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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization PEACEHEALTH		D Employer identification number 91-0939479
	Doing Business As		E Telephone number (360) 729-1030
	Number and street (or P O box if mail is not delivered to street address) 1115 SE 164TH AVENUE	Room/suite	G Gross receipts \$ 1,674,129,491
	City or town, state or country, and ZIP + 4 VANCOUVER, WA 98683		
	F Name and address of principal officer ALAN YORDY 1115 SE 164TH AVENUE VANCOUVER, WA 98683		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.PEACEHEALTH.ORG			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1986	M State of legal domicile WA

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities PEACEHEALTH CARRIES ON THE HEALING MISSION OF JESUS CHRIST		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	15
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	13,300
	6 Total number of volunteers (estimate if necessary)	6	2,000
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	45,211,740	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-6,194,910	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	4,457,626	5,598,430
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,515,851,811	1,557,510,465
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	69,740,483	18,361,940
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	47,681,211	53,598,815
		1,637,731,131	1,635,069,650
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,319,463	1,549,584
	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)	864,291,556	882,224,729
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 6,153,103		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	659,918,900	724,035,266
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,525,529,919	1,607,809,579
	19 Revenue less expenses Subtract line 18 from line 12	112,201,212	27,260,071
Net Assets or Fund Balances	Beginning of Current Year		End of Year
	20 Total assets (Part X, line 16)	2,591,551,712	2,564,282,836
	21 Total liabilities (Part X, line 26)	1,035,157,642	1,095,518,639
	22 Net assets or fund balances Subtract line 21 from line 20	1,556,394,070	1,468,764,197

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	<div>*****</div> <div>Signature of officer</div>		<div>2013-05-14</div> <div>Date</div>	
	<div>KEVIN WALSTROM SVP CFO</div> <div>Type or print name and title</div>			
Paid Preparer's Use Only	<div>Preparer's signature</div>	<div>Date</div>	<div>Check if self-employed <input type="checkbox"/></div>	<div>Preparer's taxpayer identification number (see instructions)</div>
	<div>Firm's name (or yours if self-employed), address, and ZIP + 4</div>			<div>EIN</div> <div>Phone no</div>

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

PEACEHEALTH CARRIES ON THE HEALING MISSION OF JESUS CHRIST BY PROMOTING PERSONAL AND COMMUNITY HEALTH, RELIEVING PAIN AND SUFFERING, AND TREATING EACH PERSON IN A LOVING AND CARING WAY

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 \$ 873,404,407 including grants of \$) (Revenue \$ 1,156,089,806)

HOSPITALS AND CLINICS (NON-CRITICAL ACCESS) PEACEHEALTH IS A NOT-FOR-PROFIT HEALTH CARE SYSTEM WITH MEDICAL CENTERS, CRITICAL ACCESS HOSPITALS, MEDICAL GROUP CLINICS AND LABORATORIES LOCATED IN ALASKA, WASHINGTON AND OREGON. FOUNDED BY THE SISTERS OF ST. JOSEPH OF PEACE, PEACEHEALTH HAS PROVIDED EXCEPTIONAL MEDICINE AND COMPASSIONATE CARE TO NORTHWEST COMMUNITIES FOR MORE THAN A CENTURY. DURING THE MOST RECENT FISCAL YEAR (2012), PEACEHEALTH PROVIDED PATIENT CARE TO THESE COMMUNITIES THROUGH MORE THAN 56,388 INPATIENT ADMISSIONS AND 455,873 OUTPATIENT REGISTRATIONS, AND 197,833 EMERGENCY VISITS. PEACEHEALTH CONSISTENTLY RECEIVES NATIONAL RECOGNITION FOR INNOVATIONS IN PATIENT-CENTERED CARE, PATIENT SAFETY, HEALTH CARE TECHNOLOGY AND COST EFFICIENCY.

