,790**	–
Borrowings on line of credit	**8,000**	–
Repayment of debt	**(74,024)**	–
Additions to bond issuance costs	**(1,398)**	–
Distributions to noncontrolling interests	**(2,675)**	(4,519)
Decrease in other long-term liabilities	**–**	(2,218)
Cash collateral held by swap counterparty	**2,624**	(20,873)
Proceeds from temporarily and permanently restricted contributions	**14,314**	13,969
Net cash provided by (used in) financing activities	**51,631**	(6,899)
Net increase (decrease) in cash and equivalents	**36,999**	(70,424)
Cash and equivalents, beginning of the year	**78,410**	148,834
Cash and equivalents, end of the year	**$ 115,409**	$ 78,410
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	**$ 19,573**	$ 17,570

See accompanying notes

1. Summary of Significant Accounting Policies

Organization

Hoag Memorial Hospital Presbyterian (the Hospital) is a not-for-profit corporation operating general acute care hospitals in Newport Beach and Irvine, California The Hospital provides inpatient, outpatient, and emergency services for residents of Orange County, California The Hospital operates a 484 licensed bed hospital facility in Newport Beach The Hospital entered into a 15-year lease in February 2009 to operate a second hospital facility located in Irvine, California (Irvine Hospital), within the existing Hospital's primary service area As of September 2011, this facility operates 84 beds The Hospital also has the following affiliated entities

Hoag Hospital Foundation (the Foundation) is a not-for-profit corporation which raises funds to support the Hospital The Hospital is the sole voting corporate member of the Foundation In July 2011, the Foundation filed Articles of Incorporation for Hoag Charity Sports, a California nonprofit public benefit corporation created as a support organization for the Foundation An Application for Recognition of Exemption Under Section 501 (c)(3) (Form 1023) has been completed for filing with the Internal Revenue Service Operations of Hoag Charity Sports will commence upon approval of its tax-exempt status The Foundation is the sole corporate member of Hoag Charity Sports

Hoag Orthopedic Institute, LLC (HOI) is a 51% owned joint venture over which the Hospital exerts significant influence HOI holds a majority ownership interest in two outpatient surgery centers, Main Street Specialty Surgery Center, LLC (MSSSC) and Orthopedic Surgery Center of Orange County, LLC (OSCOC), and a holding company, Orthopedic Specialists of Newport Beach, LLC (OSNB) HOI operates a 70 licensed bed orthopedic specialty hospital within the Irvine Hospital facility which commenced operations in November 2010 See Note 7

Hoag Management Services, Inc. (HMSI) is a for-profit taxable California corporation that provides services to other affiliates of the Hospital HMSI is wholly owned by the Hospital

Coastal Physicians Purchasing Group, Inc. (Coastal Physicians) is a not-for-profit taxable California corporation over which the Hospital exerts significant influence

Newport Healthcare Center, LLC (NHC) is a wholly owned subsidiary of the Hospital that acquires, develops and manages property

1. Summary of Significant Accounting Policies (continued)

Newport Imaging Center (NIC) is a 99% owned joint venture over which the Hospital exerts significant influence NIC operates imaging centers in Orange County, California

Hoag Outpatient Centers, LLC (HOC) is a wholly owned subsidiary of the Hospital created to provide various outpatient services As of September 30, 2011, the entity had not commenced its operations

HMTS Healthcare (HMTS HC) is a not-for-profit benefit corporation created to operate as a medical foundation as defined in Section 1206(l) of the California Health & Safety Code As of September 30, 2011, the entity had not commenced its operations

Basis of Consolidation

The consolidated financial statements include the accounts of the Hospital, the Foundation, HOI (including MSSSC, OSCOC and OSNB), HMSI, Coastal Physicians, NHC, NIC, HOC and HMTS HC (collectively, the Organization) All significant intercompany accounts and transactions have been eliminated in consolidation

Use of Estimates

The preparation of the Organization's consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Reclassifications

Certain reclassifications were made to the 2010 consolidated financial statements in order to conform to the 2011 presentation

Cash and Equivalents

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents The carrying amount approximates fair value because of the short maturity of the investments

1. Summary of Significant Accounting Policies (continued)

Investments

Investments in equity securities, mutual funds and all investments in debt securities are measured at fair value in the balance sheets and classified as trading Investment in partnerships, limited liability companies and similarly structured entities, including equity and fixed income commingled funds, are accounted for using the equity method of accounting, under which the Organization records its proportionate share of income or loss reported by the underlying entity Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law

Accounts Receivable

The Organization receives payment for services rendered to patients from the federal and state governments under the Medicare and Medi-Cal programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors The following table summarizes the percentage of net accounts receivable from all payors at September 30

	2011	2010
Government	**13%**	12%
Contracted	**55**	60
Other	**32**	28
	100%	100%

The Organization's management believes there is no material credit risk associated with receivables from government programs Receivables from contracted payors and others are from various payors who are subject to differing economic conditions, and do not represent any concentrated risks to the Organization Management continually monitors and adjusts the provision for contractual discounts associated with receivables based on historical experience as well as consideration of new developments Management believes that an adequate allowance has been recorded for the possibility of these receivables proving uncollectible and continually monitors and adjusts these allowances as necessary

1. Summary of Significant Accounting Policies (continued)

Long-term Investments

Long-term investments include assets that are held by trustees under indenture and malpractice reserves, cash collateral held by swap counterparty and Foundation endowment assets Long-term investments also include assets set aside by the Hospital's Board of Directors (the Board) for future capital improvements or short-term cash needs over which the Board retains control and may, at its discretion, subsequently re-designate for other purposes

Donations and Bequests

Donations and bequests of private support are recorded as revenue upon the receipt of the unconditional promise to give The Organization is the ultimate remainderman of certain trusts Assets that relate to irrevocable, unconditional promises to give are included in the consolidated financial statements at fair value on date of gift in temporarily or permanently restricted net assets, depending on donor restrictions The Organization believes that certain donations and bequests pledged may not be collected and has provided an allowance for such amounts based on historical experience

Property and Equipment

Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Estimated useful lives range from three to 20 years for equipment and ten to 40 years for buildings and improvements Amortization of leasehold improvements is provided over the shorter of the estimated useful lives of the assets or the lease term and is computed using the straight-line method

Accounting for the Impairment or Disposal of Long-Lived Assets

The Organization reviews long-lived assets for events or changes in circumstances that indicate that their carrying value may not be recoverable Impairment is recorded as applicable As of September 30, 2011, no long-lived assets were considered impaired by the Organization's management

1. Summary of Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity

Deferred Financing Costs

Costs incurred in obtaining long-term financing are amortized over the term of the related obligations using the interest method

Original Issue Premium or Discount

Premium or discount received in excess of or below the par value of issued bonds is amortized to interest expense using the effective interest method over the period of time the Organization benefits from the reduced effective yield on the bonds or recognizes charges for the increased effective yield on the bonds

Derivative and Hedging Instruments

The Organization recognizes all derivatives on the consolidated balance sheets at fair value Derivatives that are not hedges must be adjusted to fair value through the performance indicator in the consolidated statements of operations If the derivative is a hedge, depending on the nature of the hedge, changes in the fair values of the derivatives are offset against either the change in fair value of assets, liabilities, or firm commitment through the consolidated statements of operations, or recognized as a change in unrestricted net assets until the hedged item is recognized in earnings The ineffective portion of a derivative's change in fair value, if any, is immediately recognized in the consolidated statements of operations In 2007, the Hospital entered into a derivative financial instrument, specifically, an interest rate swap agreement in which the swap agreement is not designated as a cash flow hedge (see Note 8)

Excess of Revenues over Expenses

The consolidated statements of operations include excess of revenues over expenses Changes in unrestricted net assets that are excluded from excess of revenues over expenses include cumulative effect of loss on goodwill impairment upon adoption of new accounting principle, net assets released from restrictions, distributions paid, appreciation in assets contributed to joint venture, and appreciation in value of investment in joint venture

1. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenues

Net patient service revenues are reported at the net realizable amounts from patients, third-party payors, and others when services are rendered, including estimated settlements under reimbursement agreements with third-party payors Settlements from all payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined It is reasonably possible that actual settlements in the near term will differ from the estimated accrued settlements, although such differences are not expected to be material to the consolidated financial position or results of operations of the Organization In the opinion of the Organization's management, adequate provision has been made for such adjustments, if any, that might arise

The Organization adopted Accounting Standard Update (ASU) 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities – a consensus of the FASB Emerging Issues Task Force*, which addresses the presentation of the provision for doubtful accounts as of the current reporting period and as such, net patient service revenues are reported net of the provision for doubtful accounts in the consolidated statements of operations The Organization records its provision for doubtful accounts based upon historical experience, as well as collections trends for major payor types

Patient service revenues, net of contractual allowances and discounts, recognized for the years ended September 30 are as follows

	2011	2010
	(in thousands)	
Government	**$ 180,697**	$ 169,499
Contracted	**546,110**	499,586
Other	**67,528**	43,166
	$ 794,335	$ 712,251

1. Summary of Significant Accounting Policies (continued)

The Organization is reimbursed for services provided to patients under certain programs administered by governmental agencies Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation The Organization believes that it is in compliance with all applicable laws and regulations, and it is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medi-Cal programs

Revenue Earned on Prepaid Capitation Contracts

The Hospital has agreements with various health plans to provide medical services to subscribing participants Under these agreements, the Hospital receives monthly capitation payments based on the number of each plan's participants enrolled with participating medical groups that have designated the Hospital as their provider The Hospital is responsible for certain hospital contracted services provided to these plan participants, including services rendered at other health care facilities The agreements include risk-sharing arrangements between the Hospital and the participating physician groups dependent primarily on utilization The Hospital has accrued for estimated risk-sharing settlements and claims for services from outside providers within accrued liabilities under capitated contracts in the accompanying consolidated balance sheets Accrued liabilities related to these services are generally based on historical claims lag analyses and are continually monitored and reviewed by management

