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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)	OMB No 1545-0047
	2011 Open to Public Inspection	

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011		D Employer identification number 86-0137567	
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Tucson Medical Center Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 5301 E Grant Road City or town, state or country, and ZIP + 4 Tucson, AZ 85712		E Telephone number (520) 327-5461
	F Name and address of principal officer Judith Rich 5301 E Grant Rd Tucson, AZ 85712	G Gross receipts \$ 423,357,838	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
J Website: ▶ www.tmc.az.com	H(b) Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach a list (see instructions)		
	H(c) Group exemption number ▶		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	L Year of formation 1943	M State of legal domicile AZ	




















Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities Tucson Medical Center's mission is to deliver caring, personalized, quality healthcare to patients and their families in an environment that is supportive, education-focused and compassionate		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	12
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	3,624
	6 Total number of volunteers (estimate if necessary)	6	595
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	641,952
	b Net unrelated business taxable income from Form 990-T, line 34	7b	505,324
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	813,875	5,754,347
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	405,723,481	408,831,131
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	651,995	1,880,999
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,589,499	5,551,998
		409,778,850	422,018,475
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	406,142	355,289
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	193,710,225	179,548,747
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	209,211,991	229,283,471
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	403,328,358	409,187,507
	19 Revenue less expenses Subtract line 18 from line 12	6,450,492	12,830,968
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		324,860,961	346,170,876
21 Total liabilities (Part X, line 26)		176,428,774	203,135,611
22 Net assets or fund balances Subtract line 21 from line 20		148,432,187	143,035,265

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			2012-10-11 Date
	Steve Bush CFO Type or print name and title			
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4			EIN
				Phone no

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . .	2	No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	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? <i>If "Yes," complete Schedule C, Part III.</i> 	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . .	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i> . . .	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i> . . .	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i> . . .	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> . . .	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . .	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements. 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance					
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>					
		Yes	No		
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	340		
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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return. .	2a	3,624		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes		
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities 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			No
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			No
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			No
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	0		
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			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			No
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			No
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
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			No
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. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a			No
b	Enter the aggregate 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 aggregate 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			No

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12	
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	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	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	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		No
11a	Has the organization provided a complete 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 the Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did 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," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take 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	AZ
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 made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made 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.	Steve Bush 5301 E Grant Road Tucson, AZ 85712 (520) 327-5461

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

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

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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	4,314,771		505,900

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 130

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

(A) Name and business address	(B) Description of services	(C) Compensation
Sonora Surgical Services LLC 6339 E Speedway Suite 201 Tucson, AZ 85710	Medical Services	764,879
Old Pueblo Anesthesia 2810 N Swan Road Suite 100 Tucson, AZ 85712	Medical Services	2,856,184
Obstetrix Medical Group of Arizona PC PO Box 281034 Atlanta, GA 303841034	Medical Services	1,076,790
Neurological Associates of Tucson 2450 E River Road Tucson, AZ 85718	Medical Services	1,087,180
Advanced Reimbursement Management PO Box 671042 Dallas, TX 752671042	Collection Services	722,990
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 340		

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	5,672,224					
	e	Government grants (contributions)	1e	82,123					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f						
	g	Noncash contributions included in lines 1a-1f \$ _____							
	h	Total. Add lines 1a-1f			5,754,347				
Program Service Revenue			Business Code						
	2a	Net Patient Services	900099	406,431,347	406,431,347				
	b	Meaningful Use Revenue	900099	2,399,784	2,399,784				
	c								
	d								
	e								
	f	All other program service revenue							
	g	Total. Add lines 2a-2f			408,831,131				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			2,118,656		2,118,656		
	4	Income from investment of tax-exempt bond proceeds . .			0				
	5	Royalties			0				
	6a	(i) Real		(ii) Personal					
		2,694,559							
		b	Less rental expenses						
			1,764,796						
	c	Rental income or (loss)							
	929,763								
	d	Net rental income or (loss)			929,763	-81,334	1,011,097		
	7a	(i) Securities		(ii) Other					
		b	Less cost or other basis and sales expenses		237,657				
	c	Gain or (loss)		-237,657					
	d	Net gain or (loss)			-237,657	-237,657			
	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						
		13,100							
b	Less cost of goods sold		b						
		-663,090							
c	Net income or (loss) from sales of inventory . .			676,190		676,190			
Miscellaneous Revenue		Business Code							
11a	Pharmacy	446110		671,928			671,928		
b	Misc Revenue	900099		896,345			896,345		
c	Food Service	722210		2,276,570			2,276,570		
d	All other revenue			101,202		47,096	54,106		
e	Total. Add lines 11a-11d			3,946,045					
12	Total revenue. See Instructions			422,018,475	408,593,474	641,952	7,028,702		

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

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 United States See Part IV, line 21	355,289	355,289		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States 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	3,315,018	697,159	2,617,859	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	150,759,562	140,821,199	9,938,363	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,813,743	2,582,193	231,550	
9	Other employee benefits	11,549,087	10,592,343	956,744	
10	Payroll taxes	11,111,337	10,222,431	888,906	
11	Fees for services (non-employees)				
a	Management	6,758,001	3,733,788	3,024,213	
b	Legal	29,286		29,286	
c	Accounting	1,280,720		1,280,720	
d	Lobbying	82,741		82,741	
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	40,406,266	38,683,518	1,722,748	
12	Advertising and promotion	2,501,048	162,310	2,338,738	
13	Office expenses	17,808,438	13,817,690	3,990,748	
14	Information technology	6,251,742	5,125,851	1,125,891	
15	Royalties	0			
16	Occupancy	10,899,515	10,567,648	331,867	
17	Travel	422,905	310,799	112,106	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	1,599,889	423,913	1,175,976	
20	Interest	5,732,243		5,732,243	
21	Payments to affiliates	436,228	436,228		
22	Depreciation, depletion, and amortization	20,692,545		20,692,545	
23	Insurance	7,845,321	104,555	7,740,766	
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	Medical Supplies	87,100,874	87,100,874		
b	Bad Debt	19,435,709	19,435,709		
c					
d					
e					
f	All other expenses	0			
25	Total functional expenses. Add lines 1 through 24f	409,187,507	345,173,497	64,014,010	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			28,250,513	1	35,771,429
	2	Savings and temporary cash investments			10,223,004	2	26,588,525
	3	Pledges and grants receivable, net				3	0
	4	Accounts receivable, net			49,863,107	4	48,646,825
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	0
	7	Notes and loans receivable, net				7	0
	8	Inventories for sale or use			12,517,116	8	13,190,686
	9	Prepaid expenses and deferred charges			5,996,116	9	6,129,728
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	406,460,928			
	b	Less: accumulated depreciation	10b	244,767,437	146,640,873	10c	161,693,491
	11	Investments—publicly traded securities			49,127,279	11	47,353,338
	12	Investments—other securities. See Part IV, line 11				12	0
	13	Investments—program-related. See Part IV, line 11				13	0
	14	Intangible assets				14	0
	15	Other assets. See Part IV, line 11			22,242,953	15	6,796,854
16	Total assets. Add lines 1 through 15 (must equal line 34)			324,860,961	16	346,170,876	
Liabilities	17	Accounts payable and accrued expenses			50,764,811	17	53,882,052
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			22,143,928	20	45,615,107
	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			90,000,000	23	90,000,000
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			13,520,035	25	13,638,452
	26	Total liabilities. Add lines 17 through 25			176,428,774	26	203,135,611
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			148,432,187	27	143,035,265
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			148,432,187	33	143,035,265
	34	Total liabilities and net assets/fund balances			324,860,961	34	346,170,876

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	422,018,475
2	Total expenses (must equal Part IX, column (A), line 25)	2	409,187,507
3	Revenue less expenses Subtract line 2 from line 1	3	12,830,968
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	148,432,187
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-18,227,890
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	143,035,265

Part XII Financial Statements and Reporting

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

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

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

2011

Open to Public
Inspection

Name of the organization Tucson Medical Center	Employer identification number 86-0137567
---------------------------------------------------	----------------------------------------------

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 **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 Se**section 509(a)(4).**

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

Part II

Support Schedule for Organizations Described in IRC 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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))

14

15 Public Support Percentage for 2010 Schedule A, Part II, line 14

15

16a 33 1/3% support test—2011. 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—2010. 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—2011. 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—2010. 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 IIIPart III

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15		
16 Public support percentage from 2010 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. 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—2010. 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID: 11000144

Software Version: 2011v1.2

EIN: 86-0137567

Name: Tucson Medical Center

Form 990, Special Condition Description:

Special Condition Description

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			
Judith Rich CEO	40 00	X		X				620,122	0	93,344
Beckie Torrey Trustee	1 00	X						0	0	0
Joel Valdez Trustee	1 00	X						0	0	0
David Cohen Trustee	1 00	X						0	0	0
Michael W Bracht Trustee	1 00	X						0	0	0
Jon R Young Trustee	1 00	X						0	0	0
David F Peachin Trustee	1 00	X						0	0	0
Richard M Moreno Trustee	1 00	X						0	0	0
Michael Probstfeld MD Trustee	1 00	X						69,558	0	0
Eduardo A Leon Trustee	1 00	X						0	0	0
Louise L Francesconi Trustee/Chair	1 00	X						0	0	0
Manuel M Ferris Trustee	1 00	X						0	0	0
Susan L Ernsky Trustee	1 00	X						0	0	0
Mary E Cochran MD Trustee	1 00	X						0	0	0
Henry Boice Trustee	1 00	X						0	0	0
Matthew Atlas Trustee	1 00	X						60,000	0	0
Mahmood Mirza Vice President	40 00			X				190,631	0	9,869
Linda Wojtowicz Vice President	40 00			X				311,991	0	64,174
Julia Strange Vice President	40 00			X				143,619	0	30,531
Richard Prevallet Vice President	40 00			X				149,394	0	34,352
Tracy Nuckolls Executive VP	40 00			X				471,827	0	12,237
Frank Marini Vice President	40 00			X				285,211	0	34,490
Michael Duran Vice President	40 00			X				181,113	0	27,325
Stephen Bush CFO	40 00			X				363,348	0	76,049
Jason Krupp Vice President	40 00			X				111,300	0	14,984

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			
Cheryl Young Vice President	40 00			X				171,742	0	27,745
John Friend Vice President	40 00			X				183,900	0	33,317
Eva B McCullars Psychiatrist	40 00					X		235,344	0	10,091
Mark Joseph Helms Psychiatrist	40 00					X		211,858	0	10,182
Rainier J Diaz Psychiatrist	40 00					X		180,497	0	13,055
Daniel Aaron Shinnick Psychiatrist	40 00					X		179,894	0	3,451
Lawrence Lincoln Medical Director	40 00					X		177,661	0	9,059
Igor Shegolev Vice President	0 00						X	15,761	0	1,645

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

2011

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, line 35c (Proxy Tax), then

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

Name of the organization Tucson Medical Center	Employer identification number 86-0137567
---------------------------------------------------	----------------------------------------------

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 on behalf of or in opposition to candidates for public office 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- 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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
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														
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-															
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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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) 2008	(b) 2009	(c) 2010	(d) 2011	(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)		(b)
		Yes	No	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		82,741
	j Total lines 1c through 1i			82,741
	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?		No		

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).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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
Part II-B, Line 1i	Part II-B, Line 1i - Other Activities Description	Membership in Arizona Hospital Association - a portion of the dues are designated as lobbyingRetainers Paid to Lewis & Rocca for lobbying

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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Tucson Medical Center

Employer identification number
86-0137567

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

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

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		14,338,525		14,338,525
b Buildings		123,236,507	60,707,770	62,528,737
c Leasehold improvements		29,091,885	5,963,321	23,128,564
d Equipment		239,794,011	178,096,346	61,697,665
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				161,693,491