4b

(Code) (Expenses \$ 333,674,688 including grants of \$ 1,549,584) (Revenue \$ 181,213,077)

CHARITY CARE AND COMMUNITY BENEFITS PEACEHEALTH PROVIDES PARTIAL AND FULL CHARITY CARE TO PATIENTS UNABLE TO PAY FOR SERVICE. BRIDGE ASSISTANCE PATIENTS RECEIVE CARE AT REDUCED COST OR NO CHARGE WHEN IT IS DETERMINED THAT PAYMENT CANNOT BE OBTAINED THROUGH INSURANCE, OUTSIDE AGENCIES, OR PRIVATE MEANS. PEACEHEALTH OFFERS INFORMATION TO UNINSURED EMERGENCY AND OUTPATIENTS PRIOR TO ADMISSION. BRIDGE ASSISTANCE IS ALSO AVAILABLE POST-CARE THROUGH FINANCIAL COUNSELING. OTHER COMMUNITY BENEFIT COSTS INCLUDE THE MEANS-TESTED MEDICAID SHORTFALL, SUBSIDIZED SERVICES PROVIDED AT A FINANCIAL LOSS, NON-HEALTHCARE COMMUNITY BUILDING ACTIVITIES.

4c

(Code) (Expenses \$ 166,362,743 including grants of \$) (Revenue \$ 220,207,582)

CRITICAL ACCESS HOSPITALS AND CLINICS PEACEHEALTH OPERATES THREE HOSPITALS THAT ARE PART OF THE MEDICARE CRITICAL ACCESS HOSPITAL (CAH) PROGRAM. RURAL COMMUNITIES RELY ON THEIR HOSPITALS AS CRITICAL COMPONENTS OF THE COMMUNITIES ECONOMIC AND SOCIAL FABRIC. THESE HOSPITALS ARE TYPICALLY THE LARGEST OR SECOND LARGEST EMPLOYER IN THE COMMUNITY, AND OFTEN STAND ALONE IN THEIR ABILITY TO OFFER HIGHLY-SKILLED JOBS. DURING FISCAL YEAR 2012, THESE FACILITIES COLLECTIVELY ADMITTED 60,091 OUTPATIENT REGISTRATIONS, AND 2,697 INPATIENT ADMISSIONS.

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses \$ 1,373,441,838

Form 990 (2011)

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.		No
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.	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.	Yes	
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.	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	Yes	
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.	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV.	Yes	
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.		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I.		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II.		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements.	Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	1,750			
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	13,300			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	Yes			
b	If "Yes," enter the name of the foreign country: <u>ES</u> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	Yes			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15
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.)

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> OR , WA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. <input checked="" type="checkbox"/> JOHN FINLEY 1115 SE 164TH AVENUE VANCOUVER, WA 98683 (360) 729-1030

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

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

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

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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	10,020,231	0	1,500,931

2	Total number of individuals (including but not limited to those listed \$100,000 of reportable compensation from the organization)	1,161
----------	--	-------

		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
HOWARD S WRIGHT CONSTRUCTORS 501 EASTLAKE AVE E STE 100 SEATTLE, WA 98109	CONSTRUCTION	9,528,962
CHAMBERS CONSTRUCTION 3028 JUDKINS RD EUGENE, OR 97403	CONSTRUCTION	7,595,943
ARAMARK MANAGEMENT SERVICES 1101 MARKET ST PHILADELPHIA, PA 19107	UNIFORM SERVICE	5,483,028
DELOITTE CONSULTING LLP 925 4TH AVE STE 3300 SEATTLE, WA 98104	CONSULTING	4,727,580
NURSEFINDERS LLC 524 E LAMAR BLVD SUITE 300 ARLINGTON, TX 76011	HEALTH CARE STAFFING SERVICES	2,885,578

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 ►161

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	3,622,004				
	e	Government grants (contributions)	1e	1,005,965				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	970,461				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			5,598,430			
Program Service Revenue			Business Code					
	2a	HOSPITAL/CLINIC NON-CA	621110	1,187,595,509	1,187,595,509			
	b	CHARITY CARE & COM BEN	621110	214,836,518	214,836,518			
	c	CRITICAL ACCESS (CA) H	621500	131,955,056	131,955,056			
	d	OTHER OPERATING REV	900099	19,333,435	19,333,435			
	e	INCOME FROM PTSP	900099	3,789,947	3,789,947			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			1,557,510,465			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			15,341,940		15,341,940	
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		6,137,121						
		4,602,841						
		1,534,280						
	d	Net rental income or (loss)			1,534,280		1,534,280	
	7a	(i) Securities		(ii) Other				
		31,914,000		5,563,000				
		32,277,000		2,180,000				
		-363,000		3,383,000				
	d	Net gain or (loss)			3,020,000		3,020,000	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances		a				
	b	Less cost of goods sold		b				
	c	Net income or (loss) from sales of inventory . . .						
Miscellaneous Revenue		Business Code						
11a	LABORATORIES & OTHER	900099	36,437,821		36,437,821			
b	CAFETERIA	900099	6,852,795				6,852,795	
c	PHARMACY	900099	5,601,042		5,601,042			
d	All other revenue		3,172,877		3,172,877			
e	Total. Add lines 11a-11d			52,064,535				
12	Total revenue. See Instructions			1,635,069,650	1,557,510,465	45,211,740	26,749,015	