Charity Care

Patients with incomes below 400% of the current federal poverty level qualify for the Hospital's charity program under which care is provided without charge or at amounts less than established rates The Hospital does not pursue collection of amounts determined to qualify as charity care and no revenue is recognized for these services

1. Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are received by the Hospital and Foundation, and reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or the conditions are met The gifts are reported as either temporarily or permanently restricted support 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 reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Self-Insurance

The Organization is self-insured with respect to professional liability and comprehensive general liability risks, subject to certain limitations Professional and general liability risks in excess of $2 0 million per occurrence are reinsured with major independent insurance companies

The Organization is self-insured for workers' compensation claims, subject to certain limitations The liability risks in excess of $1 0 million per occurrence are reinsured with major independent insurance companies

The Organization maintains self-insured medical and unemployment coverage for all active, regularly scheduled, full-time and part-time employees The cost of such benefit plans is accrued in the period services are rendered Accruals for unpaid claims are based on estimated settlements for reported claims and on experience-based estimates for unreported claims Claims are paid as received

The Organization provides certain benefits to its employees and others under health and other insurance programs and is self-insured with respect to certain of the benefits under such programs Employee health claims in excess of $400,000 per individual are reinsured with major independent insurance companies

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Hospital and the Foundation are exempt from federal and California state income and franchise taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d), respectively The Hospital and Foundation are recognized as public charities under Sections 509(a)(1) and 170(b)(1)(A)(iii) and (vi), respectively Neither entity is a private foundation as defined by Section 509(a) HOI operates as a limited liability company for tax purposes No provision for federal and state income taxes has been recorded as payment for income taxes is the responsibility of the individual members

Accounting Standards Codification (ASC) 740, *Income Taxes*, clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, disclosure, and transition The guidance is applicable to pass-through entities and tax-exempt organizations No significant tax liability for tax benefits, interest or penalties was accrued at September 30, 2011 or 2010

Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist primarily of costs in excess of the fair value of assets of acquired entities As of October 1, 2010, the Organization adopted new accounting guidance that requires the Organization to test goodwill for impairment annually (see Note 7) Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets

Split-Interest Agreements

Split-interest agreements, which are a component of donations and bequests pledged, are arrangements in which a donor enters into trust or other arrangements under which the benefits of such arrangements are distributed to a designated beneficiary or beneficiaries over the trust term or agreement's term The Organization has received contributions under charitable remainder trust arrangements whereby the Organization serves as trustee The contributions are recognized in the period in which the trust is established The assets are recorded at fair value when received and the liability to the designated beneficiary is recorded at the present value of the estimated future payments to be distributed over the expected life of the beneficiary using a discount rate that reflects current market conditions The Organization has also received

1. Summary of Significant Accounting Policies (continued)

contributions under charitable gift annuity arrangements whereby the donor contributes assets to the recipient in exchange for a promise by the recipient to pay a fixed amount for a specified period of time to the donor or others designated by the donor The fair value of split-interest agreements is $12 4 million at September 30, 2011, and $11 8 million at September 30, 2010, and is recorded within donations and bequests pledged The present value of the related liabilities is $2 4 million at September 30, 2011, and $3 1 million at September 30, 2010, and is recorded within other long-term liabilities

The Organization is a beneficiary of assets contributed by donors under unconditional, irrevocable agreements held by independent trustees or other fiscal agents Where known, assets have been included at fair value in the accompanying consolidated financial statements In some cases, the fair value of such assets cannot be estimated due to confidentiality provisions or other factors and, accordingly, such assets are not included in the accompanying consolidated financial statements

The Organization is also the beneficiary of various revocable trusts The value of certain of these trusts has not been disclosed to the Organization and cannot be reasonably estimated Assets that relate to revocable trust or conditional promises to give, for which the Organization is not trustee, are not included in the accompanying consolidated financial statements The Organization recognizes these donations as revenue when the amounts are received or when the promise to give becomes unconditional

Other Non-Operating Losses

Other non-operating losses for the years ended September 30, 2011 and 2010, consists of

	2011	2010
	(in thousands)	
Irvine Hospital pre-opening costs	$ –	$ 26,900
Capital improvement projects that were abandoned due to other considerations	**3,313**	1,284
Amortization of bond issuance costs in connection with bond redemption	**754**	–
Other non-operating (gains) losses	**(874)**	1,143
	$ 3,193	$ 29,327

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In April 2009, the FASB issued Statement of Financial Accounting Standards (SFAS) 164, *Not-for-Profit Entities: Mergers and Acquisitions, including an amendment of FASB Statement 142*, as codified by ASU 2010-07 This statement provides guidance on accounting for a combination of not-for-profit entities and applies to a combination that meets the definition of either a merger of not-for-profit entities or an acquisition by a not-for-profit entity ASU 2010-07 establishes principles and requirements for how a not-for-profit entity (a) determines whether a combination is a merger or an acquisition, (b) applies the carryover method of accounting for a merger, (c) applies the acquisition method in accounting for an acquisition, and (d) determines what information to disclose with respect to the nature and financial effects of a merger or an acquisition This statement also amends SFAS 142, *Goodwill and Other Intangible Assets*, and SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements*, in which goodwill and indefinite-lived intangible assets are no longer amortized, rather, they are now subject to an impairment test at least annually As of October 1, 2010, the Organization completed its transitional goodwill impairment test as required and recognized an impairment of goodwill of $4 0 million recorded as a reduction in unrestricted net assets as an effect of a change in accounting principle (see Note 7)

This accounting standard also established new guidance governing the accounting for and reporting of noncontrolling interests in partially owned consolidated subsidiaries by requiring that noncontrolling interests (previously referred to as minority interests) be reported as a separate component of the appropriate class of net assets The Organization applied the standard's provisions regarding noncontrolling interests prospectively, except for the presentation and disclosure requirements, which were applied retrospectively to all periods presented As a result, upon adoption, the Organization reclassified noncontrolling interests of $42 0 million and $41 7 million as of September 30, 2011 and 2010, respectively, from liabilities to net assets

1. Summary of Significant Accounting Policies (continued)

In August 2010, the FASB issued ASU 2010-24, *Healthcare Entities (Topic 954), Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries The Organization early adopted ASU 2010-24 on October 1, 2010, and did not elect to retrospectively apply the new presentation to its 2010 consolidated financial statements The impact of adopting ASU 2010-24 was recording an insurance receivable for self-insurance programs totaling $11 3 million primarily within other assets and an increase to self-insurance liabilities totaling $11 3 million within other long-term liabilities in the consolidated balance sheet as of September 30, 2011

In July 2011, ASU 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities – a consensus of the FASB Emerging Issues Task Force*, was released, which requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though a patient's ability to pay is not assessed to reclassify the provision for doubtful accounts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) The standard also requires enhanced disclosures of policies for recognizing patient service revenue and assessing provisions for doubtful accounts The Organization adopted the accounting standard as of the current reporting period and applied its presentation and disclosure requirements retrospectively

Recent Accounting Pronouncements

In August 2010, the FASB issued ASU 2010-23, *Healthcare Entities (Topic 954), Measuring Charity Care for Disclosures,* which requires that cost be used as a measurement for charity care disclosure purposes and that cost can be identified as the direct and indirect costs of providing the charity care It also requires disclosure of the method used to identify or determine such costs The adoption of ASU 2010-23, which is effective for the Organization October 1, 2011, is not expected to have a material impact on the Organization's consolidated financial statements

1. Summary of Significant Accounting Policies (continued)

In May 2011, ASU 2011-04, *Fair Value Measurement (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, was released and effective for financial statements for annual periods beginning after December 15, 2011, relating to the intent of existing fair value measurement and disclosure requirements under ASC 820, *Fair Value Measurements and Disclosures* The Organization is currently evaluating the impact to the consolidated financial statements

2. Investments

Board-Designated Investments for Short-Term Cash Needs

The Board has established a short-term investment pool that is set aside primarily to meet the near-term capital funding requirements of the Organization's long-term capital plan, as well as other short-term liquidity needs including the payment of tendered bonds in the event of a failed remarketing The Board reevaluates the size of the short-term investment pool from time to time based on funding requirements for its long-term financial plan and other liquidity needs The composition of this short-term investment pool at September 30, 2011 and 2010, is as follows

	2011	2010
	(in thousands)	
Cash and cash equivalents	**$ 92,762**	$ 109,419
U S government agency and treasury notes	**84,994**	87,557
Debt and equity securities	**63,634**	62,712
	$ 241,390	$ 259,688

Board-designated investments for short-term cash needs are limited as to use

Long-term Investments

Long-term investments are recorded at fair value and include assets which have been designated by the Board for major equipment purchases, the renovation and replacement of plant facilities, endowments, assets held under indenture agreement, cash collateral held by swap counterparty, and payment of potential malpractice and general liability claims

Funds held by trustee under indenture agreements are subject to draws by the Hospital for qualified expenditure reimbursements

2. Investments (continued)

The composition of long-term investments at September 30, 2011 and 2010, is as follows

