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2011

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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

Address change

Name change

Initial return

Terminated

Amended return

Application pending

C Name of organization
PINNACLE HEALTH MEDICAL SERVICES

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
409 SOUTH SECOND ST PO BOX 8700City or town, state or country, and ZIP + 4
HARRISBURG, PA 171058700F Name and address of principal officer
WILLIAM H PUGH
409 SOUTH SECOND ST PO BOX 8700
HARRISBURG, PA 171058700D Employer identification number
25-1709054E Telephone number
(717) 231-8245

G Gross receipts \$ 51,736,870

I Tax-exempt status 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527H(a) Is this a group return for
affiliates? Yes NoH(b) Are all affiliates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► WWW PINNACLEHEALTH.ORG

K Form of organization Corporation Trust Association Other ► L Year of formation 1993 M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities

PINNACLE HEALTH MEDICAL SERVICES IS ENGAGED IN THE PROVISION OF PHYSICIAN SERVICES

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

3 Number of voting members of the governing body (Part VI, line 1a)

3 10

4 Number of independent voting members of the governing body (Part VI, line 1b)

4 5

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)

5 563

6 Total number of volunteers (estimate if necessary)

6 16

7a Total unrelated business revenue from Part VIII, column (C), line 12

7a 0

b Net unrelated business taxable income from Form 990-T, line 34

7b 0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	55,960	95,039
9	Program service revenue (Part VIII, line 2g)	39,628,175	42,633,467
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-55,849	-13,568
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	689,957	8,917,761
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	40,318,243	51,632,699

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	55,960	95,039
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12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	40,318,243	51,632,699
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	44,828,941	51,565,363
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ►0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	14,492,607	16,501,762
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	59,321,548	68,067,125
19	Revenue less expenses Subtract line 18 from line 12	-19,003,305	-16,434,426

	Beginning of Current Year	End of Year
20	15,683,603	15,729,913
21	11,324,021	13,254,717
22	4,359,582	2,475,196

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	2013-05-13 Date
	WILLIAM H PUGH CFO Type or print name and title	

Paid Preparer's Use Only	Preparer's signature JULIUS GREEN CPA	Date	Check if self-employed ►	Preparer's taxpayer identification number (see instructions) P00350393
	Firm's name (or yours if self-employed), address, and ZIP + 4 PARENTEBEARD LLC SUITE 200 221 W PHILADELPHIA ST YORK, PA 174012993	EIN ► 23-2932984 Phone no ► (717) 846-7000		

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III **1** Briefly describe the organization's mission

PINNACLE HEALTH MEDICAL SERVICES IS A TAX EXEMPT ENTITY THAT IS PRIMARILY ENGAGED IN THE PROVISION OF BOTH PRIMARY AND SPECIALTY CARE PHYSICIAN SERVICES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported**4a** (Code) (Expenses \$ 31,274,285 including grants of \$) (Revenue \$ 21,992,987)