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	1,549,584	1,549,584		
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	14,214,869	2,842,974	11,371,895	
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	696,528,568	584,231,105	109,454,489	2,842,974
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	49,632,201	40,599,140	8,884,164	148,897
9	Other employee benefits	70,030,606	56,584,729	12,675,540	770,337
10	Payroll taxes	51,818,485	41,921,154	9,690,057	207,274
11	Fees for services (non-employees)				
a	Management	33,760,363	30,451,848	3,308,515	
b	Legal	1,671,879		1,655,161	16,718
c	Accounting	589,925		519,134	70,791
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	52,889,539	28,613,240	23,535,845	740,454
12	Advertising and promotion	2,516,729	2,416,060		100,669
13	Office expenses	7,140,901	271,354	6,869,547	
14	Information technology	12,940,183		12,940,183	
15	Royalties				
16	Occupancy	26,353,530	23,902,652	2,424,525	26,353
17	Travel	8,815,525	3,570,288	5,068,927	176,310
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	503,918		503,918	
20	Interest	35,802,885	35,086,828	716,057	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	105,232,570	96,813,964	7,366,280	1,052,326
23	Insurance	11,258,958	6,485,160	4,773,798	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	216,600,369	216,600,369		
b	BAD DEBT	80,190,967	80,190,967		
c	OTHER TAX	48,267,042	47,301,701	965,341	
d	CLINICAL PURCHASED SERV	42,891,572	42,891,572		
e					
f	All other expenses	36,608,411	31,117,149	5,491,262	
25	Total functional expenses. Add lines 1 through 24f	1,607,809,579	1,373,441,838	228,214,638	6,153,103
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			93,057,707	1	82,020,284
	2	Savings and temporary cash investments			243,096,494	2	296,275,064
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			196,758,485	4	216,872,859
	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			39,335,350	7	36,835,942
	8	Inventories for sale or use			25,636,643	8	26,368,680
	9	Prepaid expenses and deferred charges			11,055,462	9	10,085,773
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	1,851,867,758			
	b	Less: accumulated depreciation	10b	869,095,151	1,023,314,727	10c	982,772,607
	11	Investments—publicly traded securities			258,293,489	11	366,047,181
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			529,951,305	14	500,982,900
	15	Other assets. See Part IV, line 11			171,052,050	15	46,021,546
	16	Total assets. Add lines 1 through 15 (must equal line 34)			2,591,551,712	16	2,564,282,836
Liabilities	17	Accounts payable and accrued expenses			170,903,870	17	159,068,201
	18	Grants payable				18	
	19	Deferred revenue			124,917,041	19	209,634,486
	20	Tax-exempt bond liabilities			666,529,370	20	667,447,492
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties			18,876,487	24	4,552,985
	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			53,930,874	25	54,815,475
	26	Total liabilities. Add lines 17 through 25			1,035,157,642	26	1,095,518,639
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			1,497,688,608	27	1,409,955,560
	28	Temporarily restricted net assets			47,754,068	28	47,654,522
	29	Permanently restricted net assets			10,951,394	29	11,154,115
	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			1,556,394,070	33	1,468,764,197
	34	Total liabilities and net assets/fund balances			2,591,551,712	34	2,564,282,836

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,635,069,650
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,607,809,579
3	Revenue less expenses Subtract line 2 from line 1	3	27,260,071
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,556,394,070
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-114,889,944
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,468,764,197

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization PEACEHEALTH	Employer identification number 91-0939479
---	--

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>

Part IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization			
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization			
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions			

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

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

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

Name of the organization PEACEHEALTH	Employer identification number 91-0939479
---	--

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

1

Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2

Political expenditures

▶ \$

3

Volunteer hours

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

1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$

2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$

3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes ☐ No

4a

Was a correction made?