Schedule D (Form 990) 2011

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
Part X	Part X FIN48 Footnote	TMCH (TMC HealthCare),TMC (Tucson Medical Center), the Foundation (TMC Foundation),and TMC Holdings, Inc. are tax-exempt corporations as described under Section 501 of the Internal Revenue Code, however, they are subject to federal and state income tax on any unrelated business taxable income GLPIC (GLP Insurance Company) is a foreign corporation organized under the laws of the Cayman Islands, British West Indies, and is therefore not subject to income tax (TMC) Security Services, SMH (Saguaro Medical Holdings), and HCSDC (Hospital Care Systems Development) are for-profit entities that did not have taxable operations which were significant to the consolidated financial statements in 2011 or 2010. Certain taxable corporations have net operating loss carryforwards. At December 31, 2011 and 2010, the related deferred tax asset is fully reserved due to the uncertainty regarding the ability of the Company to realize such assets in future periods. The Company has reviewed its tax positions for all open tax years and has concluded that no liabilities exist as of December 31, 2011 and 2010. The Company files tax returns in the U S federal jurisdiction. With a few exceptions, the Company is no longer subject to U S federal examinations by tax authorities for years before 2008.
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Net Transfer from Affiliates \$ -13762850

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

2011

Open to Public Inspection

Name of the organization
Tucson Medical Center

Employer identification number
86-0137567

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input checked="" type="checkbox"/> 100%</div> <div><input type="checkbox"/> 150%</div> <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> Other _____%</div>	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> 250%</div> <div><input type="checkbox"/> 300%</div> <div><input type="checkbox"/> 350%</div> <div><input checked="" type="checkbox"/> 400%</div> <div><input type="checkbox"/> Other _____%</div>	3b	Yes	
c	If the organization did 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 policy provide 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 charity care 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 eligible for free or discounted care?	5c		No
6a	Did 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

Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)	1		6,011,801		6,011,801	1 470 %
b Medicaid (from Worksheet 3, column a)	1	65,611	20,589,580		20,589,580	5 030 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs	2	65,611	26,601,381		26,601,381	6 500 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	73	143,734	542,531		542,531	0 130 %
f Health professions education (from Worksheet 5)	2	268	2,118,601		2,118,601	0 520 %
g Subsidized health services (from Worksheet 6)			404,059		404,059	0 100 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	4	17,705	234,158		234,158	0 060 %
j Total Other Benefits	79	161,707	3,299,349		3,299,349	0 810 %
k Total. Add lines 7d and 7j	81	227,318	29,900,730		29,900,730	7 310 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(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
1Physical improvements and housing						
2Economic development						
3Community support	1		380,864		380,864	0 090 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development	1		52,000		52,000	0 010 %
9Other						
10Total	2		432,864		432,864	0 100 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	219,435,709		
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	330,000		
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	597,877,152		
6Enter Medicare allowable costs of care relating to payments on line 5	691,390,118		
7Subtract line 6 from line 5. This is the surplus or (shortfall)	76,487,034		
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IVManagement Companies and Joint Ventures (see instructions)

(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 %
1TMC Neuroscience Mgmt LLC	Manage Neuro Svcs	32 500 %		67 500 %
2TMC Cardiac & Cardiothoraci	Management of Cardiac Svcs	29 990 %		70 010 %
3TMC Orthopaedic Mgmt LLC	Manage Ortho Svcs	32 500 %		67 500 %
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

0	Tucson Medical Center 5301 E Grant Road Tucson, AZ 85712
---	----------------------------------------------------------------

[illegible]

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)

Tucson Medical Center

Name of Hospital Facility:

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 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

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 (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input checked="" type="checkbox"/> Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	Yes	
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	The Organization does not file a community benefit report with the state of Arizona other than to the extent to which community benefit informatin is included in other reporting requirements such as the information provided on the Arizona Hospital Association Annual Report

Identifier	ReturnReference	Explanation
	Part V - Explanation of Number of Facility Type	Tucson Medical Center is a single licensed hospital providing general medical and surgical services, a 24 hour emergency department, a psychiatric hospital and hospice services

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	Our medical staff is open, our board is recruited from the community, we maintain a 24 hour 7 day emergency room where we treat everyone regardless of ability to pay, we use any surplus operational funds to improve the facility and operations

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	The amount reported in Part II line 3 column c represents our Senior Services Community Support. We offer classes on topics relating to senior health to the community. The amount reported in Part II line 8 column c represents our contribution to Welfare to Work and At Risk Youth programs. We hope to help people to qualify for work so that they can afford to maintain a healthier lifestyle and possibly receive employee sponsored medical insurance.

Identifier	ReturnReference	Explanation
	Part VI - Community Information	Tucson Medical Center is located east of downtown Tucson, Arizona. We provide service to people throughout Pima County and even into Mexico. Pima County has a population of about one million with almost 20% living below the federal poverty line. 23% of the population are under 18 years old, 62% are between 18 and 64 and 15% are over 65.

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	Patients are interviewed on admission to determine if they may qualify for financial assistance. There is a notice on our statements advising patients to call our Patient Financial Services department to see if they qualify and patients with past due balances are sent a letter advising them of the availability of assistance before they are sent to collections.

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	We rely on the data provided by the Arizona Department of Health Services that determines and defines the designated "medically underserved" areas in Southern Arizona (http //www azdhs gov/hsd/profiles/index htm) Additional resources include the Pima County Health Department's Health Data and Report Statistics (http //www pimahealth org/healthdata/index htm) and white paper documents like the City of Tucson Poverty of Urban Stress report We are on track to complete a comprehensive community health needs assessment during 2012

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 0	Part V, Line 20 - Explanation of Eligible Assistance Patients Billed More Than Insurance Rates	All patients are charged the same amount regardless of insurance or lack of insurance. The charges are the same regardless of payment methodology. However patient responsibility is based on our financial assistance policy which provides a sliding scale of up to 400% of the federal poverty level. At the end of 2011, the FAP was expanded to provide uninsured patients with a standard discount prior to application of the sliding scale discount.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 19d - Other Billing Determination of Individuals Without Insurance	All patients are charged the same amount regardless of insurance or lack of insurance. The charges are the same regardless of payment methodology. However patient responsibility is based on our financial assistance policy which provides a sliding scale of up to 400% of the federal poverty level. At the end of 2011, the FAP was expanded to provide uninsured patients with a standard discount prior to application of the sliding scale discount.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 16e - Other Collection Actions by Facility or Third Party Engaged	Hospital Leins arising out of accidents (insurance) under state law

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	Patients are interviewed on admission to see if they may qualify for financial assistance. There is a notice on our statements advising patients to call our Patient Financial Services department to see if they qualify and patients with past due balances are sent a letter advising them of the availability of assistance before they are sent to collections. Bad Debt policy states charity accounts are to be returned from Bad Debt and all the necessary financial information is reviewed and the appropriate adjustments are made according to the policy.

Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	The organization reports bad debt in accordance with Generally Accepted Accounting Principles (GAAP) Healthcare Financial Management Association Statement 15 is followed to the extent that it aligns with the guidelines set forth by GAAP

Identifier	ReturnReference	Explanation
	Part I, Line 6a - Related Organization Community Benefit Report	The 2011 Report to our Community "Our Vision of Health Care" is available on the organization's website

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Tucson Medical Center

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

2011

Open to Public
Inspection

Employer identification number
86-0137567

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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ☐

(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 listed in the line 1 table 13

3 Enter total number of other organizations listed in the line 1 table 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
Grantmaker's Description of How Grants are Used		Members of the executive team determine which community grants will be issued from TMC

Software ID: 11000144
Software Version: 2011v1.2
EIN: 86-0137567
Name: Tucson Medical 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
YWCA of Tucson 738 N 5th Ave Suite 110 Tucson, AZ 85705	86-0098937	501(c)(3)	11,500	0			Sponsorship
Tucson Oasis 2099 East River Road Tucson, AZ 85718	26-2902416		18,150	0			Senior 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
Tucson Nurses Week Foundation PO Box 65085 Tucson, AZ 85728	86-0771880	501(c)(3)	25,000	0			Promote Nursing Careers
Tucson Childrens Museum PO BOX 2609 Tucson, AZ 85702	86-0676237	501(c)(3)	12,000	0			Health related exhibit

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
Sahuaro Girl Scouts Co4300 E Broadway Blvd Tucson, AZ 85711	86-0098917	501(c)(3)	10,500	0			Children's Health
Komen Southern Arizona4574 E Broadway Blvd Tucson, AZ 85711	75-1835298	501(c)(3)	12,500	0			Breast Cancer Research

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 Fdn4560 E Broadway Suite 214 Tucson,AZ 85711	23-1907729	501(c)(3)	15,000	0			Diabetes Research
El Rio Foundation 839 W Congress St Tucson,AZ 85745	86-0816675	501(c)(3)	7,500	0			Support El Rio Health 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
Community Food Bank PO Box 26727 Tucson, AZ 85726	51-0192519	501(c)(3)	10,000	0			Assist the hungry in community
Boys & Girls Club PO Box 40217 Tucson, AZ 85717	86-0172257	501(c)(3)	7,800	0			Children's Health

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
American Heart Association5325 East Pima Street Tucson,AZ 85712	13-5613797	501(c)(3)	95,000	0			Heart Disease Research
American Cancer Society1636 N Swan 151 Tucson,AZ 85712	13-1788491	501(c)(3)	5,500	0			Cancer Research

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
Americain Diabetes Association333 W Ft Lowell Ste 123 Tucson,AZ 85705	13-1623888	501(c)(3)	6,000	0			Diabetes Research

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization Tucson Medical Center	Employer identification number 86-0137567
---------------------------------------------------	----------------------------------------------

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input checked="" type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain	1b Yes	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2 Yes	
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
<input checked="" type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input checked="" type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> 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?	4a Yes	
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a The organization?	5a	No
b Any related organization?	5b	No
If "Yes," to line 5a or 5b, describe in Part III		
6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?	6a	No
b Any related organization?	6b	No
If "Yes," to line 6a or 6b, describe in Part III		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	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	No

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.

[illegible]

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
Sch J, Part I, Line 1a	Part I, Line 1a. Relevant information in regards to selections on 1a.	First class travel is available to trustees on extended flights.