PINNACLE HEALTH MEDICAL SERVICES (PHMS) IS A TAX EXEMPT ENTITY THAT IS PRIMARILY ENGAGED IN THE PROVISION OF PHYSICIAN SERVICES. THE PHYSICIAN SERVICES PROVIDED WITHIN PHMS SUPPORT AND ENHANCE THE SERVICES OF PINNACLE HEALTH HOSPITALS AND THE PINNACLE HEALTH SYSTEM. PHMS ALSO HAD VOLUNTEERS THAT PROVIDED VARIOUS DONATED SERVICES DURING THE YEAR ENDED JUNE 30, 2012, THERE WERE 11 VOLUNTEERS WHO PROVIDED 289 DONATED HOURS VALUED AT \$6,302. PHMS PROVIDED FREE CARE DURING THE YEAR TO 366 PATIENTS IN THE AMOUNT OF \$220,160 BASED ON TOTAL EXPENSES, THE THREE LARGEST PHYSICIAN SERVICES INCLUDED WITHIN PHMS ARE PINNACLE SPECIALTIES PRACTICE - THE SPECIALTIES PRACTICE IS THE LARGEST SEGMENT OF PHMS, COMPRISING 55.73% OF THE TOTAL PROGRAM EXPENSES OF PHMS. THE SPECIALTY PRACTICES CURRENTLY OPERATE TWENTY ONE SPECIALTY SITES THROUGHOUT CENTRAL PENNSYLVANIA. DURING THE FISCAL YEAR ENDED JUNE 30, 2012, SPECIALTY SITE VISITS TOTALLED 164,228. MANAGEMENT CONSIDERS THE INVESTMENT IN SPECIALTY SERVICES CRITICAL IN MAINTAINING AN INTEGRATED DELIVERY SYSTEM AND TO THE FUTURE SUCCESS OF PINNACLE HEALTH SYSTEM. THE SPECIALTY PHYSICIAN PRACTICES INCLUDE THE FOLLOWING SURGICAL ASSOCIATES - ON APRIL 1, 2010, PINNACLE HEALTH SURGICAL ASSOCIATES CAME TO FRUITION WHEN THE GENERAL SURGEONS AND STAFF OF CAPITAL AREA SURGICAL ASSOCIATES AND SUSQUEHANNA SURGEONS JOINED THE PINNACLE HEALTH NETWORK. EXCELLENT SURGICAL CARE DOESN'T JUST HAPPEN. IT'S THE COMBINATION OF SKILLED SURGEONS, THE LATEST TECHNOLOGY AND EQUIPMENT AND THE EXPERTISE OF THE OPERATING ROOM TEAM WORKING TOGETHER. THE MORE ADVANCED, THE MORE PRECISE, THE BETTER OUTCOME FOR THE PATIENT. PINNACLE HEALTH HAS A LONG HISTORY OF PROVIDING THE FINEST SURGICAL CARE IN CENTRAL PENNSYLVANIA, DATING TO THE OPENING OF OUR FIRST OPERATING ROOM IN 1900. TODAY, OUR OUTSTANDING TEAM OF GENERAL SURGEONS AT PINNACLE HEALTH SURGICAL ASSOCIATES CONTINUES THE TRADITION OF EXCELLENCE BY PERFORMING A WIDE RANGE OF OPEN AND MINIMALLY INVASIVE PROCEDURES. THE TEAM INCLUDES BOARD CERTIFIED AND FELLOWSHIP TRAINED PHYSICIANS WHO PROVIDE SUPERIOR SURGICAL SKILL AND CARE. WOUND & HYPERBARIC PROGRAM - THIS PROGRAM OPENED IN JANUARY 2010. IT PROVIDES EXPERT MEDICAL CARE FOR CHRONIC WOUNDS THAT HAVE FAILED PREVIOUS METHODS OF TREATMENT. THE USE OF SPECIALIZED INTENSIVE WOUND THERAPIES AND, IN SPECIFIC CIRCUMSTANCES, THE APPROVED USE OF HYPERBARIC OXYGEN THERAPY ENHANCES THE HEALING PROCESS IN AN ATTEMPT TO RETURN PATIENT TO THE HIGHEST LEVEL OF DAILY FUNCTIONING AND HEALING. ALSO, THE IMPLEMENTATION OF AN IN-PATIENT CONSULTATION PROGRAM AT BOTH HOSPITALS WILL ALLOW FOR OPTIMAL PATIENT FOLLOW-UP AND REFERRALS. THE PROGRAM ALSO PROVIDES FOR INCREASED EDUCATIONAL PROGRAMS FOR AREA PHYSICIANS, RESIDENTS AND MEDICAL STUDENTS IN THIS SPECIALTY. PROVIDING PART-TIME SERVICES AT LANCASTER GENERAL HOSPITAL HAS INCREASED AWARENESS OF OUR PROGRAM AND EXPERTISE IN CENTRAL PENNSYLVANIA RHEUMATOLOGY. OPENING FOR BUSINESS ON MARCH 1, 2010, PINNACLE HEALTH'S RHEUMATOLOGY OFFICE WAS FOUNDED TO DIAGNOSE AND TREAT THE SURROUNDING COMMUNITY THAT EXPERIENCED CONSTANT PAIN WITH RHEUMATIC DISEASES. WHETHER FACED WITH AN INFLAMMATION OF THE JOINTS, TENDONS OR MUSCLES, OR CONSTANT PAIN, PINNACLE HEALTH'S RHEUMATOLOGY DOCTORS HELP DIAGNOSE THE CONDITION AND FIND THE COURSE OF TREATMENT SUITABLE FOR EACH INDIVIDUAL. MANY TYPES OF RHEUMATIC DISEASES ARE NOT EASILY IDENTIFIED IN THE EARLY STAGES AND BECAUSE SOME ARE MORE COMPLEX THAN OTHERS, MORE THAN ONE VISIT MAY BE NECESSARY. AS SUCH, OUR RHEUMATOLOGISTS WORK CLOSELY WITH PATIENTS TO DESIGN INDIVIDUALIZED TREATMENTS THAT MEET THEIR NEEDS. HOSPITALISTS - THIS PROGRAM HAS BEEN ESTABLISHED TO PROVIDE 24/7 IN-HOSPITAL COVERAGE FOR INTERNAL MEDICINE ADMISSIONS AND FOLLOW-UP ON A DEDICATED "HOSPITALIST SERVICE". THIS SERVICE WILL DRAW PATIENTS FROM FAMILY CARE AND INTERNAL MEDICINE PROVIDERS WHO PROVIDE OUTPATIENT CARE, BUT WISH TO HAVE INPATIENT CARE PROVIDED TO THEIR PATIENTS BY THIS SERVICE. PINNACLE HEALTH NEUROLOGISTS - THIS PROGRAM WAS ESTABLISHED TO MEET THE EMERGENT NEED FOR NEUROLOGISTS IN THE HARRISBURG AREA. COVERAGE FOR INPATIENT PHYSICIAN COVERAGE AT PINNACLE HEALTH HOSPITALS IS ITS PRIMARY FOCUS, AS WELL AS ESTABLISHING AND GROWING OUTPATIENT SERVICES TO ADDRESS COMMUNITY NEEDS. PINNACLE HEALTH NEUROSURGERY SERVICES - THIS PROGRAM WAS ESTABLISHED IN JANUARY 2008 TO MEET THE EMERGENT NEED FOR NEUROSURGEONS IN THE HARRISBURG AREA. PINNACLE HEALTH ENDOCRINOLGISTS - THIS PROGRAM WAS ESTABLISHED IN JANUARY 2005 AND PROVIDES BOTH INPATIENT AND OUTPATIENT SERVICES. PINNACLE HEALTH ENDOCRINOLGISTS PROVIDES COMPREHENSIVE CARE FOR ALL ENDOCRINOLGIC DISORDERS, ESPECIALLY COMPLEX PATIENTS WITH DIABETES. WE SPECIALIZE IN INSULIN PUMPS, CONTINUOUS GLUCOSE MONITORING, THYROID DISORDERS INCLUDING THYROID BIOPSIES, THYROID CANCERS, COMPREHENSIVE CARE FOR OSTEOPOROSIS WITH SPECIALIZED NURSE CARE, AND ALL THE OTHER ENDOCRINOLGIC DISORDERS INCLUDING POLYCYSTIC OVARY SYNDROME, ADRENAL AND PITUITARY DISEASES. PINNACLE HEALTH PEDIATRIC SURGERY - THIS PROGRAM CONSISTS OF THE EMPLOYMENT OF ONE FULL TIME PEDIATRIC SURGEON WHO WILL CONTINUE TO PRACTICE PEDIATRIC SURGERY FULL TIME FOR PINNACLE HEALTH HOSPITALS. A STABLE, HIGH QUALITY PEDIATRIC SURGERY SERVICE IS AN ESSENTIAL COMPONENT OF THE WOMEN AND CHILDREN HEALTH SERVICE AT PINNACLE PINNACLE HEALTH INFECTIOUS DISEASE ASSOCIATES - THIS PROGRAM WAS ESTABLISHED IN JANUARY 2005. PINNACLE HEALTH INFECTIOUS DISEASE ASSOCIATES SPECIALIZES IN THE TREATMENT OF ANY ORGAN INFECTION AND INFECTIOUS DISEASES INCLUDING, BUT NOT LIMITED TO, OSTEOARTHRITIS, LYME DISEASE, MENINGITIS, HIV, AND HEPATITIS C. BOTH INPATIENT AND OUTPATIENT SERVICES ARE PROVIDED WHICH INCLUDES A TRAVEL CLINIC. PINNACLE HEALTH CARDIOVASCULAR THORACIC SURGERY - THIS PROGRAM WAS ESTABLISHED TO ENSURE HIGH QUALITY THORACIC SURGERY FOR THE PINNACLE HEALTH SYSTEM PATIENTS. OUR MULTIDISCIPLINARY TEAM EMPLOYS THE MOST ADVANCED, MINIMALLY INVASIVE TECHNOLOGIES AVAILABLE TO PROVIDE A PERSONALIZED APPROACH TO THE DIAGNOSIS AND TREATMENT OF THORACIC CONDITIONS. PINNACLE HEALTH COMPLEMENTARY SERVICES - THIS PROGRAM WAS ESTABLISHED IN OCTOBER 2005 TO PROVIDE ACUPUNCTURE SERVICES BY A PENNSYLVANIA STATE REGISTERED ACUPUNCTURIST. PH PALLIATIVE CARE - THE FOCUS OF THIS NEW PROGRAM WILL BE ON THE INPATIENT CARE OF PATIENTS DURING THE FINAL MONTHS OR DAYS OF THEIR LIFE, SEEKING TO IMPROVE BOTH THE BALANCE OF CARE VIA COMFORT AND DIGNITY AND THE QUALITY OF PAIN RELIEF TREATMENT. IN THE ROLE AS THE PAIN TEAM OF THE SYSTEM, THE PALLIATIVE CARE SPECIALIST WILL BE AVAILABLE TO ANY PATIENT WHO IS IN NEED OF SPECIALIZED ASSESSMENT AND TREATMENT OF DIFFICULT OR INTRACTABLE PAIN. THIS WILL DOVETAIL NICELY WITH THE NEW PROPOSED CANCER CENTER PROGRAM. END-OF-LIFE CARE HAS BEEN IDENTIFIED NATIONALLY AS A MOMENT OF TIME WHICH TAKES UP AN INORDINATE AMOUNT OF HEALTH CARE RESOURCES, WITH GREAT VARIATION GEOGRAPHICALLY AND LITTLE IN THE WAY OF DEMONSTRABLE VALUE. DYING WITH DIGNITY IS AN OPTION THAT ALL OF US SHOULD HAVE AT THE END OF LIFE. TRANSPLANT SERVICES - THIS PROGRAM HAS BEEN ESTABLISHED TO PROVIDE OPPORTUNITY AND GROWTH OF THE TRANSPLANT PROGRAM WITHIN THE STRUCTURE OF THE HEALTH SYSTEM. THE PINNACLE HEALTH SYSTEM TRANSPLANT PROGRAM HAS PERFORMED NEARLY 1,000 TRANSPLANTS SINCE ITS OPENING BREAST CANCER CENTER - THIS PROGRAM HAS BEEN ESTABLISHED TO PROVIDE PATIENTS WITH A CENTRALIZED LOCATION FOR THEIR BREAST CARE NEEDS, INCLUDING BREAST HEALTH SURGEONS, BREAST HEALTH NURSE SPECIALISTS, CERTIFIED MAMMOGRAPHERS, RADIOLOGISTS, PATHOLOGISTS AND PHYSICAL THERAPISTS, ALL OF WHOM ARE COMMITTED TO PROVIDING YOU WITH THE MOST UP-TO-DATE TECHNOLOGY AND CARE FOR YOUR COMPLETE BREAST HEALTH. THE WOMEN'S CANCER CENTER IS A UNIQUE PRACTICE, ADDRESSING THE PREVENTIVE, DIAGNOSTIC, SURGICAL, MEDICAL, AND CHEMOTHERAPY NEEDS OF WOMEN WITH GYNECOLOGIC CANCER AND OTHER COMPLICATED CONDITIONS OF THE FEMALE REPRODUCTIVE SYSTEM. MEDICAL ONCOLOGY ASSOCIATES LOCATED IN THE MEDICAL SCIENCES PAVILION ON THE COMMUNITY CAMPUS, SPECIALIZE IN THE USE OF MEDICATIONS, SUCH AS CHEMOTHERAPY, HORMONES AND PAIN MEDICATIONS IN THE MANAGEMENT OF CANCER.