	2011	2010
	(in thousands)	
Board-designated investments for capital improvements		
Cash and cash equivalents	**$ 29,822**	$ 15,365
U S government agency and treasury notes	**6,550**	7,330
Mutual funds	**173,454**	242,839
Fixed income commingled funds	**35,959**	–
Equity commingled funds	**117,411**	124,828
Debt and equity securities	**125,834**	132,394
Hedge funds	**125,040**	98,909
Private equity	**27,725**	14,470
Real assets	**16,320**	12,400
	$ 658,115	$ 648,535
Endowments		
Cash and cash equivalents	**$ 7,868**	$ 5,649
U S government agency and treasury notes	**1,950**	2,297
Mutual funds	**26,111**	36,056
Equity commingled funds	**17,846**	21,520
Debt and equity securities	**26,540**	28,730
Hedge funds	**16,661**	11,485
Private equity	**7,534**	5,753
Real assets	**2,490**	1,794
	$ 107,000	$ 113,284
Under indenture agreement held by trustee		
Cash and cash equivalents	**$ 9,877**	$ 65
Cash collateral held by swap counterparty		
Cash and cash equivalents	**$ 26,211**	$ 28,835

2. Investments (continued)

	2011	2010
	(in thousands)	
Malpractice reserves		
Cash and short-term investments	**$ 593**	$ 474
Mutual funds	**9,272**	9,197
Equity exchange traded funds	**4,367**	4,685
	$ 14,232	$ 14,356

The Organization's classification of "mutual funds" includes equity and fixed income mutual funds which may be non-diversified under federal securities laws and may concentrate assets in geographic regions or countries, sectors, and securities issuers Certain fixed income mutual funds are registered under the Investment Company Act of 1940, but not under the Securities Act of 1933 In addition, the Organization's classification of mutual funds also includes a mutual fund-of-funds which seeks a positive return regardless of market direction and which is not restricted with respect to its exposure to any particular asset class At the discretion of the Organization's investment manager, the fund may invest all or substantially all of its assets in a limited number of underlying funds that primarily invest in marketable equity and fixed income securities denominated in both U S and foreign currency with an exposure to both emerging markets and developed markets This mutual fund-of-funds has monthly liquidity with a 14-day notice requirement, provided redemptions may be subject to redemption fees As of September 30, 2011 and 2010, this mutual fund-of-funds comprised approximately 2% and 3%, respectively, of the Organization's long-term investments The Organization's classification of mutual funds also includes a mutual fund which deploys a commodity real return strategy As of September 30, 2011 and 2010, this commodity real return fund comprised approximately 1% of the Organization's long-term investments

The Organization's classification of "equity commingled funds" includes investments in commingled fund vehicles, such as tax-exempt common trust funds, a Delaware limited liability company, a Delaware limited partnership and Delaware statutory trusts, which invest primarily in marketable equity securities The equity commingled funds have monthly liquidity subject to certain notice requirements

2. Investments (continued)

The Organization's classification of "fixed income commingled funds" includes an investment in a global bond commingled trust account which may invest in U S and non-U S dollar securities including, but not limited to, government, corporate, mortgage-backed, asset-backed, high yield and derivative securities, or in common trust funds investing in such securities The trust account provides for liquidity twice a month, subject to certain notice requirements

The Organization's classification of "hedge funds" consists of direct and multi-manager fund-of-funds hedge fund investments which implement a range of alternative investment strategies including, but not limited to, long or short equity, credit, market neutral, mean reversion, distressed subprime, special opportunities, event driven and other strategies The Organization's investments in hedge funds have limited liquidity since shares or interests in the hedge funds are not freely transferable and are subject to various lock-up periods, redemption fee and notice requirements In addition, the hedge funds typically reserve the rights to reduce or suspend redemptions and to satisfy redemptions by making distributions in-kind, under certain circumstances Additionally, hedge funds may hold directly or indirectly, side pocket investments where no redemptions are permitted until such investments are liquidated or deemed realized

The Organization's classification of "private equity" consists of direct and fund-of-funds private equity investments, including private equity buyout, venture capital, energy, direct financing (debt and equity), mezzanine and secondary private equity funds These private equity investments have terms greater than ten years The Organization may not withdraw or sell, assign or transfer its interests in the private equity funds except in certain very limited circumstances, subject to consent by the general partners of the funds

The Organization's classification of "real assets" consists of five investment funds – one fund which invests in timberland properties through its subsidiary which qualifies as a real asset investment trust (REIT), two funds investing in distressed real estate, an energy fund and a global commodities fund The terms of the timberland, distressed real estate, and energy funds are greater than ten years and the Organization may not withdraw or sell, assign or transfer its interests in these funds except in certain very limited circumstances, subject to consent by the general partners of the funds The global commodities fund is structured as a New Hampshire investment trust and has daily liquidity with ten days' advance notice The trustee has reserved the right to postpone payment of redemption price and to suspend redemption rights in certain circumstances

2. Investments (continued)

Except for the global commodities fund, the Organization's investments in the real asset and private equity funds described in the preceding paragraphs are structured as drawdown funds, which means that the Organization has committed capital to the funds and the fund managers make capital calls as the investment opportunities develop over initial investment periods that could last between two and six years The table below summarizes the Organization's commitments and uncalled capital as of September 30, 2011

	Commitment	Drawn Down	Uncalled
		(in thousands)	
Private equity	$ 79,708	$ 33,512	$ 46,196
Real assets	22,000	8,123	13,877
Total	$ 101,708	$ 41,635	$ 60,073

Other Current Investments

The following is a summary of investments, other than long-term investments, held by the Organization at September 30, 2011 and 2010, stated at fair value

	2011	2010
	(in thousands)	
Cash and cash equivalents	**$ 34**	$ 1
Guaranteed income funds	**1,225**	848
Mutual funds	**16,430**	26,600
Debt and equity securities	**114**	114
Total	**$ 17,803**	$ 27,563

2. Investments (continued)

Net investment income for the years ended September 30, 2011 and 2010, consists of

	2011	2010
	(in thousands)	
Interest and dividend income	**$ 16,915**	$ 19,500
Net realized gains on investments	**26,601**	12,153
Net unrealized (losses) gains on fair value of investments	**(31,996)**	23,572
Gains recognized under the equity method of accounting	**6,528**	21,832
Investment fees	**(4,765)**	(3,867)
	$ 13,283	$ 73,190

3. Fair Value Measurements

ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability As a basis for considering such assumptions, accounting pronouncements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows

- Level 1 Pricing is based on observable inputs such as quoted prices in active markets Financial assets in Level 1 generally include cash and cash equivalents, U S Treasury securities, mutual funds, and listed equities

- Level 2 Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities Financial assets and liabilities in this category generally include guaranteed income funds, U S Government Agency and Treasury notes, corporate debt securities and interest rate swaps

3. Fair Value Measurements (continued)

- Level 3 Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities The fair values are therefore determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates Financial assets and liabilities in this category include bequests and liabilities to annuitants

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the tables below Where more than one technique is noted, individual assets or liabilities were valued using one or more of the noted techniques The valuation techniques are as follows

(a) Market approach Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

(b) Cost approach Amount that would be required to replace the service capacity of an asset (replacement cost)

(c) Income approach Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models)

The fair values of the Organization's current assets and liabilities including accounts receivable, net and accounts payable approximate stated values due to the short-term nature of the accounts

The fair value of the Hospital's bonds payable is estimated based on the quoted market prices for the same or similar issues The fair value of the Hospital's debt was approximately $584 3 million and $542 7 million at September 30, 2011 and 2010, respectively

3. Fair Value Measurements (continued)

The Organization's investments in partnerships, limited liability companies and similarly structured entities, including equity and fixed income commingled funds, amounting to approximately $367 0 million and $290 9 million as of September 30, 2011 and 2010, respectively, are accounted for using the equity method of accounting, which approximates fair value Of these amounts, approximately $322 5 million and $250 6 million of the Organization's investments in partnerships, limited liability companies, and similarly structured entities, including equity and fixed income commingled funds, are reported in board designated for capital improvements as of September 30, 2011 and 2010, respectively, and $44 5 million and $40 3 million are reported in endowments as of September 30, 2011 and 2010, respectively

The Organization records donations and bequests pledged at fair value at the time the gift is made Certain gifts are made through charitable remainder trusts and similar structures, the values of which vary over time A portion of these trusts holds investment securities and the Organization adjusts the amount of such gifts to fair value In some cases the Organization is not the trustee, for which the Organization adjusts the bequest to fair value using present value techniques based on mortality tables and discount rates that are consistent with Internal Revenue Service (IRS) published rates

The Organization is liable to income beneficiaries under certain split-interest and gift annuity agreements The fair values of these liabilities are estimated using present value techniques based on mortality tables and discount rates that are consistent with IRS published rates

The following tables provide the method used to fair value certain assets and liabilities as of September 30, 2011 and 2010 Only assets and liabilities measured at fair value on a recurring basis are shown in the three-tier fair value hierarchy

3. Fair Value Measurements (continued)

All amounts are in thousands	September 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
Current assets								
Cash and equivalents	$ 115,409	$ 115,409	$ –	$ –	$ 115,409	$ –	$ 115,409	a
Investments and other current assets								
Cash and cash equivalents	$ 34	$ 34	$ –	$ –	$ 34	$ –	$ 34	a
Guaranteed income funds	1,225	–	1,225	–	1,225	–	1,225	a, c
Mutual funds								
Fixed income	12,571	12,571	–	–	12,571	–	12,571	a
Equity	3,672	3,672	–	–	3,672	–	3,672	a
Asset allocation	138	138	–	–	138	–	138	a
Specialty	49	49	–	–	49	–	49	a
Debt and equity securities	114	114	–	–	114	–	114	a
	$ 17,803	$ 16,578	$ 1,225	$ –	$ 17,803	$ –	$ 17,803	a
Board-designated investments for short-term cash needs								
Cash and cash equivalents	$ 92,762	$ 91,362	$ 1,400	$ –	$ 92,762	$ –	$ 92,762	a
U S government agency and treasury notes	84,994	53,690	31,304	–	84,994	–	84,994	a, c
Debt and equity securities	63,634	–	63,634	–	63,634	–	63,634	a, c
	$ 241,390	$ 145,052	$ 96,338	$ –	$ 241,390	$ –	$ 241,390	a, c