Software ID: 11000144
Software Version: 2011v1.2
EIN: 86-0137567
Name: Tucson Medical Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Tracy Nuckolls	(i) (ii)	280,974	28,877	161,976	4,866	7,371	484,064	
Stephen Bush	(i) (ii)	329,223	34,125		68,693	7,356	439,397	
Richard Prevallet	(i) (ii)	137,582	11,812		24,579	9,773	183,746	
Rainier J Diaz	(i) (ii)	180,497				13,055	193,552	
Michael Duran	(i) (ii)	153,223	13,126	14,764	17,649	9,676	208,438	
Mark Joseph Helms	(i) (ii)	211,858				10,182	222,040	
Mahmood Mirza	(i) (ii)	9,027	14,875	166,729		9,869	200,500	
Linda Wojtowicz	(i) (ii)	284,164	27,827		63,318	856	376,165	
Lawrence Lincoln	(i) (ii)	177,661				9,059	186,720	
Julia Strange	(i) (ii)	132,244	11,375		23,706	6,825	174,150	
Judith Rich	(i) (ii)	480,658	57,750	81,714	85,877	7,467	713,466	
John Friend	(i) (ii)	183,900			23,431	9,886	217,217	
Igor Shegolev	(i) (ii)			15,761		1,645	17,406	
Frank Marini	(i) (ii)	245,329	20,126	19,756	24,427	10,063	319,701	
Eva B McCullars	(i) (ii)	235,344				10,091	245,435	
Daniel Aaron Shinnick	(i) (ii)	179,894				3,451	183,345	
Cheryl Young	(i) (ii)	166,919	4,823		20,659	7,086	199,487	

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

2011

Open to Public Inspection

Name of the organization
Tucson Medical Center

Employer identification number
86-0137567

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 Ind Devel Auth of Pima Co	86-0445981		12-16-2010	114,370,800	Campus Development		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds defeased								
3	Total proceeds of issue	45,615,107							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	1,318,696							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	45,615,107							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	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								
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								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☒ Yes ☐ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Tucson Medical Center

Employer identification number
86-0137567

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

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

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

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

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

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

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V

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

Identifier	Return Reference	Explanation
		1) Trustee receives payments for professional services rendered to organization2) Trustee receives payments for professional services rendered to organization3) Trustee is a minority owner of an anesthesia group which does business with the organization 4) Trustee is a minority owner of an anesthesia group which does business with the organization 5) A manager is married to trustee, Mary Cochran6) Trustee is employed by bank which handles most TMC investments7) Trustee is a partner in a CPA firm in which another partner prepares tax returns for related joint ventures

Additional Data

Software ID: 11000144
Software Version: 2011v1.2
EIN: 86-0137567
Name: Tucson Medical Center

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
David Cohen	Ptnr of CPA Firm	30,575	Other ptnr preps tax retur		No
Henry Boice	VP of Bank	131,096	Banking Relationship		No
Robert Wolk	Spouse of Trustee	128,854	Manager Married to Trustee		No
Michael Bracht	Partner of Trustee	2,856,184	Min Owner Anesthesia Grp		No
Matthew Atlas	Partner of Trustee	2,856,184	Min Owner Anesthesia Grp		No
Michael Probstfeld	Trustee	69,558	COS elect, Med Dir		No
Matthew Atlas	Trustee	60,000	Chief of Staff		No

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization Tucson Medical Center	Employer identification number 86-0137567
---------------------------------------------------	----------------------------------------------

Identifier	Return Reference	Explanation
	Schedule H	Attached is a copy of our consolidated audited financial statements

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Form 990 and Form 990T are available on request The organization's website is https //www tmcacaz com/ and our mission, goals, directors and executives and other organizational information is available there

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	TMC is responsible for the payment of compensation and benefits as well as the process for reviewing and approving compensation and benefits for administrative leadership. For the Chief Executive Officer and Chief Financial Officer as well as other senior leadership positions the compensation committee contracts directly with Sullivan Cotter, an independent third-party compensation consultant, who periodically provides a written report containing a summary of relevant, contemporaneous benchmark information and makes recommendations regarding the level of compensation and benefits that would be reasonable. The compensation committee carefully reviews the information, discusses it directly with the consultant and makes recommendations based upon the information provided. The compensation committee then makes its final recommendation to the full board for their approval.

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	<p>TMC Conflict of Interest Policy Excerpt Article V Disclosure and Process for Resolution</p> <p>1 Disclosure of Conflicts of Interest Biannually, all trustees, officers, and members of board committee shall complete a disclosure form that lists various relationships that give rise to actual or potential conflicts of interest and return the same to the Chief Legal Officer of the Organization In addition, they have a continuing duty to disclose potential conflicts and shall disclose any and all actual or potential conflicts of interest as they arise or are discovered during their tenure The Chief Legal Officer is vested with the authority to bring conflicts or potential conflicts to the attention of the trustees, officers, committee members or applicable body, including the requirement that the person with the alleged conflict recuse himself from participation in the discussion and voting on any issue</p> <p>2 Determining Whether a Conflict of Interest Exists The Chief Legal Officer has been vested with the authority to determine whether a conflict of interest exists If there is a disagreement with the decision of the Chief Legal Officer, then the Governance Committee shall decide if a conflict of interest exists based on the information presented by the Chief Legal Officer If a board member disagrees with the Governance Committee decision, the issue will be sent to all remaining board members of the TMC HealthCare board for a vote on the issue for the final resolution of the issue</p> <p>3 Procedures for Decision Making when a Conflict of Interest Exists If it has been determined that a conflict of interest exists, the following process shall be followed regarding the matter for which a conflict exists</p> <p>a The interested person may, but is not required to, participate in the presentation of the matter at the governing board or committee meeting, but after the presentation, he may be asked to leave the meeting during the discussion of the matter, and in any event shall not participate in the vote on the transaction or arrangement involving the possible conflict of interest</p> <p>b If the board or committee believes that it needs additional information on alternatives to the proposed business arrangement, then the following process may be followed</p> <p>a The chairperson of the board or committee shall, if appropriate, direct management to obtain additional information and alternatives, or appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement</p> <p>b After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or business arrangement from a person or entity that would not give rise to a conflict of interest</p> <p>c If a more advantageous transaction or business arrangement is not reasonably possible or readily available under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable In conformity with the above determination it shall make its decision as to whether to enter into the transaction or business arrangement</p>

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	The Form 990 is prepared and reviewed by Financial Services. It is then reviewed by the Chief Financial Officer and Chief Legal Officer for presentation to the Board of Trustees. A copy is provided to the Board via the Board sharepoint site. All questions are addressed prior to filing the form 990 with the Internal Revenue Service.

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	TMC HealthCare, the Member, must approve - The amendment of the Corporation's Articles of Incorporation or Bylaws - The acquisition or creation of any subsidiary or controlled corporation - The merger or consolidation of this Corporation with another corporation, or the entering into any joint venture, partnership, limited liability company, or other business venture with a third party - The dissolution or liquidation of this Corporation - The expenditure of any funds in excess of those previously approved in the capital and operating budgets of this Corporation - The entering into any loan, indebtedness, guaranty, security interest, mortgage, surety, hypothecation - The disposition of any of its assets in excess of such monetary sum as the Member may determine from time to time to any person other than to the Member or a subsidiary of the Member - The appointment of an independent auditor or hiring of independent counsel

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	The Member's (TMC HealthCare) Board of Trustees electes the Board of Tucson Medical Center

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	The organization's Member is the parent company, TMC HealthCare

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 2	Form 990, Part VI, Line 2 Description of Business or Family Relationship of Officers, Directors, Et	Matthew Atlas and Michael Bracht have ow nership in an anesthesia group w hich has a business relationship with the company Mary Cochran is the spouse of a manager employed by the company David Cohen is a partner in a CPA firm in w hich another partner provides services to related joint ventures Henry Boice is a vice president at a bank w hich provides investment services

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

2011

Open to Public Inspection

Name of the organization
Tucson Medical Center

Employer identification number
86-0137567

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) Tucson Musculo Skeletal 5301 E Grant Road Tucson, AZ 85712 80-0032117	Oupatient Surgery	AZ			Tucson Medical Center

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) Tucson Medical Center Auxiliary PO Box 42195 Tucson, AZ 85713 86-6050769	Support to TMC	AZ	501(c)(3)	11	N/A		No
(2) TMC Holdings Inc 5301 E Grant Rd Tucson, AZ 85712 86-0441785	Holding Company	AZ	501(c)2		N/A		No
(3) TMC HealthCare 5301 E Grant Road Tucson, AZ 85712 20-2218975	Parent Company	AZ	501(c)3	11	N/A		No
(4) TMC Foundation 5301 E Grant Road Tucson, AZ 85712 86-0504015	Supports Tucson Medical Center	AZ	501(c)3	11	N/A		No
(5) El Dorado Hospital 5301 E Grant Road Tucson, AZ 85712 20-0385301	Hospital - discontinued operations	AZ	501(c)3	3	N/A		No

Part II

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?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) TMC Orthopaedic Mgmt LLC 5301 E Grant Road Tucson, AZ 85712 26-2915162	Service Line Management	AZ	N/A	Related	-76,195			No		Yes		32 500 %
(2) TMC Neuroscience Mgmt LLC 5301 E Grant Road Tucson, AZ 85712 27-3027087	Service Line Management	AZ	Tucson Medical Cente	Related	199,653	59,569		No		Yes		32 500 %
(3) TMC Cardiac & Cardiothoracic Surgery 5301 E Grant Road Tucson, AZ 85712 27-0766398	Service Line Mgmt	AZ	Tucson Medical Cente	Related	4,811	70,353		No		Yes		29 990 %

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) Rincon Community Hospital 5301 E Grant Road Tucson, AZ 85712 20-2330009	Hospital - not yet open	AZ	N/A	c			
(2) TMC Healthcare Security Services Inc 5301 E Grant Road Tucson, AZ 85712 52-2414943	Security Services	AZ	N/A	c			
(3) TMC de Mexico Ltd 5301 E Grant Road Tucson, AZ 85712 86-0769541	Holding Company	AZ	N/A	c			
(4) Saguaro Medical Holdings Inc 5301 E Grant Road Tucson, AZ 85712 20-0614853	Holding Company	AZ	N/A	c			
(5) Medhold Inc 5301 E Grant Road Tucson, AZ 85712 86-0769548	Holding Company	AZ	N/A	c			
(6) Hospital Care Systems Development Corp 5301 E Grant Road Tucson, AZ 85712 20-3015545	Hospital Management	AZ	N/A	c			

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

Yes

No

Yes

No

No

Yes

Yes

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) TMC Holdings Inc	p	5,896,830	GAAP
(2) TMC Holdings Inc	j	1,767,903	GAAP
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

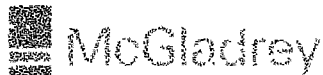
[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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McGladrey & Pullen LLP
501 McGladrey
West Tower, Suite 1000
Ann Arbor, MI 48106-2020
616.222.4330
www.mcgladrey.com

April 26, 2012

Mr. Steve Bush
TMC HealthCare
5301 East Grant Road
Tucson, AZ 85712

Dear Mr. Bush:

In accordance with your request, we are attaching the accompanying PDF file, which contains an electronic final version of the consolidated financial statements of TMC HealthCare and Subsidiaries as of December 31, 2011. We understand that your request for the electronic copy has been made as a matter of convenience. You understand that electronic transmissions are not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These financial statements and our report(s) on them are not to be modified in any manner. This final version supersedes all prior drafts. Any preliminary draft version of the consolidated financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

Professional standards and our firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors or "experts," in a document used in a public or private offering of equity or debt securities. Accordingly, as provided for and agreed to in the terms of our arrangement letter, TMC HealthCare and Subsidiaries will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, TMC HealthCare and Subsidiaries also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when TMC HealthCare and Subsidiaries seeks such consent, we will be under no obligation to grant such consent or approval.

Thank you for the opportunity to serve you.