4b (Code) (Expenses \$ 16,451,995 including grants of \$) (Revenue \$ 14,487,048)

FAMILY CARE SERVICES - PRIMARY CARE IS THE SECOND LARGEST SEGMENT OF PHMS COMPRISING 29.24% OF THE TOTAL PROGRAM EXPENSES OF PHMS. PRIMARY CARE SERVICES ARE CURRENTLY PROVIDED THROUGH FOURTEEN FAMILY CARE CENTERS LOCATED IN SURROUNDING CENTRAL PENNSYLVANIA COMMUNITIES. DURING THE FISCAL YEAR ENDED JUNE 30, 2012, PRIMARY CARE PATIENT VISITS TOTALLED 148,602.

4c (Code) (Expenses \$ 8,673,369 including grants of \$) (Revenue \$ 6,105,926)

PINNACLE HEALTH CLINICS - THE CLINICS COMPRIZE 15.03% OF THE TOTAL PROGRAM EXPENSES OF PHMS. THERE ARE SEVEN CLINIC FACILITIES THROUGHOUT CENTRAL PENNSYLVANIA THAT PROVIDE PATIENT CARE TO THE SURROUNDING COMMUNITY. DURING THE FISCAL YEAR ENDED JUNE 30, 2012, CLINICS HAD VISITS THAT TOTALLED 64,305. THE CLINICS MAINLY SERVE AN UN-INSURED, UNDER-INSURED, AND LARGE MEDICAL ASSISTANCE COMMUNITY, AS LIVING OUT ITS MISSION STATEMENT TO BE A CHARITABLE ORGANIZATION DEDICATED TO MAINTAINING AND IMPROVING THE HEALTH AND QUALITY OF LIFE. THE CLINICS INCLUDE THE FOLLOWING: KLINE HEALTH CENTER - THIS PROGRAM PROVIDES PRIMARY, AS WELL AS SPECIALTY CARE, TO A LARGELY URBAN POPULATION. WHILE THE PRACTICE DOES SEE PRIVATE PATIENTS, MUCH OF THE POPULATION SERVED IS OF LOW INCOME AND/OR UNDERINSURED. SINCE MANY OF OUR PATIENTS RELY ON PUBLIC TRANSPORTATION, KLINE IS ABLE TO MEET MANY OF THE PATIENT'S NEEDS AT ONE LOCATION. RESIDENT PHYSICIANS, UNDER THE SUPERVISION OF BOARD CERTIFIED PHYSICIAN FACULTY AS WELL AS SPECIALTY PHYSICIANS, COME TO KLINE TO SEE PATIENTS FOR THEIR ORTHOPEDIC, ENDOCRINE, NEUROLOGICAL, INFECTIOUS DISEASE, AND SURGICAL NEEDS. THE OFFICE IS MANAGED BY A FULL TIME RN WHO OVERSEES A STAFF OF MEDICAL ASSISTANTS AND OTHER OFFICE SUPPORT STAFF TO MEET THE NEEDS OF THE PATIENTS AND PROVIDERS. CHILDREN'S AND TEEN CENTER - THIS PROGRAM PROVIDES PRIMARY ACUTE AND PREVENTATIVE CARE PLUS SOME SPECIALTY SERVICES FOR CHILDREN. NEWBORN THROUGH 18 YEARS OF AGE. SPECIALTY SERVICES INCLUDE NEONATAL DEVELOPMENTAL CARE, LEAD POISONING DIAGNOSIS AND FOLLOW-UP, PEDIATRIC NEUROLOGY AND CARE FOR CHILDREN INFECTED WITH HIV. WOMEN'S INPATIENT SERVICES - THIS PROGRAM PROVIDES COMPREHENSIVE INPATIENT OBSTETRICAL AND GYNECOLOGICAL SERVICES TO A PATIENT POPULATION CONSISTING LARGELY OF A MANAGED CARE MEDICAL ASSISTANCE PATIENT BASE. THIS PROGRAM WAS ESTABLISHED IN 2007. WOMEN'S OUTPATIENT HEALTH CENTER - THIS PROGRAM PROVIDES COMPREHENSIVE OUTPATIENT OBSTETRICAL AND GYNECOLOGICAL SERVICES TO A LARGELY MANAGED MEDICAL ASSISTANCE PATIENT POPULATION. PH RESOURCE EDUCATION AND COMPREHENSIVE CARE FOR HIV (REACCH) - THIS PROGRAM WAS ESTABLISHED TO PROVIDE PRIMARY AND SPECIALTY MEDICAL CARE FOR PEOPLE (INCLUDING PREGNANT WOMEN AND THEIR EXPOSED INFANTS) WHO ARE HIV-POSITIVE AS WELL AS PROVIDE SUPPORT SERVICES FOR THESE PATIENTS. ADDITIONAL SERVICES PROVIDED TO THIS PATIENT POPULATION INCLUDE NUTRITIONAL COUNSELING, TRANSPORTATION TO MEDICAL APPOINTMENTS, VISION CARE, ASSISTANCE WITH MEDICATION CO-PAYMENTS, AND ASSISTANCE WITH MENTAL HEALTH COUNSELING AND PSYCHIATRIC CARE. THE PROGRAM IS PARTIALLY GRANT FUNDED AND ALSO PROVIDES REIMBURSEMENT TO PINNACLE HEALTH SYSTEM FOR SERVICES RENDERED TO PATIENTS WHO ARE HIV-POSITIVE AND ARE EITHER UNINSURED OR UNDERINSURED.