3. Fair Value Measurements (continued)

All amounts are in thousands	September 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
Long-term investments for:								
Board-designated investments for capital improvements								
Cash and cash equivalents	$ 29,822	$ 29,822	$ –	$ –	$ 29,822	$ –	$ 29,822	a
U S government agency and treasury notes	6,550	2,800	3,750	–	6,550	–	6,550	a, c
Mutual funds								
Fixed income	123,686	123,686	–	–	123,686	–	123,686	a
Equity	23,309	23,309	–	–	23,309	–	23,309	a
World allocation	14,637	14,637	–	–	14,637	–	14,637	a
Commodity real return	11,822	11,822	–	–	11,822	–	11,822	a
Debt and equity securities	125,834	104,686	19,724	1,424	125,834	–	125,834	a, c
Fixed income commingled funds	35,959	–	–	–	–	35,959	35,959	
Equity commingled funds	117,411	–	–	–	–	117,411	117,411	
Hedge funds	125,040	–	–	–	–	125,040	125,040	
Private equity	27,725	–	–	–	–	27,725	27,725	
Real assets	16,320	–	–	–	–	16,320	16,320	
	$ 658,115	$ 310,762	$ 23,474	$ 1,424	$ 335,660	$ 322,455	$ 658,115	
Endowments								
Cash and cash equivalents	$ 7,868	$ 7,868	$ –	$ –	$ 7,868	$ –	$ 7,868	a
U S government agency and treasury notes	1,950	874	1,076	–	1,950	–	1,950	a, c
Mutual funds								
Fixed income	15,811	15,811	–	–	15,811	–	15,811	a
Equity	2,695	2,695	–	–	2,695	–	2,695	a
World allocation	4,798	4,798	–	–	4,798	–	4,798	a
Commodity real return	2,807	2,807	–	–	2,807	–	2,807	a
Debt and equity securities	26,540	21,231	5,309	–	26,540	–	26,540	a, c
Equity commingled funds	17,846	–	–	–	–	17,846	17,846	
Hedge funds	16,661	–	–	–	–	16,661	16,661	
Private equity	7,534	–	–	–	–	7,534	7,534	
Real assets	2,490	–	–	–	–	2,490	2,490	
	$ 107,000	$ 56,084	$ 6,385	$ –	$ 62,469	$ 44,531	$ 107,000	

3. Fair Value Measurements (continued)

All amounts are in thousands	September 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
Under indenture agreement held by trustee	$ 9,877	$ 9,877	$ –	$ –	$ 9,877	$ –	$ 9,877	a
Cash collateral held by swap counterparty	$ 26,211	$ 26,211	$ –	$ –	$ 26,211	$ –	$ 26,211	a
Malpractice reserves								
Cash and cash equivalents	$ 593	$ 593	$ –	$ –	$ 593	$ –	$ 593	a
Fixed income mutual funds	9,272	9,272	–	–	9,272	–	9,272	a
Equity exchange traded funds	4,367	4,367	–	–	4,367	–	4,367	a
	$ 14,232	$ 14,232	$ –	$ –	$ 14,232	$ –	$ 14,232	
Bequests pledged	$ 12,360	$ 3,821	$ –	$ 8,539	$ 12,360	$ –	$ 12,360	a, c
Liabilities								
Liability to annuitants	$ 2,355	$ –	$ –	$ 2,355	$ 2,355	$ –	$ 2,355	c
Interest rate swap	$ 54,055	$ –	$ 54,055	$ –	$ 54,055	$ –	$ 54,055	a

3. Fair Value Measurements (continued)

All amounts are in thousands	September 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
Current assets								
Cash and equivalents	$ 78,410	$ 78,410	$ –	$ –	$ 78,410	$ –	$ 78,410	a
Investments and other current assets								
Cash and cash equivalents	$ 1	$ 1	$ –	$ –	$ 1	$ –	$ 1	a
Guaranteed income funds	848	–	848	–	848	–	848	c
Mutual funds								
Fixed income	22,885	22,885	–	–	22,885	–	22,885	a
Equity	3,639	3,639	–	–	3,639	–	3,639	a
Asset allocation	41	41	–	–	41	–	41	a
Specialty	35	35	–	–	35	–	35	a
Debt and equity securities	114	114	–	–	114	–	114	a
	$ 27,563	$ 26,715	$ 848	$ –	$ 27,563	$ –	$ 27,563	
Board-designated investments for short-term cash needs								
Cash and cash equivalents	$ 109,419	$ 109,419	$ –	$ –	$ 109,419	$ –	$ 109,419	a
U S government agency and treasury notes	87,557	71,248	16,309	–	87,557	–	87,557	a, c
Debt and equity securities	62,712	–	62,712	–	62,712	–	62,712	a, c
	$ 259,688	$ 180,667	$ 79,021	$ –	$ 259,688	$ –	$ 259,688	

3. Fair Value Measurements (continued)

All amounts are in thousands	September 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
Long-term investments for:								
Board-designated investments for capital improvements								
Cash and cash equivalents	$ 15,365	$ 15,364	$ 1	$ –	$ 15,365	$ –	$ 15,365	a, c
U S government agency and treasury notes	7,330	2,914	4,416	–	7,330	–	7,330	a, c
Mutual funds								
Fixed income	182,542	182,542	–	–	182,542	–	182,542	a
Equity	25,549	25,549	–	–	25,549	–	25,549	a
World allocation	23,423	23,423	–	–	23,423	–	23,423	a
Commodity real return	11,325	11,325	–	–	11,325		11,325	a
Debt and equity securities	132,394	112,965	17,971	1,458	132,394	–	132,394	a, c
Equity commingled funds	124,828	–	–	–	–	124,828	124,828	
Hedge funds	98,909	–	–	–	–	98,909	98,909	
Private equity	14,470	–	–	–	–	14,470	14,470	
Real assets	12,400	–	–	–	–	12,400	12,400	
Cash and cash equivalents	$ 648,535	$ 374,082	$ 22,388	$ 1,458	$ 397,927	$ 250,607	$ 648,535	

3. Fair Value Measurements (continued)

All amounts are in thousands	September 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
Endowments								
Cash and cash equivalents	$ 5,649	$ 5,648	$ 1	$ –	$ 5,649	$ –	$ 5,649	a, c
U.S. government agency and treasury notes	2,297	1,169	1,128	–	2,297	–	2,297	a, c
Mutual funds								
Fixed income	23,868	23,868	–	–	23,868	–	23,868	a
Equity	2,954	2,954	–	–	2,954	–	2,954	a
World allocation	6,969	6,969	–	–	6,969	–	6,969	a
Commodity real return	2,265	2,265	–	–	2,265	–	2,265	a
Debt and equity securities	28,730	24,096	4,634	–	28,730	–	28,730	a, c
Equity commingled funds	21,520	–	–	–	–	21,520	21,520	
Hedge funds	11,485	–	–	–	–	11,485	11,485	
Private equity	5,753	–	–	–	–	5,753	5,753	
Real assets	1,794	–	–	–	–	1,794	1,794	
	$ 113,284	$ 66,969	$ 5,763	$ –	$ 72,732	$ 40,552	$ 113,284	
Under indenture agreement held by trustee	$ 65	$ 65	$ –	$ –	$ 65	$ –	$ 65	a
Cash collateral held by swap counterparty	$ 28,835	$ 28,835	$ –	$ –	$ 28,835	$ –	$ 28,835	a
Malpractice reserves								
Cash and cash equivalents	$ 474	$ 474	$ –	$ –	$ 474	$ –	$ 474	a
Fixed income mutual funds	9,197	9,197	–	–	9,197	–	9,197	a
Equity exchange traded funds	4,685	4,685	–	–	4,685	–	4,685	a
	$ 14,356	$ 14,356	$ –	$ –	$ 14,356	$ –	$ 14,356	
Bequests pledged	$ 11,807	$ 4,845	$ –	$ 6,962	$ 11,807	$ –	$ 11,807	a, c
Liabilities								
Liability to annuitants	$ 3,062	$ –	$ –	$ 3,062	$ 3,062	$ –	$ 3,062	c
Interest rate swap	$ 44,335	$ –	$ 44,335	$ –	$ 44,335	$ –	$ 44,335	c

3. Fair Value Measurements (continued)

The Organization's assets and liabilities valued using significant unobservable inputs (Level 3) are comprised of bequests receivable where the Organization is not the trustee, and liabilities to annuitants The tables below set forth a summary of changes in the fair value of the Organization's Level 3 for the years ended September 30, 2011 and 2010

	Bequests	Liabilities to Annuitants	Other
		(in thousands)	
2011			
Balance, beginning of year	**$ 6,962**	**$ 3,062**	**$ 1,458**
Total gains or losses for the period	**1,577**	**128**	**(34)**
Purchases, sales, issuances and settlements, net	**–**	**(835)**	**–**
Balance, end of year	**$ 8,539**	**$ 2,355**	**$ 1,424**
2010			
Balance, beginning of year	$ 6,465	$ 3,052	$ 1,621
Total gains or losses for the period	500	(92)	(163)
Purchases, sales, issuances and settlements, net	(3)	102	(12)
Balance, end of year	$ 6,962	$ 3,062	$ 1,458

The Organization has received restricted pledges and contributions, totaling $11 1 million and $16 7 million for the years ended September 30, 2011 and 2010, respectively, that were subject to fair value measurement The restricted contributions were measured based on the actual cash received, or for pledge receivables, using discounted cash flow projections as outlined in the income valuation approach Approximately $2 4 million of the restricted contributions received in the period were recorded as a pledge receivable as of September 30, 2011