☐ Yes ☐ No

b

If "Yes," describe in Part IV

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

1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$

2

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

▶ \$

3

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

▶ \$

4

Did the filing organization file Form 1120-POL for this year?

☐ Yes ☐ No

5

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

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a If zero or less, enter -0-														
i	Subtract line 1f from line 1c If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		204,000
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			204,000
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
PEACEHEALTH

Employer identification number

91-0939479

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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	58,808,637				
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	58,808,637				

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

- a** Board designated or quasi-endowment ▶
- b** Permanent endowment ▶ 18 970 %
- c** Term endowment ▶ 81 030 %

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

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

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

Part VI 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		75,506,030		75,506,030
b Buildings		1,146,337,868	560,852,368	585,485,500
c Leasehold improvements				
d Equipment		583,131,710	285,300,530	297,831,180
e Other		46,892,150	22,942,253	23,949,897
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> ▶				982,772,607

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	1,635,069,650
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,607,809,579
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	27,260,071
4	Net unrealized gains (losses) on investments	4	-4,831,997
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-110,057,947
9	Total adjustments (net) Add lines 4 - 8	9	-114,889,944
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-87,629,873

Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements	1	1,641,543,650
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	6,474,000
e	Add lines 2a through 2d	2e	6,474,000
3	Subtract line 2e from line 1	3	1,635,069,650
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	1,635,069,650

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	1,740,637,929
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	132,828,350
e	Add lines 2a through 2d	2e	132,828,350
3	Subtract line 2e from line 1	3	1,607,809,579
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	1,607,809,579

Part XIVSupplemental 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 INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE INTENDED USE OF THE ORGANIZATION'S ENDOWMENT FUNDS IS TO SUPPORT PEACEHEALTH
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN VALUE OF INTEREST RATE SWAPS - 65,870,634 INVESTMENT IN CONSOLIDATED SUBSIDIARIES -62,125,707 RESTRICTED CONTRIBUTIONS 8,835,860 GAIN ON INVESTMENTS RECORDED ON THE EQUITY METHOD 6,474,000 CHANGE IN INTEREST IN NET ASSETS OF RELATED FOUNDATIONS 2,563,915 TRANSFER FROM (TO) RELATED DIVISION - 6,984 EXPENDITURE OF RESTRICTED DONATIONS - TEMP RESTRICTED FUND -6,803 OTHER, NET 78,406 TOTAL TO SCHEDULE D, PART XI, LINE 8 -110,057,947
PART XII, LINE 2D - OTHER ADJUSTMENTS		GAIN ON INVESTMENTS RECORDED ON THE EQUITY METHOD 6,474,000
PART XIII, LINE 2D - OTHER ADJUSTMENTS		INVESTMENT IN CONSOLIDATED SUBSIDIARIES 62,125,707 UNREALIZED LOSSES 4,831,997 CHANGE IN VALUATION OF INTEREST RATE SWAPS 65,870,634 OTHER, NET 12
		PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE THE CORPORATION ADOPTED FASB INTERPRETATION NO. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN INTERPRETATION OF FASB STATEMENT 109 (FIN 48), ON JULY 1, 2007. FIN 48 CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN AN ENTERPRISE'S FINANCIAL STATEMENTS IN ACCORDANCE WITH FASB STATEMENT NO. 109, ACCOUNTING FOR INCOME TAXES. FIN 48 ALSO PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT STANDARD FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF AN INCOME TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. ONLY TAX POSITIONS THAT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD AT THE EFFECTIVE DATE MAY BE RECOGNIZED OR CONTINUE TO BE RECOGNIZED UPON ADOPTION. IN ADDITION, FIN 48 PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE, AND TRANSITION. THE ADOPTION OF FIN 48 DID NOT HAVE A SIGNIFICANT IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CORPORATION.