4d (Code) (Expenses \$ 3,825,197 including grants of \$) (Revenue \$ 47,506)

WEST SHORE SURGERY CENTER (WSSC) - THE WEST SHORE SURGERY CENTER IS A LIMITED PARTNERSHIP IN WHICH PINNACLE HEALTH MEDICAL SERVICES IS THE GENERAL PARTNER WITH A 2% CONTROLLING INTEREST AND PINNACLE HEALTH HOSPITALS IS A LIMITED PARTNER WITH A 49% INTEREST. THE REMAINING 49% INTEREST IS HELD BY VARIOUS PHYSICIANS FROM THE AREA.

4e Other program services (Describe in Schedule O) (Expenses \$ 3,825,197 including grants of \$) (Revenue \$ 47,506)**4e** Total program service expenses \$ 60,224,846

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

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? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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? If "Yes," complete Schedule F, Part I

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Part II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H

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

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b		No
11c		No
11d		No
11e		No
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a		No
20b		

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		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? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
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)? If "Yes," complete Schedule R, Part V, line 2	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	77
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	563
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).	7a	No
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?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
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?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	13a	
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	13b	
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	13c	
c	Enter the aggregate amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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

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

Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year **1a** 10

b Enter the number of voting members included in line 1a, above, who are independent **1b** 5

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? **2** No

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? **3** No

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? **4** No

5 Did the organization become aware during the year of a significant diversion of the organization's assets? **5** No

6 Did the organization have members or stockholders? **6** No

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** No

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** No

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body? **8a** Yes

b Each committee with authority to act on behalf of the governing body? **8b** 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.)

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**

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** Yes

12a Did the organization have a written conflict of interest policy? If "No," go to line 13 **12b** Yes

b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? **12c** 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 **13** Yes

13 Did the organization have a written whistleblower policy? **14** Yes

14 Did the organization have a written document retention and destruction policy? **15** 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** No

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**

Section C. Disclosure

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

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

Own website Another's website 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

WILLIAM H PUGH CFO
409 SOUTH SECOND ST PO BOX 8700
HARRISBURG, PA 171058700
(717) 231-8245

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

 Check if Schedule O contains a response to any question in this Part VII
Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

• List all of the organization's **former** officers, key employees, 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.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(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
		Or director	Individual trustee	Institutional Trustee	Officer	Key Employee			
(1) DEBORAH S MILLER CHAIRMAN	20	X		X			0	0	0
(2) ROBERT C BUCKINGHAM MD VICE CHAIRMAN	20	X		X			0	0	0
(3) TIMOTHY WESTON ESQ DIRECTOR	20	X					0	0	0
(4) NATHAN H WATERS JR ESQ DIRECTOR	10	X					0	0	0
(5) C DAVID HAVERSTICK MD DIRECTOR/PHYSICIAN	40 00	X					202,504	0	30,171
(6) DANA KELLIS MD DIRECTOR	12 00	X					0	431,110	65,860
(7) CYNTHIA TOLSMAN DIRECTOR	10	X					0	0	0
(8) NICOLE PURCELL DO DIRECTOR/PHYSICIAN	40 00	X					228,100	0	26,115
(9) LISA TORP MD DIRECTOR/PHYSICIAN	40 00	X					301,328	0	21,588
(10) MICHAEL YOUNG PRESIDENT & CEO	60	X		X			0	535,864	5,167
(11) WILLIAM H PUGH TREASURER	2 10			X			0	401,401	45,360
(12) CHRISTOPHER P MARKLEY ESQ SECRETARY	2 00			X			0	353,696	47,435
(13) RICHARD C SENECA ESQ ASST SECRETARY	7 20			X			0	278,280	0
(14) NANCY HAMMONDS ASST TREASURY	1 20			X			0	145,331	35,560
(15) MUBASHIR MUMTAZ PHYSICIAN	40 00				X		744,673	0	62,201
(16) BARRY MOORE PHYSICIAN	40 00				X		601,773	0	93,368
(17) MARCUS KEEP PHYSICIAN	40 00				X		537,810	0	100,222

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

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **93**

	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
LOCUMTENENS COM PO BOX 405547 ATLANTA, GA 303845547	TEMPORARY PHYSICIAN STAFFING	437,221
KEYMED PARTNERS INC 3607 ROSEMONT AVENUE SUITE 502 CAMP HILL, PA 17011	A/R MANAGEMENT	230,383
LUCENT PHYSICIANS INC 5851 MONOCACY DRIVE BETHLEHEM, PA 18017	TEMPORARY PHYSICIAN STAFFING	217,320
OPTI-SCRIPT INC PO BOX 105328 ATLANTA, GA 30348	TRANSCRIPTION	152,025
THE RISER GROUP 5783 CATHERINE STREET HARRISBURG, PA 17112	MANAGEMENT CONSULTING	151,512

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 ►8

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	95,039				
	e Government grants (contributions)	1e					
	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		95,039				
Program Service Revenue	Business Code						
			2a PATIENT REVENUE, NET	621110	41,789,100	41,789,100	
			b PHYSICIAN MEDICAL PPI	621110	389,000	389,000	
			c PHYSICIAN SERVICES/COV	621110	337,712	337,712	
			d PHPA THERAPISTS	621110	70,147	70,147	
			e PARTNERSHIP PASSTHROUG	621400	47,508	47,508	
			f All other program service revenue				
	g Total. Add lines 2a-2f		42,633,467				
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)						
			102		102		
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(I) Real	(II) Personal				
	b Less rental expenses	225,200					
	c Rental income or (loss)	90,501					
	d Net rental income or (loss)	134,699		134,699		134,699	
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other					
b Less cost or other basis and sales expenses		13,670					
c Gain or (loss)		-13,670					
d Net gain or (loss)		-13,670			-13,670		
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18							
b Less direct expenses	b						
c Net income or (loss) from fundraising events							
9a Gross income from gaming activities See Part IV, line 19							
b Less direct expenses	b						
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances							
b Less cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue		Business Code					
11a I/C LOSS REIMBURSEMENT		900099	7,706,678		7,706,678		
b HITECH REPORTING INCEN		900099	323,750		323,750		
c REPORTING/QUALITY INCE		900099	276,144		276,144		
d All other revenue			476,490		476,490		
e Total. Add lines 11a-11d			8,783,062				
12 Total revenue. See Instructions		51,632,699	42,633,467	0	8,904,193		