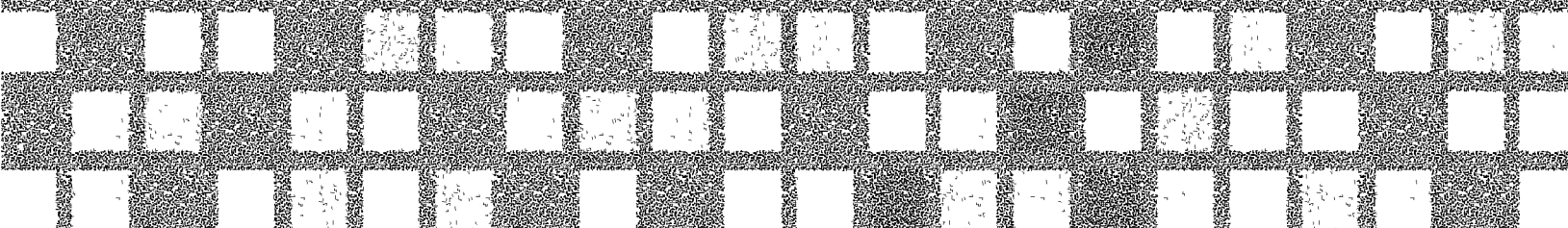
Sincerely,

Steven M. Grادل, Partner
213.330.4622

wpd
Attachment

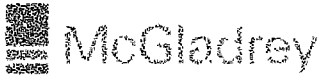
TMC HealthCare and Subsidiaries

Consolidated Financial Report
December 31, 2011



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Supplementary Information	
Consolidating balance sheets	26-29
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Independent Auditor's Report

To the Board of Trustees
TMC HealthCare and Subsidiaries

We have audited the accompanying consolidated balance sheet of TMC HealthCare and Subsidiaries (the Company) as of December 31, 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of TMC HealthCare and Subsidiaries for the year ended December 31, 2010, were audited by other auditors, whose report dated April 18, 2011, expressed an unqualified opinion on those statements. We did not audit the financial statements of GLP Insurance Company, a wholly owned subsidiary, whose statements reflect total assets of \$61,462,727 and \$57,095,129 as of December 31, 2011 and 2010, respectively, and total revenues of \$7,713,439 and \$8,102,185, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for GLP Insurance Company, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TMC HealthCare and Subsidiaries as of December 31, 2011, and the results of its operations, the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Phoenix, Arizona
April 25, 2012

TMC HealthCare and Subsidiaries

Consolidated Balance Sheets December 31, 2011 and 2010 (In Thousands)

Assets	2011	2010
Current Assets		
Cash and cash equivalents	\$ 40,105	\$ 35,766
Certificates of deposit	-	950
Short-term investments (Note 3)	50,758	55,002
Patient accounts receivable, net of allowance, 2011—\$21,253, 2010—\$10,797 (Note 2)	49,276	50,269
Supply inventories	13,191	12,517
Prepaid expenses and other	10,619	10,083
Current portion of assets limited as to use (Notes 3 and 6)	22,133	-
Total current assets	186,082	164,587
Assets Limited as to Use, net of current portion (Notes 3 and 6)	101,129	104,368
Property and Equipment, net (Note 4)	198,007	183,606
Other Assets	5,670	5,321
Total assets	\$ 490,888	\$ 457,882
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 42,682	\$ 37,116
Accrued salaries and related liabilities	18,136	20,346
Current maturities of long-term debt (Note 6)	30,823	228
Due to broker for unsettled investment trades (Note 3)	4,288	3,000
Estimated amounts due to third-party payors (Note 2)	2,364	4,087
Total current liabilities	98,293	64,777
Interest Rate Swap Agreements (Note 7)	8,694	7,159
Other Long-Term Liabilities (Note 5)	18,634	17,851
Long-Term Debt, less current maturities (Note 6)	124,338	131,716
Total liabilities	249,959	221,503
Net Assets		
Unrestricted	223,842	217,561
Temporarily restricted (Note 8)	13,347	15,150
Permanently restricted	3,740	3,668
Total net assets	240,929	236,379
Total liabilities and net assets	\$ 490,888	\$ 457,882

See Notes to Consolidated Financial Statements

TMC HealthCare and Subsidiaries

Consolidated Statements of Operations Years Ended December 31, 2011 and 2010 (In Thousands)

	2011	2010
Unrestricted revenues, gains and other support		
Net patient service revenue, net of provision for uncollectible accounts, 2011—\$19,491, 2010—\$19,212 (Note 2)	\$ 393,829	\$ 392,399
Other income	16,804	14,096
Net assets released from restrictions	5,228	2,178
Total unrestricted revenues, gains and other support	415,861	408,673
Expenses and losses		
Salaries, wages and benefits	193,825	194,890
Supplies and other	101,699	101,449
Medical and other professional fees	41,174	48,180
General and administrative	38,575	32,995
Depreciation and amortization	22,804	21,027
Interest	7,030	4,722
Total expenses	405,107	403,263
Operating income	10,754	5,410
Other income (expense)		
Investment return (Note 3)	(1,336)	13,772
Change in fair value of interest rate swap agreements (Note 7)	(1,535)	(644)
Contributions	143	329
Joint venture activity and other	(1,745)	392
Total other income (expense)	(4,473)	13,849
Increase in unrestricted net assets	\$ 6,281	\$ 19,259

See Notes to Consolidated Financial Statements

TMC HealthCare and Subsidiaries

Consolidated Statements of Changes in Net Assets Years Ended December 31, 2011 and 2010 (In Thousands)

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Increase in unrestricted net assets	\$ 6,281	\$ -	\$ -	\$ 6,281	\$ 19,259	\$ -	\$ -	\$ 19,259
Net assets released from restrictions	-	(5,228)	-	(5,228)	-	(2,178)	-	(2,178)
Restricted contributions and investment income								
Restricted contributions	-	3,153	72	3,225	-	2,589	175	2,764
Restricted investment income	-	272	-	272	-	126	-	126
	-	3,425	72	3,497	-	2,715	175	2,890
Transfer between net asset groups	-	-	-	-	(579)	212	367	-
Change in net assets	6,281	(1,803)	72	4,550	18,680	749	542	19,971
Net assets, beginning of year	217,561	15,150	3,668	236,379	198,881	14,401	3,126	216,408
Net assets, end of year	<u>\$ 223,842</u>	<u>\$ 13,347</u>	<u>\$ 3,740</u>	<u>\$ 240,929</u>	<u>\$ 217,561</u>	<u>\$ 15,150</u>	<u>\$ 3,668</u>	<u>\$ 236,379</u>

See Notes to Consolidated Financial Statements

TMC HealthCare and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2011 and 2010 (In Thousands)

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 4,550	\$ 19,971
Items not requiring (providing) cash		
Depreciation and amortization	22,804	21,027
Change in net realized and unrealized gains and losses on investments	5,926	(12,140)
Change in fair value of interest rate swap agreements	1,535	644
Equity earnings from joint ventures	(1,075)	750
Amortization of bond discount and accretion of long-term obligation in interest expense	-	69
Capital and other restricted contributions	(1,723)	(2,890)
Changes in		
Patient accounts receivable, net	993	(5,702)
Supply inventories	(674)	510
Prepaid expenses and other	(885)	1,208
Estimated amounts due to third-party payors	(1,723)	(1,041)
Accounts payable and accrued expenses	7,637	(3,930)
Accrued salaries and related liabilities	(2,210)	449
Net cash provided by operating activities	35,155	18,925
Cash Flows From Investing Activities		
Net (purchases) sales of investments	(15,750)	534
Distributions from joint ventures	1,325	1,072
Investments in joint ventures	(4,126)	-
Purchase of property and equipment	(37,205)	(42,349)
Net cash used in investing activities	(55,756)	(40,743)
Cash Flows From Financing Activities		
Proceeds from capital and other restricted contributions	1,723	2,890
Proceeds from issuance of long-term debt	23,471	41,199
Debt issuance costs paid	-	(1,319)
Principal payments on long-term debt	(254)	(20,807)
Net cash provided by financing activities	24,940	21,963
Increase in cash and cash equivalents	4,339	145
Cash and Cash Equivalents, beginning of year	35,766	35,621
Cash and Cash Equivalents, end of year	<u>\$ 40,105</u>	<u>\$ 35,766</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid (net of amount capitalized, 2011—\$846, 2010—\$1,750)	\$ 7,550	\$ 6,291
Property and equipment purchases included in accounts payable	<u>1,044</u>	<u>2,352</u>

See Notes to Consolidated Financial Statements

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: TMC HealthCare and Subsidiaries (the Company) is a not-for-profit corporation located in Tucson, Arizona, which provides, through its various subsidiaries and affiliates, general medical and surgical acute care, behavioral health services, health care education, and a full range of outpatient services primarily to the residents of southern Arizona

With certain exceptions, when the ownership interest in a related entity is more than 50 percent and the Company has controlling interest, the controlled company is consolidated. When the ownership interest is at least 20 percent, but not more than 50 percent, or the Company has the ability to exercise significant influence over operating and financial policies of the investee, it is accounted for under the equity method, and the income or loss is reflected in revenue from health-related activities, net. The Company has an ownership interest in or control over the following organizations:

- Tucson Medical Center (TMC or the Hospital) is a not-for-profit Arizona corporation that has 564 acute medical and surgical, 48 behavioral health and 16 hospice licensed beds. The Company is the sole corporate member of TMC.

The Hospital holds controlling membership interests in the following limited liability companies: TMC Cardiac and Cardiothoracic Surgery Management, LLC (30 percent), TMC Neuroscience Management, LLC (32.5 percent), and TMC Orthopedic Management, LLC (32.5 percent). TMC Orthopedic Management, LLC ceased operations as of June 30, 2011.

In July 2011, TMC bought the remaining shares of Tucson Musculoskeletal LLC (TMS), a joint venture 50 percent owned 2010 through July 2011. The TMS operations then ceased and became a department of the Hospital as of August 2011.

- GLP Insurance Company (GLPIC) is a foreign for-profit corporation and is wholly owned by the Company. GLPIC provides self-insured retention insurance for professional and general liability and workers' compensation liability and arranges for certain other insurance coverage for the Company and certain physicians.
- TMC Holdings, Inc. is a not-for-profit corporation, and the Company is its sole corporate member. TMC Holdings, Inc., among other things, leases medical facilities to health care providers in Tucson, Arizona. It has several real estate holdings, which it maintains in its own name or in the name of the following controlled entities: Holdings 5099, LLC, Holdings Main Campus Lot 1, LLC, Holdings Main Campus Lot 6, LLC, Holdings Main Campus Lot 10, LLC, and Eastern Arcadia Investments LLC.
- Saguaro Medical Holdings, Inc. (SMH) is a for-profit corporation and is wholly owned by the Company. SMH is the sole member of Saguaro Physicians, LLC and holds shares in Saguaro HealthCare, Inc., which owns a minority interest (49 percent) in Arizona Pediatric Surgery, PC. SMH holds a 50 percent noncontrolling membership interest in Tucson Medical Imaging Partners, LLC; the other partner holds the service management agreement to provide imaging services. Operations of Tucson Medical Imaging Partners, LLC started in the fourth quarter of 2011.
- TMC Foundation (the Foundation) is a not-for-profit corporation, and the Company is its sole corporate member. The Foundation raises and invests funds primarily for the benefit of the Company and other community not-for-profit initiatives.
- TMC HealthCare and Subsidiaries Security Services (Security Services) is a for-profit corporation and is wholly owned by the Company. Security Services provides contracted security services. Security Services' results are reported in Other Operations in the accompanying consolidating financial statements.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

- Hospital Care Systems Development Corporation (HCSDC) is a for-profit corporation and is wholly owned by the Company. HCSDC holds membership interest in HealthSouth Rehabilitation Institute of Tucson, LLC (17.5 percent). HCSDC results are reported in Other Operations in the accompanying consolidating financial statements.
- Innovative Practices, LLC (IP) began operations in 2011. IP was created to manage the operations of another newly created entity, Arizona Connected Care (ACC), to help manage the provision of health care services to patients in the Tucson, Arizona, community. HCSDC has a 64.8 percent ownership interest in IP, however, due to the Company's inability to exercise control over the operation and decision making at IP, it is accounted for under the equity method. Other than investments in IP, there were no significant operations in 2011 or 2010 related to either IP or ACC. They will begin operations in early 2012 and are expected to be fully operational in two to three years. The Company has a commitment to IP to purchase additional preferred stock of up to \$7,005,000.

Joint ventures: Investment income and loss related to the joint ventures described above that are reported on an equity basis (noncontrolled entities) was a loss of approximately \$1,075,000 and a gain of \$750,000 in 2011 and 2010, respectively, which is included in joint venture activity and other on the consolidated statements of operations. Investments in joint ventures totaled \$3,441,000 and \$856,000 in 2011 and 2010, respectively, and is included in other assets on the consolidated balance sheets.