In accordance with ASC 350, as of October 1, 2010, goodwill with a carrying amount of $47 5 million was written down to its implied fair value of $43 5 million resulting in an impairment charge of $4 0 million recorded in unrestricted net assets as a cumulative effect of the adoption of the new accounting principle (see Note 7) The assets were measured using an income and market approach with significant unobservable inputs (Level 3)

4. Endowment

The Organization's endowment consists of approximately 30 individual funds established for a variety of purposes Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors of Hoag Hospital Foundation (Foundation Board) to function as endowments Net assets associated with endowment funds, including funds designated by the Foundation Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Foundation Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

a The duration and preservation of the fund

b The purposes of the Organization and the donor-restricted endowment fund

c General economic conditions

d The possible effect of inflation and deflation

e The expected total return from income and the appreciation of investments

f Other resources of the Organization

g The investment policies of the Organization

4. Endowment (continued)

The endowment net asset composition by fund type was as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
		(in thousands)		
As of September 30, 2011				
Donor-restricted endowment funds	**$ –**	**$ 21,183**	**$ 40,744**	**$ 61,927**
Board-designated endowment funds	**37,255**	**7,818**	**–**	**45,073**
Total endowment funds	**$ 37,255**	**$ 29,001**	**$ 40,744**	**$ 107,000**
As of September 30, 2010				
Donor-restricted endowment funds	$ (1)	$ 23,603	$ 37,701	$ 61,303
Board-designated endowment funds	44,114	7,867	–	51,981
Total endowment funds	$ 44,113	$ 31,470	$ 37,701	$ 113,284

4. Endowment (continued)

Changes in endowment net assets during the years ended September 30, 2011 and 2010, were as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
		(in thousands)		
2011				
Endowment net assets, beginning of period	**$ 44,113**	**$ 31,470**	**$ 37,701**	**$ 113,284**
Investment income	**612**	**893**	**–**	**1,505**
Net appreciation (depreciation)	**295**	**(899)**	**–**	**(604)**
Contributions, net	**1,143**	**1,003**	**1,734**	**3,880**
Appropriation of endowment assets for expenditure	**(8,908)**	**(2,157)**	**–**	**(11,065)**
Redesignation by donor	**–**	**(1,309)**	**1,309**	**–**
Endowment net assets, end of period	**$ 37,255**	**$ 29,001**	**$ 40,744**	**$ 107,000**
2010				
Endowment net assets, beginning of period	$ 37,625	$ 24,051	$ 33,897	$ 95,573
Investment income	947	454	–	1,401
Net appreciation	3,237	5,701	–	8,938
Contributions, net	8,120	1,336	4,354	13,810
Appropriation of endowment assets for expenditure	(5,816)	(72)	(550)	(6,438)
Endowment net assets, end of period	$ 44,113	$ 31,470	$ 37,701	$ 113,284

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while balancing the risk of investment loss with the long-term preservation of purchasing power Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds

4. Endowment (continued)

The Organization seeks to maintain the purchasing power of the endowment assets portfolio and to achieve rates of returns which over time exceed inflation by a specified margin To achieve its long-term investment objectives within prudent risk constraints, the Organization develops strategic asset allocation ranges and targets for the endowment portfolio and considers factors including, but not limited to, time horizon, liquidity, and risk tolerance The current asset allocation targets emphasize diversification across asset classes to manage risk and enhance returns Actual allocations may differ from target allocations in the short term or during periods of significant market fluctuations In addition, the Organization confirms the asset allocation ranges on an annual basis and updates the investment policy and/or target allocations, as needed, if there is a significant change in capital market expectations and/or investment objectives, including spending requirements The Organization seeks to achieve returns which will compare favorably to the returns of the applicable markets and representative peers

The Organization's policy allows the Board of Directors to determine a spending rate from endowment investments on an annual basis In establishing this policy, the Organization considers the fair value and long-term expected return on its endowment and the factors described above

5. Donations and Bequests Pledged

The Organization has received contributions under various types of split-interest agreements including charitable remainder trusts and charitable remainder gift annuities Such unconditional irrevocable agreements are reported at fair value at the date the promise is received In determining the fair value of such assets, the Organization uses the present value of estimated future cash flows using an IRS published discount rate commensurate with the risks involved For unconditional irrevocable agreements where the assets, or a portion of the assets, are being held for the benefit of others, such as the donor or third parties designated by the donor, a liability, measured at the present value of the expected future payments to be made to other beneficiaries, has been recorded in the accompanying consolidated balance sheets

5. Donations and Bequests Pledged (continued)

The amounts of net donations pledged that are receivable at September 30 consist of the following

	2011	2010
	(in thousands)	
Due in one year or less	**$ 13,684**	$ 12,388
Due after one year through five years	**13,809**	18,316
Due after five years	**5,067**	6,454
	32,560	37,158
Less amount representing interest	**(3,362)**	(4,456)
Pledges receivable, net	**29,198**	32,702
Bequests holding real property	**5,994**	5,911
Bequests measured at fair value	**12,360**	11,807
	$ 47,552	$ 50,420

Pledges receivable include approximately $6 0 million restricted for endowments and $19 9 million restricted for the benefit of neuroscience, cancer and heart programs

The fair value of certain of these assets was determined by calculating the net present value of the estimated future cash flows using a discount rate at the time the pledge was made which ranged between 1% and 5%

The Organization is the beneficiary of volunteers performing numerous non-clinical functions in all areas of the Organization Management has not estimated the fair value of services provided and, therefore, no revenue is recognized as a result of these donated services

6. Property and Equipment

A summary of property and equipment at September 30 follows

	2011	2010
	(in thousands)	
Land	**$ 77,331**	$ 77,331
Buildings and improvements	**858,496**	797,881
Equipment	**414,130**	361,090
Construction-in-progress	**79,557**	117,988
	1,429,514	1,354,290
Less accumulated depreciation	**(558,705)**	(505,129)
Property and equipment, net	**$ 870,809**	$ 849,161

7. Intangible Assets

Intangible assets at September 30 consist of

	2011	2010
	(in thousands)	
Goodwill	**$ 45,157**	$ 49,703
Covenants not-to-compete	**18,700**	18,700
Other long-lived intangibles	**520**	520
	64,377	68,923
Less accumulated amortization	**(6,086)**	(4,424)
Intangibles, net	**$ 58,291**	$ 64,499

In December 2008, the Organization acquired 51% ownership in MSSSC On June 30, 2009, the Organization contributed its 51% interest in MSSSC, its existing 20% interest in OSCOC, and cash in exchange for a 51% interest in HOI Other MSSSC and OSNB investors contributed their ownership interests in MSSSC and OSNB to HOI in exchange for the remaining 49% interest in HOI OSNB holds the other 80% interest in OSCOC not directly held by HOI The Organization accounted for these transactions using the acquisition method of accounting

7. Intangible Assets (continued)

The fair value of the consideration given (MSSSC and OSCOC ownership interests contributed) exceeded the fair value of the net tangible assets of MSSSC acquired resulting in the recognition of intangible assets of approximately $62 4 million

On August 1, 2010, additional investors contributed interest in MSSSC and OSNB in exchange for an aggregate of 7 9% interest in HOI The Organization contributed a combination of cash and non-cash assets with an aggregate fair market value of $5 5 million in exchange for ownership interest in HOI to maintain its 51% interest in HOI The Organization accounted for these transactions using the acquisition method of accounting

The transaction resulted in an appreciation in the value of HOI's ownership interest which resulted in an appreciation in the value of the Organization's existing investment in HOI as of August 1, 2010, by approximately $1 5 million which was accounted for as a change in unrestricted net assets in the consolidated statement of changes in net assets

In connection with the transactions described above, the Organization identified certain intangible assets as listed in the table above The excess of total value of ownership interests contributed to HOI compared to the fair value of tangible assets and liabilities, covenants not-to-compete and other long-lived intangibles resulted in goodwill

The Organization adopted the new standard related to the accounting treatment for goodwill and indefinite-lived intangible assets by not-for-profit organizations effective October 1, 2010, and accordingly, ceased the amortization of its goodwill The new accounting standard requires that the Organization test the carrying value of goodwill for impairment at the reporting unit level on an annual basis, or more frequently if significant indicators of impairment exist The standard also requires a transitional test in the year of adoption The Organization primarily uses the income and market approaches in the valuation which includes the discounted cash flow method, the guideline company method, as well as other generally accepted valuation methodologies to determine the fair value of its reporting units

7. Intangible Assets (continued)

Upon completion of the transitional goodwill impairment test, the Organization recognized an impairment of $4 0 million recorded as a reduction in net assets The Organization has elected an annual measurement date of July 1 and upon completion of the annual impairment assessment, the Organization determined that no impairment was indicated as the estimated fair value of the reporting unit with goodwill exceeded its carrying value and no significant indicators of impairment exist for its goodwill that would require additional analysis before its next annual evaluation

Covenants not-to-compete are amortized over the expected term the Organization is expected to benefit, which ranges from eight to nine years Approximately $2 2 million and $3 3 million of amortization expense was incurred in the years ended September 30, 2011 and 2010, respectively

8. Debt

The Organization's debt as of September 30 is summarized as follows

	2011	2010
	(in thousands)	
Series 2011A Long-Term Interest Rate Bonds	**$ 104,775**	$ –
Series 2009A Long-Term Interest Rate Bonds	**68,049**	68,272
Series 2009B and 2009C Long-Term Interest Rate Bonds	**–**	74,140
Series 2009D and 2009E Long-Term Interest Rate Bonds	**72,514**	73,059
Series 2008C Variable Rate Demand Revenue Bonds	**70,095**	70,095
Series 2008D through 2008F Variable Rate Demand Revenue Bonds	**250,000**	250,000
Short-term line of credit	**8,000**	–
Notes payables and other	**1,465**	2,280
Total debt	**574,898**	537,846
Less current portion of debt	**(78,449)**	(144,144)
Debt, net of current portion	**$ 496,449**	$ 393,702