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				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	910,561	819,505	91,056	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	42,179,613	37,961,651	4,217,962	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,876,505	1,688,855	187,650	
9 Other employee benefits	4,305,227	3,874,704	430,523	
10 Payroll taxes	2,293,457	2,064,111	229,346	
11 Fees for services (non-employees)				
a Management	1,543,321	154,332	1,388,989	
b Legal	140,000		140,000	
c Accounting				
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees	77,251		77,251	
g Other	2,230,641	1,955,636	275,005	
12 Advertising and promotion	167,729	134,183	33,546	
13 Office expenses	3,688,390	3,547,836	140,554	
14 Information technology	79,303	70,262	9,041	
15 Royalties				
16 Occupancy	3,461,755	3,052,830	408,925	
17 Travel	30,817	27,735	3,082	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	292,336	287,085	5,251	
20 Interest	297,712	267,941	29,771	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,155,747	1,040,172	115,575	
23 Insurance	1,565,438	1,565,438		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a BAD DEBTS EXPENSE	1,712,570	1,712,570		
b DUES AND SUBSCRIPTIONS	51,813		51,813	
c MISCELLANEOUS EXPENSE	6,939		6,939	
d				
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	68,067,125	60,224,846	7,842,279	0
26 Joint costs. Check here <input type="checkbox"/> <input checked="" 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) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	3,602	1 3,303
	2 Savings and temporary cash investments	277,950	2 170,494
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	3,141,834	4 2,088,713
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L	6	
	7 Notes and loans receivable, net	7	
	8 Inventories for sale or use	223,796	8 270,180
	9 Prepaid expenses and deferred charges	462,789	9 635,761
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	14,562,126
	b Less accumulated depreciation	10b	5,947,561
		7,906,097	10c 8,614,565
	11 Investments—publicly traded securities	11	
	12 Investments—other securities See Part IV, line 11	12	
	13 Investments—program-related See Part IV, line 11	13,075	13 20,876
	14 Intangible assets	3,235,871	14 3,272,870
	15 Other assets See Part IV, line 11	418,589	15 653,151
	16 Total assets. Add lines 1 through 15 (must equal line 34)	15,683,603	16 15,729,913
Liabilities	17 Accounts payable and accrued expenses	5,962,006	17 8,102,288
	18 Grants payable	18	
	19 Deferred revenue	19	
	20 Tax-exempt bond liabilities	20	
	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	5,362,015	23 5,152,429
	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	25	
	26 Total liabilities. Add lines 17 through 25	11,324,021	26 13,254,717
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	4,359,582	27 2,475,196
	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	4,359,582	33 2,475,196
	34 Total liabilities and net assets/fund balances	15,683,603	34 15,729,913

Part XI Reconciliation of Net AssetsCheck 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	51,632,699
2	Total expenses (must equal Part IX, column (A), line 25)	2	68,067,125
3	Revenue less expenses Subtract line 2 from line 1	3	-16,434,426
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,359,582
5	Other changes in net assets or fund balances (explain in Schedule O)	5	14,550,040
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	2,475,196

Part XII Financial Statements and ReportingCheck 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? <input type="checkbox"/>	2a	No
2b Were the organization's financial statements audited by an independent accountant? <input type="checkbox"/>	2b	Yes
2c 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 <input type="checkbox"/>	2c	Yes
2d 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? <input type="checkbox"/>	3a	No
3b 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 <input type="checkbox"/>	3b	

2011

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue ServiceName of the organization
PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-1709054

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

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

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 (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 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 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 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

SCHEDULE D
(Form 990)**Supplemental Financial Statements****2011****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

► 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.

Name of the organization
PINNACLE HEALTH MEDICAL SERVICES**Employer identification number**

25-1709054

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

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

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

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

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

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

Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically importantly land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

► \$ _____

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

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

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

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

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

b Assets included in Form 990, Part X ► \$ _____

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

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

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

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 Yes No

(ii) related organizations Yes No

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? 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					
b Buildings					
c Leasehold improvements		1,822,170	783,159	1,039,011	
d Equipment		3,469,897	1,888,235	1,581,662	
e Other		9,270,059	3,276,167	5,993,892	
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					8,614,565

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

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

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

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

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

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

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25.) ►	

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

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

1 Total revenue (Form 990, Part VIII, column (A), line 12)	1	51,632,699
2 Total expenses (Form 990, Part IX, column (A), line 25)	2	68,067,125
3 Excess or (deficit) for the year Subtract line 2 from line 1	3	-16,434,426
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	14,550,040
9 Total adjustments (net) Add lines 4 - 8	9	14,550,040
10 Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,884,386

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	52,933,664
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	1,382,754
e Add lines 2a through 2d	2e	1,382,754
3 Subtract line 2e from line 1	3	51,550,910
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	77,251
b Other (Describe in Part XIV)	4b	4,538
c Add lines 4a and 4b	4c	81,789
5 Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	51,632,699

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

1 Total expenses and losses per audited financial statements	1	68,406,872
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	416,998
e Add lines 2a through 2d	2e	416,998
3 Subtract line 2e from line 1	3	67,989,874
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	77,251
b Other (Describe in Part XIV)	4b	
c Add lines 4a and 4b	4c	77,251
5 Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	68,067,125

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE PINNACLE HEALTH SYSTEM EVALUATES UNCERTAIN TAX POSITIONS USING A TWO-STEP APPROACH FOR RECOGNIZING AND MEASURING TAX BENEFITS TAKEN OR EXPECTED TO BE TAKEN IN AN UNRELATED BUSINESS ACTIVITY TAX RETURN AND DISCLOSURES REGARDING UNCERTAINTIES IN TAX POSITIONS NO ADJUSTMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS WERE REQUIRED AS A RESULT OF THIS EVALUATION
PART XI, LINE 8 - OTHER ADJUSTMENTS		FUND BALANCE TRANSFER - PINNACLE HEALTH SYSTEM - 24,206,623 FUND BALANCE TRANSFER - PINNACLE HEALTH HOSPITALS 38,779,212 FUND BALANCE TRANSFER - COMMUNITY LIFE TEAM -3,332 FUND BALANCE TRANSFER - PINNACLE HEALTH HOME CARE & HOSPICE -276 FUND BALANCE TRANSFER - PINNACLE HEALTH CARDIOVASCULAR INSTITUTE -4,576 FUND BALANCE TRANSFER - PINNACLE HEALTH MEDICAL GROUP -14,365 TOTAL TO SCHEDULE D, PART XI, LINE 8 14,550,040
PART XII, LINE 2D - OTHER ADJUSTMENTS		NET ASSETS RELEASED FROM RESTRICTIONS 1,056,257 MANAGEMENT FEE NOT RECORDED AS INCOME FOR 990 326,497
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSES RECORDED NET OF REVENUE ON 990 - 90,501 CONTRIBUTION FROM PINNACLE HEALTH FOUNDATION 95,039
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES RECORDED NET OF REVENUE ON 990 90,501 PROFESSIONAL FEES NOT RECORDED AS EXPENSE FOR 990 326,497

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2011Department of the Treasury
Internal Revenue Service

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.