Basis of presentation: The consolidated financial statements of the Company include the accounts of TMC, GLPIC, TMC Holdings, Inc., SMH, the Foundation, Security Services and HCSDC (collectively, the Company). All significant intercompany transactions and balances have been eliminated in consolidation. In addition, these statements follow generally accepted accounting principles applicable to the health care industry as described in the *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 954*.

New accounting principles: In 2011, the Company adopted Accounting Standards Update (ASU) No. 2010-23, *Measuring Charity Care for Disclosure*. This ASU amended ASC Subtopic 954-605, Revenue Recognition, and requires the Company to use cost as the measurement basis for charity care disclosure requirements. The adoption of this ASU required changes to the amount being disclosed for charity care but had no effect on the Company's consolidated balance sheet or statement of operations.

In 2011, the Company adopted ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. This ASU clarifies that health care entities should not net insurance recoveries against a related professional liability claim or another similar liability, which is consistent with the guidance in Subtopic 210-20, Balance Sheet—Offsetting. The adoption of this ASU had no material effect on the Company's consolidated financial statements.

In 2011, the Company adopted ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. This ASU requires the Company to record the provisions for bad debts associated with patient service revenue as a deduction from patient services revenue. The adoption of this ASU changed where the provision for uncollectible accounts was recorded within the statement of operations, however, it did not affect operating income or the increase in unrestricted net assets.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

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

Cash and cash equivalents: The Company considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2011 and 2010, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

None of the Company's interest-bearing cash accounts exceeded federally insured limits, the Company's noninterest-bearing cash accounts were covered by the FDIC Transaction Account Guarantee Program.

Investments and investment return: Investments in equity and debt securities are recorded at fair value and are classified as trading securities (see Note 4), and accordingly, all unrealized gains and losses are recorded in investment returns either based on quoted market prices or using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Company based on various factors. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

Investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Assets limited as to use: Assets limited as to use consist primarily of investments designated by the Company's Board of Trustees (the Board) for future capital improvements, payments under the self-insured plans managed by GLPIC, or specified projects over which the Board retains control and may, at its discretion, use for other purposes. Amounts available to meet current liabilities have been classified as current assets in the accompanying consolidated balance sheets.

Patient accounts receivable: The Company reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. The Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Company bills third-party payors directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Supply inventories: The Company states supply inventories at the lower of cost, determined using the first-in, first-out method, or market.

Property and equipment: Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets, unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as temporarily restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The Company capitalizes interest costs as a component of construction in progress based on the weighted-average rates paid for long-term borrowing. Total interest incurred was as follows (in thousands):

	Years Ended December 31	
	2011	2010
Interest costs capitalized	\$ 846	\$ 1,750
Interest costs charged to expense	7,030	4,722
Total interest incurred	<u>\$ 7,876</u>	<u>\$ 6,472</u>

Deferred financing costs: Certain costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the life of the related debt using the effective-interest method.

Temporarily and permanently restricted net assets: Temporarily restricted net assets are those whose use 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 Foundation in perpetuity.

Net patient service revenue: The Company has agreements with third-party payors that provide for payments to the Company at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known. For uninsured patients that do not qualify for charity care, the Company recognizes revenue based on its standard rates for services provided. On the basis of historical experience, a significant portion of the Company's uninsured patients will be unable to or unwilling to pay for the services provided. Accordingly, the Company records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. Net patient service revenue is reduced for the provision for uncollectible accounts since the Company does not anticipate payment based on such historical experience.

Charity care: The Company provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Company does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The estimated cost of providing services was \$6,619,000 and \$3,016,000 in 2011 and 2010, respectively, calculated by multiplying the ratio of cost to charges for the Company by the gross uncompensated charges associated with providing care to charity patients. The Company also participates in the Arizona Health Care Cost Containment System (AHCCCS) for indigent patients. The estimated cost of providing services in excess of reimbursement received related to AHCCCS patients totaled \$22,102,000 and \$14,535,000 in 2011 and 2010, respectively.

In addition to uncompensated charges, the Company also commits significant time and resources to endeavors and critical services that meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screening and assessments, prenatal education and care, hospice programs, support for homeless residents, Meals on Wheels for elderly shut-ins, community educational services, and various support groups.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Contributions: Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Estimated employee health costs: An annual estimated provision is accrued for the self-insured portion of employee health claims using an actuarial provided report and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Estimated professional and other claims: Provisions for outstanding losses related to medical malpractice and other claims represent management's best estimate of the ultimate cost of settling all outstanding losses whether reported or not reported as of year-end. In arriving at the estimated ultimate settlement cost, the Company utilizes the services of third-party administrators to advise on the appropriate levels of the provision for reported losses, and engages the services of an independent consulting actuary. The provision is shown gross, and the estimate of outstanding losses recoverable from reinsurers, being that portion of the outstanding losses that the Company deems to be recoverable under its reinsurance agreements, is reported in prepaid expenses and other on the consolidated balance sheets.

Estimated workers' compensation claims: Provisions for outstanding losses represent management's best estimate of the ultimate cost of settling all outstanding workers' compensation claims, whether reported or not reported as of year-end. The Company utilizes the services of third-party administrators and a consulting actuary to advise on the appropriate liability.

While the Company is self-insured for a substantial portion of its general and workers' compensation liabilities, the Company maintains commercial insurance coverage against catastrophic loss. Additionally, the Company maintains a self-insurance program for its long-term disability coverage. The provision for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income taxes: The Company, TMC, the Foundation and TMC Holdings, Inc. are tax-exempt corporations as described under Section 501 of the Internal Revenue Code, however, they are subject to federal and state income tax on any unrelated business taxable income. GLPIC is a foreign corporation organized under the laws of the Cayman Islands, British West Indies, and is, therefore, not subject to income tax. Security Services, SMH, and HCSDC are for-profit corporations but did not have taxable operations that were significant to the consolidated financial statements in 2011 or 2010. Certain taxable corporations have net operating loss carryforwards. At December 31, 2011 and 2010, the related deferred tax asset is fully reserved due to the uncertainty regarding the ability of the Company to realize such assets in future periods.

The Company has reviewed its tax positions for all open tax years and has concluded that no liabilities exist as of December 31, 2011 and 2010. The Company files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years before 2008.

Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Asset retirement obligations: The Company accounts for the estimated costs associated with long-lived asset retirements in accordance with the Asset Retirement and Environmental Obligation Topic of the FASB ASC. The asset retirement liability, recorded in other long-term liabilities, is accreted to the present value of the estimated future costs of the obligations at the end of each period.

Performance indicator: The consolidated statements of operations include “increase in unrestricted net assets” as the Company’s performance indicator. Changes in unrestricted net assets that are excluded from the performance indicator, consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets).

Derivative financial instruments: The Company uses interest rate swap instruments as part of its risk management strategy to manage exposure to fluctuation in interest rates. All derivatives instruments are recorded at fair value in the consolidated balance sheets, which resulted in liabilities at each year-end.

Subsequent events: Subsequent events have been evaluated through April 25, 2012, which is the date the consolidated financial statements were available to be issued. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements.

Reclassifications: Certain prior-year amounts have been reclassified to conform to the current year’s presentation with no change in net assets.

Note 2. Net Patient Service Revenue

The Company has agreements with third-party payors that provide for payments to the Company at amounts different from its established rates. These payment arrangements include the following:

- Medicare—Inpatient acute-care services, inpatient psychiatric services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain defined medical education costs are paid based on a cost-reimbursement methodology. The Company is reimbursed for certain services at tentative rates, with final settlement determined after submission of annual cost reports by the Company and audits thereof by the Medicare administrative contractor.

Medicare cost reports of the Company have been audited by the administrative contractor through December 31, 2007. Management believes that estimated accrued settlements related to unaudited cost reports for the Company are adequate. Estimates are continually monitored and reviewed, and as settlements are made or estimates adjusted, differences are reflected in current operations.

- Arizona Health Care Cost Containment System (AHCCCS)—Inpatient and outpatient services rendered to AHCCCS program beneficiaries are reimbursed at prospectively determined rates for all services.

Notes to Consolidated Financial Statements

Note 2. Net Patient Service Revenue (Continued)

Net patient service revenue under Medicare and Medicare Advantage was approximately 45.8 percent and 43.4 percent of total net patient service revenue for 2011 and 2010, respectively. Net patient service revenue under the AHCCCS program represented approximately 19.4 percent and 22.2 percent of total net patient service revenue for 2011 and 2010, respectively. Laws and regulations governing these programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Company has also entered into payment agreements with certain non-governmental-sourced insurance carriers, health insurance maintenance organizations and preferred provider organizations. The basis for payment to the Company under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Note 3. Fair Value Measurements, Investments, and Investment Return

ASC Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs are observable, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 investments include certain mutual funds (commingled institutional funds) that are not non-exchange-traded funds that do not have any significant redemption restrictions, lockup periods, gates or other characteristics that would cause report and liquidation date net asset value to be significantly different, if redemption were requested at report date.

Level 3 Inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy:

Investments: Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include highly liquid government and corporate bonds, money market mutual funds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of investments with similar characteristics, or discounted cash flows. Level 2 investments include government and corporate bonds and commingled institutional funds. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. There were no Level 3 investments at December 31, 2011 or 2010.

Interest rate swap agreements: The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements, Investments, and Investment Return (Continued)

Fair value measurements: The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall

Short-term investments at fair value consisted of the following at December 31, 2011 and 2010 (in thousands)

December 31, 2011				
	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Money market mutual funds	\$ 2,801	\$ 2,801	\$ -	\$ -
Commodity-linked mutual funds	1,822	1,822	-	-
Debt mutual funds	1,863	1,863	-	-
Equity mutual funds	6,606	6,606	-	-
Real estate mutual funds	1,278	1,278	-	-
Equity securities	2,881	2,881	-	-
Corporate bonds	1,002	-	1,002	-
Municipal bonds	534	-	534	-
U S government debt securities	1,055	-	1,055	-
Government mortgage-backed securities	6,512	-	6,512	-
Commingled institutional funds	24,404	-	24,404	-
Total assets at fair value	<u>\$ 50,758</u>	<u>\$ 17,251</u>	<u>\$ 33,507</u>	<u>\$ -</u>
December 31, 2010				
	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Money market mutual funds (or cash)	\$ 10,557	\$ 10,557	\$ -	\$ -
Commodity-linked mutual funds	2,095	2,095	-	-
Debt mutual funds	3,677	3,677	-	-
Equity mutual funds	5,179	5,179	-	-
Real estate mutual funds	1,338	1,338	-	-
Equity securities	1,046	1,046	-	-
Corporate bonds	315	-	315	-
U S government debt securities	289	-	289	-
Government mortgage-backed securities	6,852	-	6,852	-
Commingled institutional funds	23,654	-	23,654	-
Total assets at fair value	<u>\$ 55,002</u>	<u>\$ 23,892</u>	<u>\$ 31,110</u>	<u>\$ -</u>

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements, Investments, and Investment Return (Continued)

Assets limited as to use at fair value consisted of the following at December 31, 2011 and 2010 (in thousands)