1

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

3 Enter total number of other organizations or entities ► _____

Part III

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☐ Yes

☒ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes

☒ No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS OUTSIDE THE U S		SCHEDULE F, PART I, LINE 2 THIS PROGRAM IS SUBJECT TO THE SAME OVERSIGHT AS THE ORGANIZATION'S DOMESTIC PROGRAMS, INCLUDING MANAGEMENT CONTROL AND OVERSIGHT

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input checked="" type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input checked="" type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's policy provide free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			56,941,707		56,941,707	3 540 %
b Medicaid (from Worksheet 3, column a)			272,511,080	152,349,827	120,161,253	7 470 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			329,452,787	152,349,827	177,102,960	11 010 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,884,150	111,784	1,772,366	0 110 %
f Health professions education (from Worksheet 5)			860,444	0	860,444	0 050 %
g Subsidized health services (from Worksheet 6)			0	0		
h Research (from Worksheet 7)			0	0		
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,477,307	0	1,477,307	0 090 %
j Total Other Benefits			4,221,901	111,784	4,110,117	0 250 %
k Total. Add lines 7d and 7j			333,674,688	152,461,611	181,213,077	11 260 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			71,869	0	71,869	0 %
4Environmental improvements			65,957	0	65,957	0 %
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			536		536	0 %
8Workforce development			272,696	0	272,696	0 020 %
9Other			208,218		208,218	0 010 %
10Total			619,276		619,276	0 030 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense	2	38,516,869
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	301,374,676
6	Enter Medicare allowable costs of care relating to payments on line 5	6	341,384,556
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-40,009,880
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 7

Name and address

[illegible]

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

SACRED HEART MED CTR RIVERBEND

Name of Hospital Facility:_____

Line Number of Hospital Facility (from Schedule H, Part V, Section A):_____1_____

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1		
a <input type="checkbox"/> A definition of the community served by the hospital facility			
b <input type="checkbox"/> Demographics of the community			
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input type="checkbox"/> How data was obtained			
e <input type="checkbox"/> The health needs of the community			
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs			
h <input type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j <input type="checkbox"/> Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5		
a <input type="checkbox"/> Hospital facility's website			
b <input type="checkbox"/> Available upon request from the hospital facility			
c <input type="checkbox"/> Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b <input type="checkbox"/> Execution of the implementation strategy			
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility			
d <input type="checkbox"/> Participation in community-wide community benefit plan			
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans			
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g <input type="checkbox"/> Prioritization of health needs in the community			
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes	

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

SACRED HEART MED CTR UNIV DISTRICT

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

ST JOSEPH MEDICAL CENTER

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

ST JOHN MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):4

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

KETCHIKAN MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):5

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

PEACE HARBOR MEDICAL CENTER

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): _____6_____

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 0000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	9	Yes	

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

COTTAGE GROVE COMMUNITY MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):7

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHOLODOGY USED TO DETERMINE THE AMOUNTS REPORTED ON PART I, LINE 7 IS A COST TO CHARGE RATIO DETERMINED BY COMPARING TOTAL PATIENT CHARGES TO THE PATIENT CARE EXPENSES (EXCLUSIVE OF NON-OPERATING EXPENSES AND BAD DEBT) THIS RATIO IS THEN APPLIED TO THE CHARITY CARE CHARGES TO ARRIVE AT THE AMOUNT OF CHARITY CARE REPORTED ON LINE 7

Identifier	ReturnReference	Explanation
	SCHEDULE H, PART I, LINE 7I	ACCOUNTING SYSTEMS FOR CAPTURING NON-BILLED COMMUNITY BENEFIT ARE NOT WELL DEVELOPED AS A CONSEQUENCE THIS NUMBER IS UNDERSTATED IN FUTURE YEARS, PEACEHEALTH ANTICIPATES THIS WILL BE REMEDIED

Identifier	ReturnReference	Explanation
BAD DEBT EXCLUDED	PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 24, COLUMN (A) WHICH IS EXCLUDED FOR THE CALCULATION OF PART I, LINE 7, COLUMN (F) OF THIS SCHEDULE IS \$80,190,966

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE CALCULATION ABOVE IS COMPLETED USING MEDICARE COST REPORT DATA AN ALTERNATIVE CALCULATION USING THE COST TO CHARGE RATIO METHODOLOGY, WOULD RESULT IN A GREATER SHORTFALL

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE (AT COST)	PART III, SECTION A, LINE 2	THIS WAS CALCULATED USING GROSS CHARGES APPLIED TO BAD DEBT EXPENSE (\$80,190,966) MULTIPLIED BY THE COST-TO-CHARGE RATIO (48.031%)