Open to Public Inspection**Name of the organization**

PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-1709054

Part I Questions Regarding Compensation

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 type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input checked="" 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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input 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?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

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?

b Any related organization?

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?

b Any related organization?

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

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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	Yes	
2	Yes	
4a	Yes	
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7	Yes	
8		No
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) C DAVID HAVERSTICK MD	(i) 202,366 (ii) 0	0	138	10,956 0	19,215 0	232,675 0	0 0
(2) DANA KELLIS MD	(i) 0 (ii) 344,446	0 58,000	0 28,664	0 14,784	0 51,076	0 496,970	0 0
(3) NICOLE PURCELL DO	(i) 228,040 (ii) 0	0 0	60 0	11,456 0	14,659 0	254,215 0	0 0
(4) LISA TORP MD	(i) 295,370 (ii) 0	0 0	5,958 0	13,150 0	8,438 0	322,916 0	0 0
(5) MICHAEL YOUNG	(i) 0 (ii) 310,826	0 146,255	0 78,783	0 0	0 5,167	0 541,031	0 0
(6) WILLIAM H PUGH	(i) 0 (ii) 339,223	0 47,600	0 14,578	0 14,700	0 30,660	0 446,761	0 0
(7) CHRISTOPHER P MARKLEY ESQ	(i) 0 (ii) 279,185	0 46,200	0 28,311	0 14,803	0 32,632	0 401,131	0 0
(8) RICHARD C SENECA ESQ	(i) 0 (ii) 278,280	0 0	0 0	0 0	0 0	0 278,280	0 0
(9) NANCY HAMMONDS	(i) 0 (ii) 127,097	0 12,400	0 5,834	0 20,947	0 14,613	0 180,891	0 0
(10) MUBASHIR MUMTAZ	(i) 694,673 (ii) 0	50,000 0	0 0	5,379 0	56,822 0	806,874 0	0 0
(11) BARRY MOORE	(i) 597,242 (ii) 0	0 0	4,531 0	14,593 0	78,775 0	695,141 0	0 0
(12) MARCUS KEEP	(i) 537,672 (ii) 0	0 0	138 0	14,700 0	85,522 0	638,032 0	0 0
(13) PAUL CREAMERY	(i) 501,112 (ii) 0	0 0	396 0	4,700 0	40,583 0	546,791 0	0 0
(14) JOSEPH ESPOSITO	(i) 494,747 (ii) 0	25,769 0	8,593 0	9,438 0	45,657 0	584,204 0	0 0
(15) ROGER LONGENDERFER MD	(i) 0 (ii) 592,010	0 17,760	0 6,103	0 103	0 151	0 616,127	0 0

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
	PART I, LINE 1A	ROGER LONGENDERFER, M D , A FORMER PRESIDENT AND CEO, RECEIVED A REIMBURSEMENT FOR PERSONAL FINANCIAL SERVICES THE REIMBURSEMENT WAS INCLUDED IN HIS TAXABLE COMPENSATION
	PART I, LINE 3	PINNACLE HEALTH MEDICAL SERVICES RELIES ON PINNACLE HEALTH SYSTEM, A RELATED ORGANIZATION, TO ESTABLISH THE COMPENSATION OF THE ORGANIZATION'S CEO METHODS USED TO ESTABLISH COMPENSATION BY THE RELATED ORGANIZATION INCLUDE * COMPENSATION COMMITTEE * INDEPENDENT COMPENSATION CONSULTANT * WRITTEN EMPLOYMENT CONTRACT * COMPENSATION SURVEY OR STUDY * APPROVAL BY THE COMPENSATION COMMITTEE OF THE BOARD
	PART I, LINE 4A	ROGER LONGENDERFER, M D , A FORMER PRESIDENT AND CEO, WAS PAID SEVERANCE IN THE FORM OF SALARY AND BENEFITS TOTALING \$616,127 IN 2011 AS PART OF HIS RETIREMENT PACKAGE
	PART I, LINE 7	THE COMPENSATION COMMITTEE OF THE BOARD WITH ASSISTANCE FROM AN INDEPENDENT OUTSIDE ADVISOR ESTABLISHES A COMPENSATION PHILOSOPHY TO COMPENSATE LEADERS OF THE ORGANIZATION AT THE MARKET MEDIAN WITH AN INCENTIVE OPPORTUNITY TO REACH THE 75TH PERCENTILE OF THE MARKET FOR THEIR POSITION THE INCENTIVE OPPORTUNITY IS DIVIDED BETWEEN PERSONAL GOALS AND SYSTEM LEVEL GOALS ALL GOALS ARE MEASURABLE AND ARE DESIGNED TO IMPROVE QUALITY OF CARE, PATIENT SAFETY, PATIENT EXPERIENCE, AND MANAGEMENT OF RESOURCES PERFORMANCE IS REWARDED AT THREE LEVELS, THRESHOLD (IMPROVEMENT OVER THE BASELINE), TARGET (SIGNIFICANT IMPROVEMENT OVER THE PRIOR YEAR) AND OPTIMUM (STRETCH)

Schedule L

Transactions with Interested Persons

OMB No 1545-0047

2011

Department of the Treasury
Internal Revenue Service

- 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.

**Open to Public
Inspection**

Name of the organization

PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-170905-

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.

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

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.

Part III Grants or Assistance Benefitting Interested Persons.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JUDY HAVERSTICK	WIFE OF CHARLES HAVERSTICK, DIRECTOR	18,580	SEE PART V - WAGES PROVIDED FOR NORMAL WORK ACTIVITIES PAID BY PINNACLE HEALTH HOSPITAL, A RELATED TAX EXEMPT ORGANIZATION		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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.