December 31, 2011				
	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Commodity-linked mutual funds	\$ 38,864	\$ 38,864	\$ -	\$ -
Debt mutual funds	3,842	3,842	-	-
Equity mutual funds	7,270	7,270	-	-
Real estate mutual funds	17,738	17,738	-	-
Equity securities	2,998	2,998	-	-
Corporate bonds	8,775	-	8,775	-
Municipal bonds	298	-	298	-
U S government debt securities	4,112	-	4,112	-
Government mortgage-backed securities	6,556	-	6,556	-
Commercial mortgage-backed securities	886	-	886	-
Commingled institutional funds	31,923	-	31,923	-
Total assets at fair value	<u>\$ 123,262</u>	<u>\$ 70,712</u>	<u>\$ 52,550</u>	<u>\$ -</u>
Financial liabilities				
Interest rate swap agreements	<u>\$ 8,694</u>	<u>\$ -</u>	<u>\$ 8,694</u>	<u>\$ -</u>
December 31, 2010				
	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Money market mutual funds	\$ 13,220	\$ 13,220	\$ -	\$ -
Commodity-linked mutual funds	4,381	4,381	-	-
Debt mutual funds	6,425	6,425	-	-
Equity mutual funds	21,629	21,629	-	-
Real estate mutual funds	2,718	2,718	-	-
Corporate bonds	7,091	-	7,091	-
U S government debt securities	6,194	-	6,194	-
Government mortgage-backed securities	11,908	-	11,908	-
Commercial mortgage-backed securities	1,492	-	1,492	-
Commingled institutional funds	29,310	-	29,310	-
Total assets at fair value	<u>\$ 104,368</u>	<u>\$ 48,373</u>	<u>\$ 55,995</u>	<u>\$ -</u>
Financial liabilities				
Interest rate swap agreements	<u>\$ 7,159</u>	<u>\$ -</u>	<u>\$ 7,159</u>	<u>\$ -</u>

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements, Investments, and Investment Return (Continued)

Included in current liabilities on the accompanying consolidated balance sheets at December 31, 2011 and 2010, were amounts due to broker for unsettled investment trades related to the above investments of approximately \$4,288,000 and \$3,000,000, respectively

Assets limited as to use were designated by the Board of Trustees for capital improvements, self-insured plans, certain debt payments and specified projects

Total investment return consists of the following for the years ended December 31, 2011 and 2010 (in thousands)

	2011	2010
Interest and dividend income	\$ 4,590	\$ 3,549
Change in unrealized gains/(losses) on investments	(7,210)	6,766
Realized gains/(losses) on sales of securities	1,284	3,457
	<u>\$ (1,336)</u>	<u>\$ 13,772</u>

Note 4. Property and Equipment

A summary of property and equipment at December 31, 2010 and 2011, is as follows (in thousands)

	2011	2010
Land	\$ 12,524	\$ 12,524
Land improvements	16,090	15,145
Buildings and improvements	161,250	134,922
Equipment	240,830	236,778
Construction in progress	29,734	21,071
	<u>460,428</u>	<u>420,440</u>
Less accumulated depreciation	262,421	236,834
	<u>\$ 198,007</u>	<u>\$ 183,606</u>

Major construction projects include construction of a surgical tower to be completed in 2013 and a nearby parking structure to be completed in 2012. Construction in progress totalled \$29,734,000 and \$21,071,000 at December 31, 2011 and 2010, respectively. Interest costs incurred during construction totalled \$846,000 and \$1,750,000 for the years ended December 31, 2011 and 2010, respectively, and are capitalized as a component of the cost of such additions. Capitalization of interest ceases when the additions are placed into service.

At December 31, 2011, projects under construction had an estimated cost to complete of approximately \$51,000,000.

Note 5. Self-Insured Insurance Coverage

Professional and other claims: The Company has purchased coverage for professional and general liability claims, workers' compensation claims, directors' and officers' liability claims, employment practices liability claims, employee health benefit stop loss, miscellaneous professional liability claims, security/privacy liability claims, and regulatory/errors & omissions liability claims from unrelated insurance companies. The self-insured retention (SIR) is covered by the Company through its wholly owned affiliate, GLPIC. The following is a recap of the insurance policies for which the Company maintains some self-insured retention amounts:

For professional and general liability claims, GLPIC is responsible for claims incurred subsequent to January 1, 2003, for a per claim SIR of \$5,000,000 with no aggregate limit. For claims incurred from February 11, 2000, through January 1, 2003, GLPIC is responsible for a per claim SIR of \$1,000,000 limited to an aggregate exposure of \$4,000,000. For claims incurred prior to February 11, 2000, GLPIC is responsible for a maximum SIR of \$100,000 per claim. The deductible under the 1998 and 1999 policies is limited to \$500,000 in the annual aggregate. Effective January 31, 2002, to January 1, 2003, GLPIC is responsible for the excess layer of \$2,500,000 in excess of \$5,000,000. Effective January 1, 2003, GLPIC became responsible for claims in excess of the \$5,000,000 SIR under the professional and general liability policy up to an additional \$70,000,000. This excess coverage is reinsured through independent insurance companies.

For workers' compensation claims, GLPIC is responsible for a per claim SIR subsequent to March 1, 2010, of up to \$350,000 for claims and expenses incurred. For claims incurred from March 1, 2004, to March 1, 2010, GLPIC is responsible for a per claim SIR of \$300,000. For claims incurred prior to March 1, 2004, GLPIC is responsible for a per claim SIR of \$250,000.

For directors' and officers' liability claims and employment practices liability claims, GLPIC is responsible for a per claim SIR of \$1,000,000 for claims incurred subsequent to September 1, 2001. Independent insurance companies have been engaged for claims in excess of \$1,000,000 for a limit of \$20,000,000 effective September 1, 2004. Effective September 1, 2006, GLPIC is responsible for the antitrust risk of \$15,000,000 in excess of \$6,000,000 under the directors' and officers' policy. Effective April 15, 2005, employment practices liability was canceled under the directors' and officers' policy. Directors' and officers' liability coverage has remained current as a stand-alone policy since 2005. Subsequent to April 15, 2005, the Company is responsible for an employment practices liability SIR of \$250,000 per claim. Effective September 1, 2008, GLPIC replaced the second excess layer including the period April 1 to September 1, 2008, with an independent insurance company. The Company continues to insure the risk for antitrust. Effective September 1, 2008, antitrust risk was insured by GLPIC for \$25,000,000 in excess of \$6,000,000. Effective September 1, 2009, GLPIC is responsible for the antitrust risk of \$20,000,000 in excess of \$11,000,000. Effective September 1, 2010, GLPIC is responsible for antitrust risk of \$5,000,000 in excess of \$26,000,000. Effective September 1, 2010, GLPIC is responsible for employment practices liability SIR of \$5,000,000.

Effective January 1, 2006, GLPIC issued a miscellaneous professional liability policy, which indemnifies the Company for all damages and claim expenses for claims as a result of wrongful acts. The indemnification is limited to \$5,000,000 per wrongful act with an annual aggregate of \$5,000,000.

Effective April 4, 2011, GLPIC issued a security/privacy liability policy, which indemnifies the Company for all damages and claim expenses for claims as a result of a breach. The indemnification is limited to \$250,000 each claim.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Self-Insured Insurance Coverage (Continued)

Effective April 11, 2011, GLPIC issued a regulatory/billing errors and omissions policy, which indemnifies the Company for all damages and claim expenses for claims as a wrongful act. The policy extends coverage to claims reported on or after April 11, 2008. The indemnification is limited to \$350,000 each claim. The Company is also responsible for twenty percent (20%) of any financial obligation above the \$350,000 retention.

GLPIC records a liability for estimates of future payments related to the SIR for professional and general liability claims, workers' compensation claims, directors' and officers' liability claims, employment practices liability claims, privacy/security liability claims, and regulatory/billing errors and omissions liability claims that have not been paid as of year-end. A portion of this estimated payable at December 31, 2011 and 2010, represents an estimate of claims incurred but not reported (IBNR) to GLPIC. The IBNR claims estimate is developed using actuarial assumptions based upon payment patterns, historical development and other relevant factors. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves of unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops and new information becomes known, such adjustments are included in current operations. At December 31, 2011 and 2010, GLPIC recorded an accrual for reported losses and IBNR of approximately \$17,080,000 and \$15,972,000, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets. It is reasonably possible that GLPIC's estimate of losses will change by a material amount in the near term.

Health care costs: For employee health claims, the Company is responsible for a per claim SIR of \$500,000 for claims incurred subsequent to January 1, 2005. Company subsidiaries self-insure the first \$100,000 of each claim, and GLPIC insures the layer between \$100,000 and \$500,000 per claim. The Company purchases commercial insurance for losses in excess of \$500,000. The Company accrues the expense of the claims' costs and plan administrative expense for actual claims and expenses incurred and estimates of claims' costs that have been incurred but not reported based on recently settled claims, frequency of claims, and other economic and social factors. Health care expense under the self-insured plan was approximately \$6,195,000 and \$9,695,000 during the years ended December 31, 2011 and 2010, respectively. An accrual for unpaid claims of approximately \$2,102,000 and \$2,077,000 is included in the accompanying consolidated balance sheets in accrued salaries and related liabilities at December 31, 2011 and 2010, respectively. It is reasonably possible that the Company's estimate of losses will change by a material amount in the near term.

Note 6. Long-Term Debt

A summary of long-term debt at December 31 follows (in thousands)

	2011	2010
Note payable to bank (TMC)—borrowings collateralized by marketable securities, interest is due monthly, principal amount of \$10,000 is due on or before December 2017. The interest rate is one-month LIBOR plus 1.10% (1.38% and 1.36% at December 31, 2011 and 2010, respectively) through December 15, 2012, then one-month LIBOR plus 1.75% through maturity	\$ 10,000	\$ 10,000

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt (Continued)

	2011	2010
Term loan payable to bank (TMC)—borrowings collateralized by a security agreement, which provides a security interest in the gross revenues and accounts of TMC, as defined, in the principal amount of \$80,000, interest is due monthly. As amended on December 16, 2010, a principal payment of \$30,000, which will be funded from current assets, is due on December 31, 2012, then principal payments of \$1,486 are due quarterly through December 31, 2013. After that date, payments are due monthly on a nine-year amortization with a balloon payment due on December 31, 2017, of all remaining principal and interest. The interest rate is one-month LIBOR plus an applicable spread amount based on days' cash on hand (spread amount is 1.375% as of December 31, 2011 and 2010). The interest rate at December 31, 2011 and 2010, was 1.64%.	80,000	80,000
Note payable to bank (TMC Holdings, Inc.)—nonrecourse loan, collateralized by property, interest is due monthly, annual principal and interest installments of approximately \$653 are due from 2011 through 2026. The interest rate is six-month LIBOR plus 1.00% (2.60% and 1.46% at December 31, 2011 and 2010, respectively) for the first five years (through December 2011), thereafter, interest will be based on the five-year U.S. Treasury note plus 1.75%, reset every five years.	9,736	9,800
Note payable to bank (TMC Holdings, Inc.)—provides for up to \$10,000 in borrowings and is collateralized by property. Interest is due monthly, and annual principal and interest installments of approximately \$300 are due from 2011 through 2021. Interest rate is one-month LIBOR plus 1.15% (1.40% and 1.41% at December 31, 2011 and 2010, respectively) through March 2011, thereafter, interest will be based on the 10-year U.S. Treasury note plus 1.75%.	9,810	10,000
The Industrial Development Authority of the County of Pima Variable Rate Revenue Bonds (TMC) Series 2010—collateralized by a pledge and assignment of gross revenues and certain funds established pursuant to the bond indenture, issued as "draw down" bonds with Guaranty and Credit Agreement with multiple lenders to fund the purchase of the bonds in installments (up to \$114,600), the organization drew an additional amount of \$23,000 on these bonds in 2011, bearing interest at a variable rate equal to 68% of one-month LIBOR plus 1.30% (1.49% at December 31, 2011) through December 16, 2038. Principal is payable in monthly installments beginning January 16, 2014. The lenders have an optional put feature at December 16, 2017, which, if exercised, TMC has the ability to attempt to remarket the bonds to a new lender.	45,615	22,144
	155,161	131,944
Less current portion	30,823	228
	<u>\$ 124,338</u>	<u>\$ 131,716</u>

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt (Continued)

Scheduled principal repayments of long-term debt as of December 31, 2011, are as follows (in thousands)

2012	\$	30,823
2013		6,795
2014		8,505
2015		8,650
2016		8,792
Thereafter		91,596
	\$	<u>155,161</u>

The credit agreement and term notes between TMC HealthCare and Subsidiaries/Tucson Medical Center and a certain bank and the Series 2010 Revenue Bonds and the related Guaranty and Credit Agreement require the maintenance of certain financial ratios and other covenants by the Company and TMC. The \$10,000,000 note payable to a bank for TMC Holdings, Inc. is collateralized by a Pledge Agreement, and the loan requires the maintenance of certain financial ratios and other covenants by TMC Holdings, Inc.