Identifier	ReturnReference	Explanation
MEDICARE SHORTFALL AND ALLOWABLE COSTS COSTING METHOD	PART III, LINE 8	TO DETERMINE THE AMOUNT REPORTED ON PART III, LINE 6, PEACEHEALTH ALLOCATES OVERHEAD COSTS TRACKED USING THE COST REPORTING PACKAGE OF PEACEHEALTH TO EACH DEPARTMENT OF PEACEHEALTH AND ADDED TO THE OPERATING COSTS SPECIFICALLY ASSIGNED TO THAT DEPARTMENT VIA PEACEHEALTH'S COST REPORTING PACKAGE A COST TO CHARGE RATIO, SPECIFIC TO EACH DEPARTMENT IS THEN CALCULATED BASED ON THE RATIO OF THE COST OF OPERATION OF EACH DEPARTMENT OF EACH DEPARTMENT'S CHARGES THIS RATIO IS THEN APPLIED TO THE MEDICARE CHARGES ASSOCIATED WITH EACH DEPARTMENT TO ARRIVE AT THE MEDICARE ALLOWABLE COSTS IRS REVENUE RULING 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NONPROFIT HOSPITALS, STATES THAT IF A HOSPITAL SERVES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY THIS IMPLIES THAT TREATING MEDICARE PATIENTS IS A COMMUNITY BENEFIT THE ELDERLY ARE OFTEN AN UNDERSERVED POPULATION WHO EXPERIENCE ISSUES WITH ACCESS TO HEALTHCARE SERVICES WITHOUT TAX-EXEMPT HOSPITALS PROVIDING MEDICARE SERVICES, OTHER SEGMENTS OF SOCIETY WOULD BEAR THE BURDEN OF PROVIDING MEDICAL SERVICES FOR THE ELDERLY

Identifier	ReturnReference	Explanation
PROVISIONS ON COLLECTION PRACTICES FOR QUALIFIED PATIENTS	PART III, LINE 9B	IN CASES WHERE MEDICALLY NECESSARY AND PREVENTATIVE SERVICES ARE PROVIDED REGARDLESS OF THE PATIENT'S ABILITY TO PAY, PEACEHEALTH MAKES FINANCIAL COUNSELING AVAILABLE BY POLICY, PEACEHEALTH DOES NOT TURN A PATIENT ACCOUNT INTO COLLECTIONS WITHOUT SOME FORM OF FINANCIAL COUNSELING OCCURRING ONE ELEMENT OF FINANCIAL COUNSELING INCLUDES A "BRIDGE ASSISTANCE" PROGRAM THIS PROGRAM ALLOWS QUALIFIED PATIENTS TO RECEIVE CARE AT REDUCED COST OR WITHOUT CHARGE WHEN IT HAS BEEN DETERMINED THAT PAYMENT FOR THOSE SERVICES CANNOT BE OBTAINED THROUGH INSURANCE, OUTSIDE AGENCIES, OR PRIVATE MEANS ACCOUNTS WILL BE CONSIDERED FOR BAD DEBT WRITE-OFF WHEN THE PATIENT HAS DEMONSTRATED AN UNWILLINGNESS TO PAY ACCORDING TO PEACEHEALTH'S PAYMENT POLICY TELEPHONE CALLS AND WRITTEN COMMUNICATION WILL BE USED TO FACILITATE PAYMENT ACCOUNTS WILL BE REFERRED TO A COLLECTION AGENCY WHEN THE PATIENT HAS NOT AGREED TO AN ACCEPTABLE PAYMENT PLAN, DOES NOT RESPOND TO TELEPHONE CALLS AND/OR LETTERS, OR CANNOT BE LOCATED UNPAID ACCOUNTS WILL BE SENT TO A COLLECTION AGENCY EXCEPT FOR BANKRUPTCIES, SMALL BALANCES, AND ACCOUNTS MEETING CHARITY CRITERIA IF, AT ANY POINT DURING THE COLLECTION PROCESS, A PATIENT PROVIDES AN APPLICATION WITH PROOF OF INCOME SUPPORTING A REDUCTION, THE CHARITY AMOUNT WILL BE CREDITED TO THE PATIENT ACCOUNT AND FURTHER COLLECTION ACTIONS ON THAT PORTION OF THE BALANCE WILL CEASE

Identifier	ReturnReference	Explanation
SACRED HEART MED CTR RIVERBEND		PART V, SECTION B, LINE 10 THE FPG FAMILY INCOME LIMIT PERCENTAGE FOR ELIGIBILITY FOR DISCOUNTED CARE IS 201 00% - 400 00%