2011**Open to Public
Inspection**

Name of the organization

PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-1709054

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	PINNACLE HEALTH TOXICOLOGY SERVICES OPENED IN OCTOBER 2011 THIS IS A SPECIALTY DEPARTMENT DEDICATED TO SETTING NEW STANDARDS OF CARE AND DEVOTED SPECIFICALLY TO THE TREATMENT OF POISONED PATIENTS IT IS THE ONLY ONE OF ITS KIND IN PA

Identifier	Return Reference	Explanation
	FORM 990, PART V, LINE 1	PINNACLE HEALTH SYSTEM, THE PARENT ENTITY OF A GROUP OF TAX-EXEMPT ORGANIZATIONS, IS THE COMMON REPORTING AGENT FOR THE GROUP AND FILES ALL 1099 FORMS FOR PINNACLE HEALTH MEDICAL SERVICES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE AUTHORITY AND RESPONSIBILITY FOR REVIEW OF THE FORM 990 FOR PINNACLE HEALTH SYSTEM AND SUBSIDIARIES IS DELEGATED TO THE FINANCE AND AUDIT COMMITTEE OF THE PINNACLE HEALTH SYSTEM BOARD IN ORDER TO ACCOMPLISH THIS, ALL MEMBERS OF THE FINANCE AND AUDIT COMMITTEE ARE PROVIDED WITH A REASONABLE OPPORTUNITY TO REVIEW AND COMMENT TO EXECUTIVE LEADERSHIP ON THE IRS FORMS 990 OF THE PINNACLE HEALTH SYSTEM AND ITS SUBSIDIARIES, INCLUDING PINNACLE HEALTH HOSPITALS, PINNACLE HEALTH MEDICAL SERVICES, PINNACLE HEALTH FOUNDATION, PINNACLE HEALTH HOME CARE & HOSPICE AND COMMUNITY LIFE TEAM BEFORE THEY ARE FILED WITH THE INTERNAL REVENUE SERVICE. IN ADDITION, EACH MEMBER OF EACH RESPECTIVE BOARD OF DIRECTORS WILL BE GIVEN ACCESS TO VIEW THEIR INDIVIDUAL FORM 990 VIA A SHARED, PASSWORD-PROTECTED WEBSITE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	<p>IN THE PERFORMANCE OF THEIR DUTIES TO PINNACLE HEALTH SYSTEM AND SUBSIDIARIES (COLLECTIVELY REFERRED TO AS "PHS"), COVERED PERSONS SHALL SEEK TO ACT IN THE BEST INTERESTS OF PHS, AND SHALL EXERCISE GOOD FAITH, LOYALTY, DILIGENCE AND HONESTY A COVERED PERSON IS ANY INDIVIDUAL WHO SERVES IN A FIDUCIARY CAPACITY TO, OR WHO HAS LEGAL AUTHORITY TO REPRESENT OR OBLIGATE, THE PINNACLE HEALTH SYSTEM OR ANY OF ITS AFFILIATED ORGANIZATIONS INCLUDING, BUT NOT LIMITED TO, DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS COVERED PERSONS ALSO INCLUDE A) IMMEDIATE FAMILIES (SPOUSES, CHILDREN, SIBLINGS, PARENTS, OR SPOUSE'S PARENTS), B) ANY ORGANIZATION IN WHICH THEY OR THEIR IMMEDIATE FAMILIES DIRECTLY OR INDIRECTLY I) HAVE A MATERIAL FINANCIAL OR BENEFICIAL INTEREST, OR II) SERVE AS A DIRECTOR, OFFICER, EMPLOYEE, AGENT, ATTORNEY OR SIMILAR CAPACITY A COVERED PERSON SHALL DISCLOSE ANY BUSINESS OR PERSONAL INTERESTS OR RELATIONSHIPS WHICH MAY BE IN CONFLICT WITH THE INTEREST OF PHS, INCLUDING, BUT NOT LIMITED TO (A) ENGAGING IN OR SEEKING TO BE ENGAGED IN (I) THE DELIVERY OF HEALTH CARE SERVICES OR (II) THE DELIVERY OF GOODS OR SERVICES TO PHS, OR (B) ANY TRANSACTION OR ARRANGEMENT WITH PHS WHICH WOULD RESULT IN BENEFIT TO COVERED PERSONS THE GOVERNANCE COMMITTEE OF THE PHS BOARD REVIEWS ALL CONFLICT OF INTEREST STATEMENTS AND DETERMINES WHETHER EACH DIRECTOR ON THE BOARD IS INDEPENDENT COVERED PERSONS WHO ARE DIRECTORS MUST COMPLY WITH THE PINNACLE HEALTH SYSTEM GUIDELINES FOR DETERMINING DIRECTOR INDEPENDENCE AND APPLYING DIRECTOR INDEPENDENCE REQUIREMENTS COVERED PERSONS WITH A CONFLICT OF INTEREST SHALL NOT VOTE ON THE MATTER, AND THE PHS BOARD OR COMMITTEE MUST APPROVE, AUTHORIZE, OR RATIFY THE TRANSACTION OR ARRANGEMENT BY A MAJORITY VOTE OF THE NON-INTERESTED DIRECTORS OR COMMITTEE MEMBERS PRESENT AT A MEETING THAT HAS A QUORUM VIOLATIONS OF THIS STATEMENT OF POLICY MAY SUBJECT COVERED PERSONS TO APPROPRIATE SANCTIONS, INCLUDING REMOVAL FROM THEIR POSITIONS WITH PHS</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE COMPENSATION COMMITTEE OF THE PINNACLE HEALTH SYSTEM ("PHS") BOARD OF DIRECTORS HAS THE AUTHORITY TO DEVELOP AND MAINTAIN EXECUTIVE AND PHYSICIAN COMPENSATION TO BE APPROVED BY THE PINNACLE HEALTH SYSTEM BOARD. THE COMPENSATION COMMITTEE WILL FOLLOW A DILIGENT PROCESS THAT MEETS REGULATORY REQUIREMENTS FOR A REBUTTABLE PRESUMPTION OF REASONABLENESS AND PROMOTES EFFECTIVE GOVERNANCE OF EXECUTIVE COMPENSATION, CONSISTENT WITH THE PHS COMPENSATION PHILOSOPHY.</p> <ol style="list-style-type: none"> 1 FOLLOW A PROCESS THAT ESTABLISHES AND MAINTAINS A REBUTTABLE PRESUMPTION OF REASONABLENESS FOR ALL EXECUTIVES AND PHYSICIANS POTENTIALLY SUBJECT TO INTERMEDIATE SANCTIONS. 2 PREPARE MINUTES FOR EACH MEETING TO RECORD THE TERMS OF THE COMMITTEE'S DECISIONS AND THE PROCESS FOLLOWED IN REACHING THOSE DECISIONS. THESE MINUTES MUST INCLUDE INDICATIONS THAT THE COMMITTEE IS FOLLOWING GOOD PRACTICES IN DEALING WITH CONFLICTS OF INTEREST AND IN OBTAINING AND RELYING ON APPROPRIATE COMPARABILITY DATA ON TOTAL COMPENSATION. 3 SELECT AND DIRECTLY ENGAGE AND SUPERVISE ANY CONSULTANT HIRED BY PHS TO ADVISE THE COMMITTEE ON EXECUTIVE AND PHYSICIAN COMPENSATION. 4 PERIODICALLY EVALUATE THE APPROPRIATENESS OF THIS CHARTER AND THE EFFECTIVENESS OF THE PROCESS THE COMMITTEE USES IN GOVERNING EXECUTIVE AND PHYSICIAN COMPENSATION AND REPORT THIS EVALUATION TO THE BOARD. 5 PROVIDE THE BOARD WITH AN ANNUAL REPORT ON THE COMMITTEE'S ACTIONS. 6 MONITOR CHANGES IN LAWS AND REGULATIONS PERTAINING TO EXECUTIVE COMPENSATION AND BENEFITS TO SEE THAT PHS COMPLIES WITH THEM. 7 SEEK OUTSIDE REVIEW OF COMMITTEE OPERATIONS TO ENSURE COMPLIANCE WITH THE IRS REBUTTABLE PRESUMPTION OF REASONABLENESS. 8 REVIEW ACTUAL EXECUTIVE COMPENSATION AND BENEFITS PROVIDED TO CONFIRM CONSISTENCY WITH COMPENSATION AND BENEFITS APPROVED BY THE COMMITTEE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS OR CONFLICT OF INTEREST POLICY AVAILABLE FOR PUBLIC INSPECTION AS THIS IS NOT REQUIRED BY FEDERAL OR STATE LAW. THE ORGANIZATION INCLUDES A COPY OF ITS FINANCIAL STATEMENTS WITH THE STATE REGISTRATION FILED WITH THE PENNSYLVANIA DEPARTMENT OF STATE, BUREAU OF CHARITABLE ORGANIZATIONS. THESE DOCUMENTS ARE A MATTER OF PUBLIC RECORD AND CAN BE VIEWED AT THE BUREAU OFFICE.