Note 7. Interest Rate Swap Agreements

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Company has entered into seven interest rate swap agreements for a portion of its floating-rate debt.

The first agreement was effective on November 16, 2007, terminates on November 15, 2012, and provides for the Company to receive interest from the counterparty at the one-month LIBOR (0.27 percent and 0.26 percent at December 31, 2011 and 2010, respectively) and to pay interest to the counterparty at a fixed rate of 4.61 percent on a notional amount of \$35,000,000. Under the agreement, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The second agreement was effective on November 16, 2007, terminates on November 15, 2012, and provides for the Company to receive interest from the counterparty at the one-month LIBOR (0.27 percent and 0.26 percent at December 31, 2011 and 2010, respectively) and to pay interest to the counterparty at a fixed rate of 4.61 percent on a notional amount of \$25,000,000. Under the agreement, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The third agreement was effective on December 21, 2007, terminates on December 15, 2012, and provides for the Company to receive interest from the counterparty at the one-month LIBOR plus 1.10 percent (1.38 percent and 1.36 percent at December 31, 2011 and 2010, respectively) and to pay interest to the counterparty at a fixed rate of 5.75 percent on a notional amount of \$10,000,000. Under the agreement, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The fourth agreement was effective on June 10, 2008, terminates on December 10, 2017, and provides for TMC Holdings, Inc. to receive interest from the counterparty at the one-month LIBOR plus 1.15 percent (1.42 percent and 1.41 percent at December 31, 2011 and 2010, respectively) and to pay interest to the counterparty at a fixed rate of 6.05 percent on a notional amount of \$10,000,000. Under the agreement, TMC Holdings, Inc. pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Interest Rate Swap Agreements (Continued)

The fifth agreement was effective on December 18, 2008, terminates on November 15, 2012, and provides for the Company to receive interest from the counterparty at the one-month LIBOR (0.27 percent and 0.26 percent at December 31, 2011 and 2010, respectively) and to pay interest to the counterparty at a fixed rate of 2.03 percent on a notional amount of \$11,600,000. Under the agreement, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The sixth agreement was effective on December 18, 2008, terminates on November 15, 2012, and provides for the Company to receive interest from the counterparty at the one-month LIBOR (0.27 percent and 0.26 percent at December 31, 2011 and 2010, respectively) and to pay interest to the counterparty at a fixed rate of 2.03 percent on a notional amount of \$8,400,000. Under the agreement, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The seventh agreement was effective on January 24, 2011, has an option to early terminate on December 17, 2017, or will terminate on January 16, 2025, if the option is not executed. This swap agreement provides for the Company to receive interest from the counterparty at 68 percent of the one-month LIBOR plus 1.30 percent (1.58 percent at December 31, 2011) and to pay interest to the counterparty at a fixed rate of 4.24 percent on a notional amount of \$40,000,000 at January 24, 2011. Under the agreement, the Company pays or receives the net interest amount monthly with the monthly settlements included in interest expense.

Derivative transactions contain credit risk in the event the parties are unable to meet the terms of the contract, credit risk is generally limited to the fair value due to the counterparties on outstanding contracts. At December 31, 2011, the counterparties had a Standard & Poor's credit quality rating of A- or better.

Note 8. Temporarily Restricted Net Assets

At December 31, 2011 and 2010, temporarily restricted net assets are available for the following purposes (in thousands):

	2011	2010
Health care services	\$ 7,846	\$ 8,275
Purchase of equipment	4,637	6,094
Indigent care and education	864	781
	<u>\$ 13,347</u>	<u>\$ 15,150</u>

During 2011 and 2010, net assets were released from donor restrictions by incurring expenditures that satisfied the restricted purposes in the amounts of approximately \$5,228,000 and \$2,178,000, respectively.

TMC HealthCare and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Functional Expenses

The Company provides health care services primarily to residents within their geographic area. Expenses related to providing these services are as follows for the years ended December 31 (in thousands):

	2011	2010
Direct health care services	\$ 334,516	\$ 332,094
Other expenses incurred in support of health care services	69,603	70,349
Fundraising expenses	988	820
	<u>\$ 405,107</u>	<u>\$ 403,263</u>

Note 10. Commitments, Contingencies and Concentrations

Accounts receivable concentrations: The Company grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at December 31, 2011 and 2010, is as follows:

	2011	2010
Medicare	25%	24%
AHCCCS	16%	23%
Other third-party payors	49%	45%
Patients	10%	8%
	<u>100%</u>	<u>100%</u>

Operating leases: The Company leases buildings and equipment under noncancelable operating leases with monthly payments ranging from \$200 to \$196,000 per month and expiration dates ranging from January 2012 to December 2021. Included in these is a building lease that contains renewal options for up to two additional five-year periods and requires the Company to pay all executory costs (property taxes, maintenance and insurance). The building has escalating rents resulting in deferred rent amounting to approximately \$1,494,000 and \$1,300,000 in 2011 and 2010, respectively, and is included in current liabilities on the consolidated balance sheets.

Future minimum lease payments for all leases at December 31, 2011, were approximately as follows (in thousands):

2012	\$ 12,829
2013	12,126
2014	11,150
2015	7,655
2016	5,037
Thereafter	4,250
	<u>\$ 53,047</u>

Operating lease expense for the years ended December 31, 2011 and 2010, was approximately \$9,667,000 and \$11,434,000, respectively.

Note 10. Commitments, Contingencies and Concentrations (Continued)

Investments: Company invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

Pension expense: The Company has a defined contribution pension plan covering substantially all employees. The participant contributions to the pension plan are matched by the Company as defined in the pension plan agreement. The Board of Trustees periodically approves changes to the plan at the recommendation of management. Pension expense was approximately \$2,324,000 and \$2,158,000 for the years ended December 31, 2011 and 2010, respectively, and is included in salaries, wages and benefits on the accompanying consolidated statements of operation.

Litigation: In the normal course of business, the Company is, from time to time, subject to allegations that may or do result in litigation. The Company evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel and an independent actuary, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

The Company is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of these lawsuits cannot be predicted with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Company's consolidated balance sheets or statements of operations.

While the Company is self-insured for a substantial portion of its general and workers' compensation liabilities, the Company maintains commercial insurance coverage against catastrophic loss. Additionally, the Company maintains a self-insurance program for its long-term disability coverage. The provision for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Regulatory matters: 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, and reimbursement for patient services. Government activity has continued 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 from government health care programs with the imposition of significant fines and penalties as well as significant repayments for patient services previously billed.

Note 10. Commitments, Contingencies and Concentrations (Continued)

Laws and regulations concerning government programs, including Medicare, Medicaid and various research grant programs, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. The Company expects that the level of review and audit to which it and other health care providers are subject will increase. There can be no assurance that regulatory authorities will not challenge the Company's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Company.

The Health Information Technology for Economic and Clinic Health (HITECH) portion of the American Recovery and Reinvestment Act of 2009 includes \$27.0 billion in incentives through Medicare and Medicaid reimbursement systems to foster electronic health record (EHR) adoption. In order to be eligible for EHR incentive funding, eligible hospitals and professionals must use a certified EHR, report quality measures and achieve "meaningful use," as defined by HITECH. The Company is assessing the impact of the incentive funding and the implementation cost to achieve criteria to be eligible.

The Centers for Medicare & Medicaid Services (CMS) implemented a project using recovery audit contractors (RACs) as part of CMS's further efforts to assure accurate payments. The project uses the RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Company will deduct from revenue amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC assessments against the Company are anticipated, however, the outcome of such assessments is unknown and cannot be reasonably estimated.

Current economic conditions: The current protracted economic decline continues to present health care providers with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair values of investments and other assets, constraints on liquidity, and difficulty obtaining financing. The accompanying consolidated financial statements have been prepared using values and information currently available to the Company.

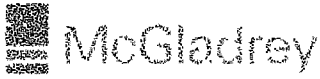
Current economic conditions, including the unemployment rate and increased levels of deductibles and copays, have made it difficult for certain of the Company's patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payors may significantly impact net patient service revenue, which could have an adverse impact on the Company's future operating results. Further, the effect of economic conditions on the state of Arizona may have an adverse effect on cash flows related to the AHCCCS program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the accompanying consolidated financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts receivable that could negatively impact the Company's ability to meet debt covenants or maintain sufficient liquidity.

Note 10. Commitments, Contingencies and Concentrations (Continued)

The conversion from the International Statistical Classification of Diseases and Related Health Problems 9th Revision (ICD-9) to its 10th revision (ICD-10) will require the modification and reprogramming of many information technology (IT) applications, impacting the Company's revenue cycle, net revenue realization, clinical and hospital processes, financial processes and IT software support. The Company is still assessing the impact of the conversion to ICD-10.

In March 2010, President Obama signed the Patient Protection and Affordable Care Act (PPACA) into law. PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for. A primary goal of this comprehensive reform legislation is to extend health coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. Given that the final regulations and interpretive guidelines have yet to be published, the Company is unable to fully predict the impact of PPACA on its operations and financial results. There are multiple lawsuits challenging the constitutionality of major portions of PPACA. To the extent that any significant elements of the law are overturned, additional uncertainty is introduced into the prediction of operational and financial effects. However, if the law is implemented as adopted, the Company's management expects that in the coming years, patients who were previously uninsured and unable to pay for care will have basic insurance coverage, and amounts for reimbursement for services from both public and private payors will be reduced and made conditional on various quality measures. Management of the Company is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement.



Independent Auditor's Report on the Supplementary Information

To the Board of Trustees
TMC HealthCare and Subsidiaries

Our audit was conducted for the purpose of forming an opinion on the basic 2011 consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 2011 consolidating information has been subjected to the procedures applied in the audit of the basic 2011 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors as explained in our report on the consolidated financial statements on page 1, the consolidating information is fairly stated, in all material respects, in relation to the basic 2011 consolidated financial statements taken as a whole.