8. Debt (continued)

Revenue Bonds Series 2011

On February 8, 2011, $105 4 million of tax-exempt City of Newport Beach Revenue Bonds (Hoag Memorial Hospital Presbyterian) Series 2011A (Series 2011A) were issued by the City of Newport Beach under a loan agreement with the Hospital and bond indenture agreement with the trustee (the 2011 Indenture)

Series 2011A Long-Term Interest Rate Bonds

The Series 2011A bonds were issued at total par of $105 4 million and bear interest at annual rates of 3 00% to 6 00% Interest is payable semi-annually on each June 1 and December 1, commencing June 1, 2011 The Series 2011A bonds provide for annual principal payments each December 1, from 2012 through 2040 The Series 2011A bonds maturing on or after December 1, 2030, are subject to optional redemptions prior to their stated maturity, on any date on or after December 1, 2021, and are also subject to mandatory sinking fund redemptions prior to their stated maturity, commencing on December 1, 2022, as described in the 2011 Indenture The Series 2011A bonds are subject to extraordinary optional redemption and optional redemption in the event of a change in law prior to their stated maturity, at the option of City of Newport Beach (which option shall be exercised upon the request of the Organization), as described in the 2011 Indenture The Series 2011A bonds were issued at an original issue discount of approximately $0 6 million and carry effective interest rates ranging from 1 3% to 6 1% The Series 2011A bonds are classified as long-term liabilities in the accompanying consolidated balance sheets

Revenue Bonds Series 2009

On June 1, 2009, $211 0 million of tax-exempt City of Newport Beach Revenue Bonds (Hoag Memorial Hospital Presbyterian) Series 2009A through E (Series 2009) were issued by the City of Newport Beach under loan agreements with the Hospital and bond indenture agreements with the trustee (2009 Indentures), and are comprised of the following

Series 2009A Long-Term Interest Rate Bonds

The Series 2009A bonds were issued at total par of $66 8 million and bear interest at annual rates of 3 00% to 5 00% Interest is payable semi-annually on each June 1 and December 1, commencing December 1, 2009 The Series 2009A bonds provide for annual principal payments

8. Debt (continued)

each December 1, from 2012 through 2024 The Series 2009A bonds maturing on December 1, 2024, are subject to optional redemptions prior to their stated maturity, on any date on or after December 1, 2014, and are also subject to mandatory sinking fund redemptions prior to their stated maturity, commencing on December 1, 2020, as described in the 2009 Indentures The Series 2009A bonds are subject to extraordinary optional redemption and optional redemption in the event of a change in law prior to their stated maturity, at the option of City of Newport Beach (which option shall be exercised upon the request of the Organization), as described in the 2011 Indenture The Series 2009A bonds were issued at an original issue premium of approximately $1 7 million and carry effective interest rates ranging from 2 4% to 4 7% The Series 2009A bonds are classified as long-term liabilities in the accompanying consolidated balance sheets

Series 2009B and 2009C Long-Term Interest Rate Bonds

The Series 2009B and 2009C bonds, with total par of $73 2 million, were paid in full on February 8, 2011, using proceeds from the Series 2011A Bonds

Series 2009D and 2009E Long-Term Interest Rate Bonds

The Series 2009D and 2009E bonds were issued at total par of $71 0 million and initially bear interest at a long-term interest rate of 5 0% During the initial long-term interest rate period, interest is payable semi-annually on each June 1 and December 1, commencing December 1, 2009 These bonds are not subject to optional tender for purchase during the initial long-term interest rate period but are subject to mandatory tender for purchase and remarketing in February 2013 At the end of the initial long-term interest rate period in February 2013, the Hospital may convert these bonds to a different interest rate mode or a new term in accordance with the 2009 Indentures The Series 2009D and 2009E bonds are currently supported by self-liquidity and the Hospital has agreed to pay the purchase price of any bonds not covered with remarketing proceeds upon the mandatory tender at the end of the initial long-term interest rate period or February 2013 The Series 2009D and 2009E bonds have final maturities in 2038 and are also subject to varying mandatory redemption payments prior to their stated maturity commencing on December 1, 2024 The Series 2009D and 2009E bonds were issued at an original issue premium of approximately $4 0 million and carry an effective interest rate of 3 4% Due to the holders' right to tender in February 2013, the Series 2009D and 2009E bonds are classified as long-term liabilities in the accompanying consolidated balance sheets

8. Debt (continued)

Refunding Revenue Bonds Series 2008

On May 22, 2008, $452 1 million of tax-exempt City of Newport Beach Refunding Revenue Bonds (Hoag Memorial Hospital Presbyterian) Series 2008 A through F (Series 2008) were issued by the City of Newport Beach under a loan agreement with the Hospital and bond indenture agreements with the trustee (2008 Indentures), comprised of the following

Series 2008A and 2008B Serial Bond Interest Rate Bonds

The Series 2008A and 2008B bonds, with total par of $132 0 million, were paid in full on June 1, 2009, and June 16, 2009, respectively, using proceeds from the Series 2009 Bonds

Series 2008C Variable Rate Demand Revenue Bonds

The Series 2008C bonds were issued at par of $70 1 million and bear interest at variable interest rates which are reset on a weekly basis depending on prevailing market conditions Interest is payable on a monthly basis The average interest rate for these bonds during the 12-month period ending on September 30, 2011, was 0 17% The Hospital's remarketing agents have the authority to remarket these bonds at rates of interest up to 12% These bonds mature in 2040 However, these bonds are subject to mandatory redemption prior to their stated maturity with varying redemption payments commencing on December 1, 2016 In addition, these bonds are subject to optional redemption at the discretion of the Hospital

Holders of variable rate demand revenue bonds have the right to tender the bonds on a daily basis To effect such tender while the bonds bear interest at a weekly rate, the holder or beneficial owner must deliver written notice of tender to the tender agent and the remarketing agent on a business day not fewer than seven days prior to the designated purchase date These Series 2008C bonds are supported by self-liquidity and the Hospital has agreed to maintain, in the aggregate, sufficient assets, primarily marketable fixed income and other liquidity support vehicles, to be used to repurchase the bonds in the event that tendered bonds are not resold in the open market Due to the holders' right to tender on a daily basis, the Series 2008C bonds are classified as current liabilities in the accompanying consolidated balance sheets

8. Debt (continued)

Series 2008D through 2008F Variable Rate Demand Bonds

The Series 2008D through 2008F bonds were issued at total par of $250 0 million and bear interest at variable interest rates which are reset on a weekly basis depending on prevailing market conditions Interest is payable on a monthly basis The average interest rate for these bonds during the 12-month period ending on September 30, 2011, was 0 19% The Hospital's remarketing agents have the authority to remarket these bonds at rates of interest up to 12% These bonds mature in 2040 However, these bonds are subject to mandatory redemption prior to their stated maturity, with varying redemption payments commencing on December 1, 2012 In addition, these bonds are subject to optional redemption at the discretion of the Hospital

Holders of variable rate demand revenue bonds have the right to tender the bonds on a daily basis To effect such tender while the bonds bear interest at a weekly rate, the holder or beneficial owner must deliver written notice of tender to the tender agent and the remarketing agent on a business day not fewer than seven days prior to the designated purchase date While the Series 2008D through 2008F bonds are in the weekly interest rate period mode, payment of the principal and purchase price of, and interest on the bonds is supported initially by irrevocable, direct-pay letter of credits The direct-pay letter of credit supporting the Series 2008D bonds is issued by JPMorgan Chase Bank, N A (JPM Chase), pursuant to and subject to the terms of the Letter of Credit Agreement dated as of February 1, 2011, among the Hospital and JPM Chase (the JPM Chase Letter of Credit) The JPM Chase Letter of Credit will expire on February 7, 2014, unless extended or terminated earlier pursuant to its provisions, and may, under certain circumstances, be replaced by a substitute letter of credit In such event, the Series 2008D are subject to mandatory tender for purchase The direct-pay letter of credit supporting the Series 2008E and F bonds is issued by Bank of America, N A (Bank of America), pursuant to and subject to the terms of the Letter of Credit Agreement dated as of May 22, 2008, among the Hospital, Bank of America and certain other lenders, as amended on December 21, 2011 (the Bank of America Letter of Credit) The Bank of America Letter of Credit will expire on January 31, 2017, unless extended or earlier terminated pursuant to its provisions, and may, under certain circumstances, be replaced by a substitute letter of credit In such event, the bonds are subject to mandatory tender for purchase Due to the fact that the holders' right to tender the bonds on a daily basis is supported by letters of credit that would allow the Hospital to extend the principal repayment dates beyond the current period, the Series 2008D through 2008F bonds are classified as long-term liabilities in the accompanying consolidated balance sheets.