Identifier	Return Reference	Explanation
	FORM 990, PART VII, SECTION A	THE FOLLOWING OFFICERS AND DIRECTORS HAVE WORKED AN AVERAGE OF 40 HOURS PER WEEK BETWEEN PINNACLE HEALTH MEDICAL SERVICES AND ALL RELATED ORGANIZATIONS OF PINNACLE HEALTH SYSTEM, THE PARENT COMPANY DANA KELLIS, MD, DIRECTOR BRIAN UNIACKE, MD, DIRECTOR MICHAEL A YOUNG, PRESIDENT & CEO WILLIAM H PUGH, TREASURER CHRISTOPHER P MARKLEY, ESQ, SECRETARY RICHARD D SENECA, ESQ, ASST SECRETARY NANCY J HAMMONDS, ASST TREASURER DIRECTOR DEBORAH S MILLER IS ALSO A DIRECTOR OF PINNACLE HEALTH SYSTEM AND PINNACLE HEALTH HOSPITALS, BOTH OF WHICH ARE RELATED ORGANIZATIONS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	FUND BALANCE TRANSFER - PINNACLE HEALTH SYSTEM -24,206,623 FUND BALANCE TRANSFER - PINNACLE HEALTH HOSPITALS 38,779,212 FUND BALANCE TRANSFER - COMMUNITY LIFE TEAM - 3,332 FUND BALANCE TRANSFER - PINNACLE HEALTH HOME CARE & HOSPICE -276 FUND BALANCE TRANSFER - PINNACLE HEALTH CARDIOVASULAR INSTITUTE -4,576 FUND BALANCE TRANSFER - PINNACLE HEALTH MEDICAL GROUP -14,365 TOTAL TO FORM 990, PART XI, LINE 5 14,550,040

Identifier	Return Reference	Explanation
	FORM 990, PART XI, LINE 2C	PINNACLE HEALTH MEDICAL SERVICES WAS INCLUDED IN THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA FOR PINNACLE HEALTH SYSTEM AND ITS SUBSIDIARIES THE FINANCE AND AUDIT COMMITTEE OF THE PINNACLE HEALTH SYSTEM BOARD ASSUMES THE RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT AND THE SELECTION OF THE INDEPENDENT ACCOUNTANT THIS PROCESS HAS NOT CHANGED DURING THE TAX YEAR

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Department of the Treasury
Internal Revenue ServiceOpen to Public
Inspection

Name of the organization

PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-1709054

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

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

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) UNITED CENTRAL PA RISK RETENTION GROUP 76 ST PAUL STREET SUITE 500 BULINGTON, VT 054014477 13-4224033	CAPTIVE INSURANCE	VT	N/A	C			
(2) UNITED HEALTH RISK LTD PO BOX 2450 HAMILTON HM JX BD	CAPTIVE INSURANCE	BD	N/A	C			
(3) PINNACLE HEALTH CARDIOVASCULAR INSTITUTE PO BOX 8700 HARRISBURG, PA 17105 32-0321362	PHYSICIAN SERVICES	PA	N/A	C			
(4) CARDIOLOGY PRACTICE INC PO BOX 8700 HARRISBURG, PA 17105 80-0658616	PHYSICIAN SERVICES	PA	N/A	C			
(5) PINNACLE HEALTH MEDICAL GROUP PO BOX 8700 HARRISBURG, PA 17105 80-0771040	PHYSICIAN SERVICES	PA	N/A	C			
(6) PINNACLE HEALTH VENTURES INC PO BOX 8700 HARRISBURG, PA 17105 61-1677624	HOLDING COMPANY	PA	N/A	C			
(7) PINNACLE HEALTH IMAGING INC PO BOX 8700 HARRISBURG, PA 17105 23-1718571	RADIOLOGY SERVICES	PA	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		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k	Yes	
1l	Yes	
1m		No
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	

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)			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Software ID:
Software Version:
EIN: 25-1709054
Name: PINNACLE HEALTH MEDICAL SERVICES

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
UNITED CENTRAL PA RISK RETENTION GROUP 76 ST PAUL STREET SUITE 500 BULINGTON, VT 054014477 13-4224033	CAPTIVE INSURANCE	VT	N/A	C			
UNITED HEALTH RISK LTD PO BOX 2450 HAMILTON HM JX BD	CAPTIVE INSURANCE	BD	N/A	C			
PINNACLE HEALTH CARDIOVASCULAR INSTITUTE PO BOX 8700 HARRISBURG, PA 17105 32-0321362	PHYSICIAN SERVICES	PA	N/A	C			
CARDIOLOGY PRACTICE INC PO BOX 8700 HARRISBURG, PA 17105 80-0658616	PHYSICIAN SERVICES	PA	N/A	C			
PINNACLE HEALTH MEDICAL GROUP PO BOX 8700 HARRISBURG, PA 17105 80-0771040	PHYSICIAN SERVICES	PA	N/A	C			
PINNACLE HEALTH VENTURES INC PO BOX 8700 HARRISBURG, PA 17105 61-1677624	HOLDING COMPANY	PA	N/A	C			
PINNACLE HEALTH IMAGING INC PO BOX 8700 HARRISBURG, PA 17105 23-1718571	RADIOLOGY SERVICES	PA	N/A	C			

Additional Data

Software ID:
Software Version:
EIN: 25-1709054
Name: PINNACLE HEALTH MEDICAL SERVICES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code	(Expenses \$	3,825,197	including grants of \$) (Revenue \$	47,506)
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WEST SHORE SURGERY CENTER (WSSC) - THE WEST SHORE SURGERY CENTER IS A LIMITED PARTNERSHIP IN WHICH PINNACLE HEALTH MEDICAL SERVICES IS THE GENERAL PARTNER WITH A 2% CONTROLLING INTEREST AND PINNACLE HEALTH HOSPITALS IS A LIMITED PARTNER WITH A 49% INTEREST THE REMAINING 49% INTEREST IS HELD BY VARIOUS PHYSICIANS FROM THE AREA