As discussed in our report on page 1, we did not audit the December 31, 2010, consolidated financial statements, nor did we perform any procedures on the 2010 consolidating information as presented

McGladrey & Pullen, LLP

Phoenix, Arizona
April 25, 2012

TMC HealthCare and Subsidiaries

Consolidating Balance Sheet December 31, 2011 (In Thousands)

Assets	TMC	TMC Holdings, Inc	Saguaro Medical Holdings, Inc	TMC Foundation	Other Operations	Eliminations	Subtotal	GLPIC	Eliminations	Total
Current Assets										
Cash and cash equivalents	\$ 35,969	\$ 3,258	\$ 176	\$ 652	\$ 50	\$ -	\$ 40,105	\$ -	\$ -	\$ 40,105
Short-term investments	9,910	6,209	-	34,639	-	-	50,758	-	-	50,758
Patient accounts receivable, net	48,647	-	629	-	-	-	49,276	-	-	49,276
Supply inventories	13,191	-	-	-	-	-	13,191	-	-	13,191
Prepaid expenses and other	6,130	1,014	64	1,572	-	-	8,780	1,839	-	10,619
Due from affiliates	4,030	-	-	-	-	(3,907)	123	402	(525)	-
Current portion of assets limited as to use	22,133	-	-	-	-	-	22,133	-	-	22,133
Total current assets	140,010	10,481	869	36,863	50	(3,907)	184,366	2,241	(525)	186,082
Assets Limited as to Use										
Investments, net of current porton	41,899	-	-	8	-	-	41,907	59,222	-	101,129
Property and Equipment, net	161,693	33,174	124	16	3,000	-	198,007	-	-	198,007
Other Assets	17,336	-	1,853	-	348	(13,867)	5,670	-	-	5,670
Total assets	\$ 360,938	\$ 43,655	\$ 2,846	\$ 36,887	\$ 3,398	\$ (17,774)	\$ 429,950	\$ 61,463	\$ (525)	\$ 490,888

(Continued)

TMC HealthCare and Subsidiaries

Consolidating Balance Sheet (Continued)

December 31, 2011

(In Thousands)

	TMC	TMC Holdings, Inc	Saguaro Medical Holdings, Inc	TMC Foundation	Other Operations	Eliminations	Subtotal	GLPIC	Eliminations	Total
Liabilities and Net Assets										
Current Liabilities										
Accounts payable and accrued expenses	\$ 36,465	\$ 743	\$ 390	\$ 227	\$ -	\$ -	\$ 37,825	\$ 4,984	\$ (127)	\$ 42,682
Accrued salaries and related liabilities	17,783	-	353	-	-	-	18,136	-	-	18,136
Current maturities of long-term debt	30,000	823	-	-	-	-	30,823	-	-	30,823
Due to broker	24	-	-	15	-	-	39	4,249	-	4,288
Estimated amounts due to third-party payors	2,364	-	-	-	-	-	2,364	-	-	2,364
Due to affiliates	-	1	2,424	651	831	(3,907)	-	-	-	-
Total current liabilities	86,636	1,567	3,167	893	831	(3,907)	89,187	9,233	(127)	98,293
Interest Rate Swap Agreements	6,789	1,905	-	-	-	-	8,694	-	-	8,694
Other Long-Term Liabilities	4,461	80	-	411	-	-	4,952	14,080	(398)	18,634
Long-Term Debt	105,615	18,723	-	-	-	-	124,338	-	-	124,338
Total liabilities	203,501	22,275	3,167	1,304	831	(3,907)	227,171	23,313	(525)	249,959
Net Assets										
Unrestricted	157,437	21,380	(321)	18,496	2,567	(13,867)	185,692	38,150	-	223,842
Temporarily restricted	-	-	-	13,347	-	-	13,347	-	-	13,347
Permanently restricted	-	-	-	3,740	-	-	3,740	-	-	3,740
Total net assets	157,437	21,380	(321)	35,583	2,567	(13,867)	202,779	38,150	-	240,929
Total liabilities and net assets	\$ 360,938	\$ 43,655	\$ 2,846	\$ 36,887	\$ 3,398	\$ (17,774)	\$ 429,950	\$ 61,463	\$ (525)	\$ 490,888

TMC HealthCare and Subsidiaries

Consolidating Balance Sheet December 31, 2010 (In Thousands)

Assets	TMC	TMC Holdings, Inc	Saguaro Medical Holdings, Inc	TMC Foundation	Other Operations	Eliminations	Subtotal	GLPIC	Eliminations	Total
Current Assets										
Cash and cash equivalents	\$ 28,440	\$ 6,333	\$ 262	\$ 681	\$ 50	\$ -	\$ 35,766	\$ -	\$ -	\$ 35,766
Certificates of deposit	-	950	-	-	-	-	950	-	-	950
Short-term investments	10,020	6,852	-	38,130	-	-	55,002	-	-	55,002
Patient accounts receivable, net	49,863	-	406	-	-	-	50,269	-	-	50,269
Supply inventories	12,517	-	-	-	-	-	12,517	-	-	12,517
Prepaid expenses and other	6,465	567	68	1,381	-	-	8,481	2,067	(465)	10,083
Due from affiliates	18,553	-	-	-	-	(18,274)	279	-	(279)	-
Total current assets	125,858	14,702	736	40,192	50	(18,274)	163,264	2,067	(744)	164,587
Assets Limited as to Use										
Internally designated—investments	49,331	-	-	8	-	-	49,339	55,029	-	104,368
Property and Equipment, net	146,641	33,902	63	-	3,000	-	183,606	-	-	183,606
Other Assets	4,699	-	568	-	54	-	5,321	-	-	5,321
Total assets	\$ 326,529	\$ 48,604	\$ 1,367	\$ 40,200	\$ 3,104	\$ (18,274)	\$ 401,530	\$ 57,096	\$ (744)	\$ 457,882

(Continued)

TMC HealthCare and Subsidiaries

Consolidating Balance Sheet (Continued)

December 31, 2010

(In Thousands)

Liabilities and Net Assets	TMC	TMC Holdings, Inc	Saguaro Medical Holdings, Inc	TMC Foundation	Other Operations	Eliminations	Subtotal	GLPIC	Eliminations	Total
Current Liabilities										
Accounts payable and accrued expenses	\$ 31,059	\$ 658	\$ 233	\$ 274	\$ 13	\$ -	\$ 32,237	\$ 5,623	\$ (744)	\$ 37,116
Accrued salaries and related liabilities	20,112	-	234	-	-	-	20,346	-	-	20,346
Current maturities of long-term debt	-	228	-	-	-	-	228	-	-	228
Due to broker	-	-	-	-	-	-	-	3,000	-	3,000
Estimated amounts due to third-party payors	4,087	-	-	-	-	-	4,087	-	-	4,087
Due to affiliates	-	5,897	10,417	73	1,887	(18,274)	-	-	-	-
Total current liabilities	55,258	6,783	10,884	347	1,900	(18,274)	56,898	8,623	(744)	64,777
Interest Rate Swap Agreements	5,767	1,392	-	-	-	-	7,159	-	-	7,159
Other Long-Term Liabilities	4,268	87	-	524	-	-	4,879	12,972	-	17,851
Long-Term Debt	112,144	19,572	-	-	-	-	131,716	-	-	131,716
Total liabilities	177,437	27,834	10,884	871	1,900	(18,274)	200,652	21,595	(744)	221,503
Net Assets										
Unrestricted	149,092	20,770	(9,517)	20,511	1,204	-	182,060	35,501	-	217,561
Temporarily restricted	-	-	-	15,150	-	-	15,150	-	-	15,150
Permanently restricted	-	-	-	3,668	-	-	3,668	-	-	3,668
Total net assets	149,092	20,770	(9,517)	39,329	1,204	-	200,878	35,501	-	236,379
Total liabilities and net assets	\$ 326,529	\$ 48,604	\$ 1,367	\$ 40,200	\$ 3,104	\$ (18,274)	\$ 401,530	\$ 57,096	\$ (744)	\$ 457,882

TMC HealthCare and Subsidiaries

Consolidating Statement of Operations Year Ended December 31, 2011 (In Thousands)

	TMC	TMC Holdings, Inc	Saguaro Medical Holdings, Inc	TMC Foundation	Other Operations	Eliminations	Subtotal	GLPIC	Eliminations	Total
Unrestricted revenues, gains and other support										
Net patient service revenue	\$ 386,996	\$ -	\$ 6,833	\$ -	\$ -	\$ -	\$ 393,829	\$ -	\$ -	\$ 393,829
Other income	9,684	7,492	711	-	72	(1,840)	16,119	7,713	(7,028)	16,804
Net assets released from restrictions	-	-	-	5,228	-	-	5,228	-	-	5,228
Total unrestricted revenues, gains and other support	396,680	7,492	7,544	5,228	72	(1,840)	415,176	7,713	(7,028)	415,861
Expenses and losses										
Salaries, wages and benefits	188,956	-	6,273	293	70	-	195,592	-	(1,767)	193,825
Supplies and other	99,506	348	1,205	554	(2)	-	101,611	188	(100)	101,699
Medical and other professional fees	39,434	229	1,232	130	-	-	41,025	149	-	41,174
General and administrative	35,987	3,402	1,210	11	-	(1,840)	38,770	4,966	(5,161)	38,575
Depreciation and amortization	20,685	2,096	23	-	-	-	22,804	-	-	22,804
Interest	6,275	755	-	-	-	-	7,030	-	-	7,030
Total expenses and losses	390,843	6,830	9,943	988	68	(1,840)	406,832	5,303	(7,028)	405,107
Operating income (loss)	5,837	662	(2,399)	4,240	4	-	8,344	2,410	-	10,754
Other income (expense)										
Investment return	(1,313)	450	-	(712)	-	-	(1,575)	239	-	(1,336)
Change in fair value of interest rate swap agreements	(1,033)	(502)	-	-	-	-	(1,535)	-	-	(1,535)
Contributions	-	-	-	143	-	-	143	-	-	143
Joint venture activity and other	(761)	-	(173)	(58)	(753)	-	(1,745)	-	-	(1,745)
Total other income (expense)	(3,107)	(52)	(173)	(627)	(753)	-	(4,712)	239	-	(4,473)
Excess of revenues over expenses	2,730	610	(2,572)	3,613	(749)	-	3,632	2,649	-	6,281
Transfers from (to) affiliates	5,615	-	-	(5,628)	13	-	-	-	-	-
Increase (decrease) in unrestricted net assets	\$ 8,345	\$ 610	\$ (2,572)	\$ (2,015)	\$ (736)	\$ -	\$ 3,632	\$ 2,649	\$ -	\$ 6,281

TMC HealthCare and Subsidiaries

Consolidating Statement of Operations Year Ended December 31, 2010 (In Thousands)

	TMC	TMC Holdings, Inc	Saguaro Medical Holdings, Inc	TMC Foundation	Other Operations	Eliminations	Subtotal	GLPIC	Eliminations	Total
Unrestricted revenues, gains and other support										
Net patient service revenue	\$ 386,707	\$ -	\$ 5,692	\$ -	\$ -	\$ -	\$ 392,399	\$ -	\$ -	\$ 392,399
Other income	7,534	7,277	360	-	73	(1,858)	13,386	8,102	(7,392)	14,096
Net assets released from restrictions	-	-	-	2,178	-	-	2,178	-	-	2,178
Total unrestricted revenues, gains and other support	394,241	7,277	6,052	2,178	73	(1,858)	407,963	8,102	(7,392)	408,673
Expenses and losses										
Salaries, wages and benefits	190,731	-	5,423	314	63	(118)	196,413	-	(1,523)	194,890
Supplies and other	99,639	370	1,148	292	-	-	101,449	-	-	101,449
Medical and other professional fees	39,972	309	1,153	209	-	-	41,643	6,537	-	48,180
General and administrative	36,071	3,135	1,199	5	-	(1,741)	38,669	195	(5,869)	32,995
Depreciation and amortization	18,926	2,066	35	-	-	-	21,027	-	-	21,027
Interest	3,948	774	-	-	-	-	4,722	-	-	4,722
Total expenses and losses	389,287	6,654	8,958	820	63	(1,859)	403,923	6,732	(7,392)	403,263
Operating income (loss)	4,954	623	(2,906)	1,358	10	1	4,040	1,370	-	5,410
Other income (expense)										
Investment return	4,539	481	6	3,418	738	-	9,182	4,590	-	13,772
Change in fair value of interest rate swap agreements	(212)	(432)	-	-	-	-	(644)	-	-	(644)
Contributions	80	-	-	249	-	-	329	-	-	329
Joint venture activity and other	597	-	-	-	(205)	-	392	-	-	392
Total other income (expense)	5,004	49	6	3,667	533	-	9,259	4,590	-	13,849
Excess of revenues over expenses	9,958	672	(2,900)	5,025	543	1	13,299	5,960	-	19,259
Transfers from (to) affiliates	(2,056)	-	-	12,056	-	-	10,000	(10,000)	-	-
Increase (decrease) in unrestricted net assets	\$ 7,902	\$ 672	\$ (2,900)	\$ 17,081	\$ 543	\$ 1	\$ 23,299	\$ (4,040)	\$ -	\$ 19,259