8. Debt (continued)

Line of Credit

In July 2011, HOI entered into a credit agreement with JPMorgan Chase Bank, N A to provide a short-term revolving credit facility not to exceed $12 5 million that expires on July 6, 2012, and accrues interest at variable rates As of September 30, 2011, there was $8 0 million outstanding on the credit facility The Hospital has guaranteed (on a limited basis) the payment and performance of the obligations under this line of credit Pursuant to a separate limited guaranty agreement, the liability of the Hospital is limited to 51% of the indebtedness incurred by HOI under this line of credit plus certain other legal fees and expenses

Assets Pledged Under Master Trust Indenture

Essentially all of the cash, investments, receivables, revenues, and income of the Hospital and NHC are pledged as collateral under a Master Trust Indenture dated of May 1, 2007, as supplemented and amended

Interest Rate Swap

In 2007, the Hospital entered into a derivative financial instrument, specifically an interest rate swap agreement with an effective date of May 31, 2007, for the purpose of managing the Hospital's exposure to fluctuations in interest rates The swap agreement is not designated as a cash flow hedge

The interest rate swap converts a portion of the Hospital's Series 2008 bonds to a fixed-rate basis for the term of the bonds Under the swap agreement, the Hospital pays a fixed rate equal to 3 229% and receives a floating rate equal to 55 7% of the USD-LIBOR-BBA rate plus 0 23%, based on a total notional amount of $250 0 million Settlements are made monthly over the term of the agreement As of September 30, 2011 and 2010, the Hospital's fair value liability on the swap totaled $54 1 million and $44 3 million, respectively, and is recorded within other long-term liabilities in the accompanying consolidated balance sheets The Hospital is required under certain circumstances to post collateral with the swap counterparty As of September 30, 2011, the Hospital had posted $26 2 million in collateral with the swap counterparty

9. Temporarily and Permanently Restricted Net Assets

Restricted net assets are available for the following purposes or periods at September 30

	2011		2010	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
	(in thousands)			
Women's Pavilion	**$ 1,583**	**$ 6,149**	$ 1,402	$ 6,148
Heart programs	**28,288**	**5,436**	32,170	5,342
Cancer programs	**31,350**	**14,124**	34,788	13,428
Other programs	**19,721**	**20,083**	18,128	19,428
Time-restricted assets	**12,047**	**–**	10,441	–
	$ 92,989	**$ 45,792**	$ 96,929	$ 44,346

10. Net Assets Released from Restrictions

Net assets were released from donor restrictions for the years ended September 30, 2011 and 2010, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows

	2011	2010
	(in thousands)	
Purpose restrictions accomplished		
Women's Pavilion	**$ 522**	$ 29
Heart programs	**5,278**	1,465
Cancer programs	**5,365**	922
Education programs	**1,896**	3,029
Other programs	**1,839**	3,017
Total restrictions released	**$ 14,900**	$ 8,462

11. Retirement Plan

The Organization has a 401(k) plan in which substantially all full-time employees who meet certain criteria, as defined, are eligible The plan provides for an automatic annual contribution by the Organization of 3% to 6 5% of gross wages based on years of service of eligible employees and a matching contribution by the Organization of 50%, up to 4% of gross wages of eligible employee contributions Total expense for the plan was $14 7 million and $12 8 million for the years ended September 30, 2011 and 2010, respectively It is the Organization's policy to make contributions to the plan equal to the amounts accrued as expense

12. Charity Care and Community Benefit (unaudited)

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Generally, services are provided without charge to uninsured patients with family incomes at or below 200% of the Federal Poverty Level (FPL) as published by the Department of Health and Human Services Charges are discounted to the Medicare fee schedule rate to uninsured patients with family incomes above 200% up to 350% of the FPL Charges are discounted to 125% of the Medicare fee schedule rate to uninsured patients with family income above 350% up to 400% of the FPL The Hospital maintains records to identify and monitor the level of charity care it provides The following is an estimate of the cost of providing charity care provided during the years ended September 30, 2011 and 2010

	2011	2010
	(in thousands)	
Estimated costs and expenses incurred to provide charity and indigent care	**$ 7,200**	$ 9,174

In addition, the Hospital provides services to indigent individuals covered by governmental programs that reimburse health care providers at levels below the cost of providing such care (including Medi-Cal and governmental indigent programs) The Hospital also provides services to Medicare patients in which the costs of providing these services exceed the reimbursement from Medicare The Hospital provides numerous other services free of charge to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements These services include referral services, health care screenings, community support groups, and health education programs Estimated unreimbursed costs of community benefits, including charity care, care to indigent individuals, and Medicare patients, approximated $143 5 million and $119 4 million for the years ended September 30, 2011 and 2010, respectively

13. Functional Expenses

The Organization provides general health care services to residents within its service areas Expenses relating to providing these services are as follows for the years ended September 30, 2011 and 2010

	2011	2010
	(in thousands)	
Health care services	**$ 625,713**	$ 533,835
General and administrative	**244,813**	185,466
Fundraising	**10,846**	9,632
Interest	**13,517**	17,561
	$ 894,889	$ 746,494

14. Commitments and Contingencies

Leases

The Organization is obligated under a noncancelable operating lease to operate an acute care hospital located in Irvine, California, that commenced in February 2009 and will expire in 2024 The initial 15-year term of the lease is subject to multiple renewal options as well as a purchase option ten years following commencement The agreement allows for a period of rent abatement followed by reduced rent during the initial 12 months of the lease These lease costs are recognized as expense using the straight-line method The Organization's deferred rent amounted to approximately $18 7 million and $16 8 million as of September 30, 2011 and 2010, respectively, and is recorded within accrued other expenses and other long-term liabilities in the accompanying consolidated balance sheets

14. Commitments and Contingencies (continued)

The Organization also leases certain equipment and office space under noncancelable operating lease agreements which expire on various dates through the year 2020 Certain leases contain escalation clauses that are fixed or variable based on inflationary measurements as well as renewal options of varying terms These lease costs are recognized as expense using the straight-line method These leases, including the Irvine hospital lease, require minimum annual rental payments as follows (in thousands)

Fiscal year	
2012	$ 18,747
2013	18,422
2014	17,877
2015	17,714
2016	16,566
Thereafter	114,090
	$ 203,416

Rental operating expense totaled $24 0 million and $10 0 million for the years ended September 30, 2011 and 2010, respectively

The Organization leases certain office space to others under noncancelable operating leases expiring on various dates Certain leases contain escalation clauses that are fixed or variable based on inflationary measurements as well as renewal options of varying terms Future minimum rental revenue due the Organization under these leases is as follows (in thousands)

Fiscal year	
2012	$ 9,719
2013	8,854
2014	7,254
2015	6,323
2016	4,960
Thereafter	15,492
	$ 52,602

Rental income totaled $8 4 million and $8 1 million for the years ended September 30, 2011 and 2010, respectively, and is included in other unrestricted operating revenues in the accompanying consolidated statements of operations

14. Commitments and Contingencies (continued)

Self-Insurance

The Organization maintains a self-insurance accrual for potential malpractice and general liability claims The Organization is self-insured for the first $2 0 million per claim Estimated losses from asserted and unasserted claims are accrued based on actuarial estimates that incorporate the Organization's past experience, as well as other considerations Reinsurance policies have been purchased for amounts in excess of $2 0 million The Organization maintains a reserve for potential medical malpractice and general liability claims

The Organization is self-insured for workers' compensation claims, subject to certain limitations The liability risks in excess of $1 0 million per occurrence are reinsured with major independent insurance companies

The Organization provides certain benefits to its employees and others under health and other insurance programs and is self-insured with respect to certain of the benefits under such programs Employee health claims in excess of $400,000 per individual are reinsured with major independent insurance companies

A summary of the liabilities related to self-insurance risks are as follows

	2011				2010			
	Medical Malpractice and General	Workers' Compensation	Employee Health	Total	Medical Malpractice and General	Workers' Compensation	Employee Health	Total
	(in thousands)							
Current	**$ 2,823[1]**	**$ 4,811[2]**	**$ 1,692[2]**	**$ 9,326**	$ 2,385[1]	$ 3,289[2]	$ 1,651[2]	$ 7,325
Non-current	**9,005**	**21,205**	**–**	**30,210**	7,720	10,523	–	18,243
Total	**$ 11,828**	**$ 26,016**	**$ 1,692**	**$ 39,536**	$ 10,105	$ 13,812	$ 1,651	$ 25,568

[1] Included in other accrued expenses
[2] Included in accrued employee benefits

14. Commitments and Contingencies (continued)

Restructuring Costs

Late in fiscal year 2011, the Hospital incurred restructuring costs of approximately $7 7 million The restructuring costs include severance packages provided to employees separated from service, incentives paid to employees accepting early retirement packages, and accrued salary, wages, and benefits for employees given notice in September to their actual separation date in November pursuant The restructuring plan has been fully implemented

Seismic Regulations

California legislation requires hospitals to perform structural evaluations of their buildings and upgrade facilities to meet certain minimum seismic standards by 2013 The Organization has completed its initial evaluation of its buildings using the Hazards United States (HAZUS) seismic criteria The Organization has either obtained approval or is seeking approval by Office of Statewide Health Planning and Development (OSHPD) of its mitigation plans The Organization currently estimates the costs associated with these seismic improvements to be approximately $19 7 million, of which $14 1 million has been incurred through September 30, 2011

Legal Matters

The Organization is involved in litigation arising in the ordinary course of business After consultation with legal counsel, the Organization's management estimates that these matters will be resolved without material adverse effect on the Organization's future consolidated financial position or results of operations

The Organization has been named as a defendant in a wage and hour class-action lawsuit filed in Orange County Superior Court in August 2009 The claims are similar to claims made in other wage and hour class action lawsuits that have been brought against other California hospitals, which are also pending in the Orange County Superior Court, and allege that the Organization failed to pay certain wages and overtime amounts to employees working 12 hours shifts, did not provide adequate meal and rest breaks, and failed to furnish accurate itemized wage statements, among other things The plaintiffs in this matter filed a motion for class certification which the Court denied, without prejudice, on September 29, 2011, and plaintiffs indicated they would appeal and re-file a second motion On November 16, the parties reached agreement to resolve

14. Commitments and Contingencies (continued)

the matter on a class-wide basis This agreement is subject to Court approval, and the parties anticipate the Court will hold the final approval hearing in April of 2012 The Organization has adequate reserves related to this matter as of September 30, 2011

Health Care Regulatory Environment

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 program participation requirements, reimbursement for patient services, fees, and Medicare and Medi-Cal fraud and abuse Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion of government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed The Organization's management believes that the Organization is in compliance with fraud and abuse as well as other applicable government laws and regulations Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

15. California Hospital Quality Assurance Program

The California Hospital Quality Assurance Program (the Program) was signed into law by the Governor of California and became effective on January 1, 2010 Amending legislation, to conform to changes requested by the Centers for Medicare & Medicaid Services (CMS) during the approval process, was signed into law by the Governor of California and became effective September 8, 2010 The primary and amending legislations contain two components The Quality Assurance Fee Act governs the "hospital fee" or "Quality Assurance Fee" (QA Fee) paid by participating hospitals The Medi-Cal Hospital Provider Stabilization Act governs supplemental Medi-Cal payments (Supplemental Payments) made to providers from the fund Hospital participation is mandatory with limited exceptions

15. California Hospital Quality Assurance Program (continued)

The Organization received Supplemental Payments in the amount of $9 8 million pertaining to the Program period from April 1, 2009 to December 31, 2010, and recorded these amounts within net patient service revenue The Organization made payments to the Department of Health Care Services (DHCS) for the QA Fee in the amount of $21 7 million pertaining to the Program period April 1, 2009 to December 31, 2010, and recorded these amounts within other expenses The California Health Foundation and Trust (CHFT) is administering a private program to aggregate and disburse financial resources to support charitable activities at various independent hospital for measures to alleviate losses resulting from the implementation of the Program The Organization received pledged payments totaling $11 9 million from the CHFT pertaining to the Program period from April 1, 2009 to December 31, 2010, and recorded these amounts within other operating revenue

DCHS began assessing fees and making supplemental payments pertaining to the Program period from January 1, 2011 to June 30, 2011, in May 2011 The Organization recorded Supplemental Payments and CHFT pledges received pertaining to the Program period from January 1, 2011 to June 30, 2011, totaling $5 1 million within other accrued expenses in the consolidated balance sheet as of September 30, 2011 The Organization recorded payments to DHCS for the QA Fee pertaining to the Program period from January 1, 2011 to June 30, 2011, totaling $7 3 million within other current assets in the consolidated balance sheet as of September 30, 2011 CMS formally approved the Program pertaining to the period from January 1, 2011 to June 30, 2011 in December 2011

16. Subsequent Events

Evaluation Date

The Organization has evaluated subsequent events through January 11, 2012, the date on which the consolidated financial statements were issued

Other Financial Information

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Report of Independent Auditors on Other Financial Information

Hoag Memorial Hospital Presbyterian and Affiliates

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The following consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

Ernst + Young LLP

January 11, 2012

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidating Balance Sheet

September 30, 2011

	Hospitals and NHC	Other Entities	Foundation	(A) Eliminations	Consolidated
			(in thousands)		
Assets					
Current assets					
Cash and equivalents	$ 88,265	$ 17,827	$ 9,317	$ –	$ 115,409
Patient accounts receivable, net of allowance for doubtful accounts	83,627	13,429	–		97,056
Investments	7,306	–	10,497	–	17,803
Board-designated investments for short-term cash needs	241,390	–	–	–	241,390
Current donations and bequests pledged, net of allowance for doubtful accounts and unamortized discount	–	–	13,023	–	13,023
Other receivables	16,659	48	796	(1,740)	15,763
Other current assets	22,132	1,394	23	–	23,549
Due from related entities	3,396	–	–	(3,396)	–
Total current assets	462,775	32,698	33,656	(5,136)	523,993
Long-term investments for					
Board-designated investments for capital improvements	658,115	–	–	–	658,115
Endowments	–	–	107,000	–	107,000
Under indenture agreement held by trustee	9,877	–	–	–	9,877
Cash collateral held by swap counterparty	26,211	–	–	–	26,211
Malpractice reserves	14,232	–	–	–	14,232
Total long-term investments	708,435	–	107,000	–	815,435
Noncurrent donations and bequests pledged, net of allowance for doubtful accounts and unamortized discount	6,902	–	27,627	–	34,529
Property and equipment, net	856,774	14,035	–	–	870,809
Intangibles, net	–	58,291	–	–	58,291
Other assets	68,586	111	14	(44,238)	24,473
Total assets	$ 2,103,472	$ 105,135	$ 168,297	$ (49,374)	$ 2,327,530

(A) Eliminating and consolidating entries

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidating Balance Sheet (continued)

September 30, 2011

	Hospitals and NHC	Other Entities	Foundation	(A) Eliminations	Consolidated
			(in thousands)		
Liabilities and net assets					
Current liabilities					
Accounts payable	$ 38,193	$ 3,734	$ 164	$ –	$ 42,091
Accrued expenses					
Payroll and payroll taxes	14,320	414	215	–	14,949
Employee benefits	43,149	808	–	–	43,957
Other	31,061	1,963	50	(1,740)	31,334
Accrued liabilities under capitated contracts	19,476	–	–	–	19,476
Current portion of debt	70,095	8,354	–	–	78,449
Due to Hospital	–	1,870	1,526	(3,396)	–
Total current liabilities	216,294	17,143	1,955	(5,136)	230,256
Self-insurance liabilities	29,980	230	–	–	30,210
Noncurrent portion of debt	495,338	1,111	–	–	496,449
Interest rate swap	54,055	–	–	–	54,055
Other long-term liabilities	14,712	1,886	2,355	(1,332)	17,621
Total liabilities	810,379	20,370	4,310	(6,468)	828,591
Net assets					
Unrestricted					
Controlling interest	1,285,984	76,447	32,315	(76,551)	1,318,195
Noncontrolling interests in subsidiaries	–	8,318	–	33,645	41,963
Temporarily restricted	7,109	–	85,880	–	92,989
Permanently restricted	–	–	45,792	–	45,792
Total net assets	1,293,093	84,765	163,987	(42,906)	1,498,939
Total liabilities and net assets	$ 2,103,472	$ 105,135	$ 168,297	$ (49,374)	$ 2,327,530

(A) Eliminating and consolidating entries

Hoag Memorial Hospital Presbyterian and Affiliates

Consolidating Statement of Operations

Year Ended September 30, 2011

	Hospitals and NHC	Other Entities	(A) Foundation	(B) Eliminations	Consolidated
			(in thousands)		
Unrestricted operating revenues					
Patient service, net of contractual allowances and discounts	$ 697,300	$ 99,180	$ –	$ (2,145)	$ 794,335
Less: Provision for doubtful accounts	30,738	2,114	–	–	32,852
Net patient service revenues	666,562	97,066	–	(2,145)	761,483
Capitation	80,426	–	–	–	80,426
Other	58,967	4,604	8,537	(32,857)	39,251
Net assets released from restrictions for specific program purposes	–	–	7,968	–	7,968
Total unrestricted operating revenues	805,955	101,670	16,505	(35,002)	889,128
Operating expenses					
Salaries and employee benefits	384,012	29,807	–	–	413,819
Professional fees	16,470	376	–	–	16,846
Supplies	125,600	27,470	–	–	153,070
Utilities	8,947	631	–	–	9,578
Insurance	5,003	706	–	–	5,709
Lease rental	20,851	11,998	–	(8,843)	24,006
Other (A)	58,990	5,998	22,874	(12,316)	75,546
Purchased services	99,626	12,133	–	(13,838)	97,921
Depreciation and amortization	66,053	4,538	–	–	70,591
Interest related to interest rate swap agreement	7,162	–	–	–	7,162
Interest	13,288	717	–	(488)	13,517
Total operating expenses	806,002	94,374	22,874	(35,485)	887,765
(Loss) income from operations before restructuring costs	(47)	7,296	(6,369)	483	1,363
Restructuring costs	7,124	–	–	–	7,124
(Loss) income from operations	(7,171)	7,296	(6,369)	483	(5,761)
Other income (expense)					
Investment income, net (C)	12,710	25	1,031	(483)	13,283
Change in fair value of interest rate swap	(9,720)	–	–	–	(9,720)
Other non-operating losses	462	(33)	–	(3,622)	(3,193)
Other income (expense), net	3,452	(8)	1,031	(4,105)	370
Excess (deficiency) of revenues over expenses	(3,719)	7,288	(5,338)	(3,622)	(5,391)
Less excess of revenues over expenses attributable to noncontrolling interests	–	(724)	–	(3,045)	(3,769)
Excess (deficiency) of revenues over expenses attributable to controlling interest	(3,719)	6,564	(5,338)	(6,667)	(9,160)
Excess (deficiency) of revenues over expenses attributable to controlling interest	(3,719)	6,564	(5,338)	(6,667)	(9,160)
Excess of revenues over expenses attributable to noncontrolling interest	–	724	–	3,045	3,769
Cumulative effect of loss on goodwill impairment upon adoption of new accounting principle	(3,126)	(3,987)	–	3,130	(3,983)
Transfers from Hoag Hospital Foundation	6,932	–	(6,932)	–	–
Net assets released from restrictions used for purchase of property and equipment attributable to controlling interest	–	–	6,932	–	6,932
Distributions to controlling interest	–	(3,268)	–	3,268	–
Distributions to noncontrolling interests	–	(1,074)	–	(1,601)	(2,675)
Other changes in net assets	–	1,892	–	(1,892)	–
Increase (decrease) in unrestricted net assets	$ 87	$ 851	$ (5,338)	$ (717)	$ (5,117)

(A) Program service transfers from the Foundation are classified as other expenses within the Foundation column on this consolidating statement of operations but are excluded from total expenses and instead reported as transfers to Hoag Memorial Hospital Presbyterian for program purposes on the statement of activities and changes in net assets for the year ended September 30, 2011 within the stand-alone financial statements of Hoag Hospital Foundation.

(B) Eliminating and consolidating entries.

(C) Includes gains on investments accounted for under the equity method of accounting of $5,959 in Hospital and NHC and $569 in Foundation.

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