Identifier	ReturnReference	Explanation
SACRED HEART MED CTR RIVERBEND		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
SACRED HEART MED CTR UNIV DISTRICT		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
ST JOSEPH MEDICAL CENTER		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
ST JOHN MEDICAL CENTER		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
KETCHIKAN MEDICAL CENTER		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
PEACE HARBOR MEDICAL CENTER		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
COTTAGE GROVE COMMUNITY MEDICAL CENTER		PART V, SECTION B, LINE 19D IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R)LIMITATION ON CHARGESAN ELIGIBLE INDIVIDUAL UNDER A HOSPITALS FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE PEACEHEATH HOSPITALS HAVE FAPS THAT PROVIDE FOR DISCOUNTS TO ELIGIBLE INDIVIDUALS ON A SLIDING SCALE UP TO 400% OF THE FEDERAL POVERTY LEVEL WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 NEEDS VARY BY REGION, SO ANY ASSESSMENT OF NEEDS IS CUSTOMIZED TO THE LOCAL COMMUNITY STILL, THERE ARE SOME APPROACHES THE REGIONS HAVE IN COMMON TO ASSURE WE ARE TRULY UNDERSTANDING AND MEETING THE MOST SIGNIFICANT COMMUNITY NEEDS TYPICALLY WE ENGAGE COMMITTEES OF STAFF, BOARD MEMBERS AND VOLUNTEERS TO REVIEW AND ACT ON FUNDING REQUESTS FROM COMMUNITY-BASED ORGANIZATIONS IN MAKING THEIR CASE FOR FUNDING, APPLICANTS MUST THOROUGHLY EXPLAIN THE NEED, THE POPULATION SERVED, THE EFFECTIVENESS OF THEIR PROGRAMS, AND THE DESIRED OUTCOME IN ADDITION TO HELPING OUR BOARD COMMITTEES MAKE WISE STRATEGIC INVESTMENT IN PROGRAMS THAT EFFECTIVELY ADDRESS COMMUNITY NEEDS, THIS PROCESS ALSO KEEPS OUR STAFF AND BOARD MEMBERS ATTUNED TO CHANGES IN OUR COMMUNITY WHEN WE EVALUATE THE COMMUNITY'S DEMAND AND DESIRE FOR A PARTICULAR SERVICE, WE ASSESS A WHOLE HOST OF FACTORS, INCLUDING -ALTERNATIVE WAYS TO ACCESS CARE-OUR ABILITY TO PROVIDE THE NECESSARY STAFF, EQUIPMENT AND SPACE-THE EFFECT ON THE COMMUNITY AND PATIENTS IF WE DID NOT PROVIDE THECARE-THE COMMUNITY'S BEST INTEREST-RESULTS OF AN ETHICAL DISCERNMENT IN PEACEHEALTH OREGON REGION THE PRIMARY TOOL FOR ASSESSING COMMUNITY HEALTH IS A BIENNIAL NEEDS ASSESSMENT REPORT PRODUCED BY UNITED WAY AND BASED ON A COMMUNITY SURVEY THE LATEST STUDY FOUND THAT PAYING FOR MEDICAL INSURANCE AND PAYING FOR DOCTOR/DENTIST VISITS WERE THE TOP TWO PROBLEMS REPORTED DIFFICULTY PAYING FOR PRESCRIPTION MEDICATIONS WAS IN THE TOP 10 LIST OF PROBLEMS IN PEACEHEALTH LOWER COLUMBIA REGION MEDICAL STAFF AND HOSPITAL LEADERS PARTICIPATE IN A BIENNIAL COMMUNITY HEALTH RESEARCH STUDY THAT EXAMS SOCIAL DETERMINANTS OF HEALTH, HIGHLIGHTS KEY HEALTH SCORES AND INDICATORS, AND RECOGNIZES CHAMPIONS FOR HEALTHY LIFESTYLES THE COMMUNITY HEALTH REPORT CARD IS COORDINATED BY PATHWAYS 2020, A NONPROFIT ORGANIZATION DEDICATED TO IMPROVING THE QUALITY OF LIFE IN COWLITZ COUNTY THROUGH COLLABORATIVE PARTNERSHIPS, RESOURCE MOBILIZATION, STRATEGIC PLANNING AND PROGRAM DEVELOPMENT PEACEHEALTH IS AN ACTIVE PARTNER IN PRODUCING THE REPORT CARD IN PEACEHEALTH WHATCOM REGION A PRIMARY MEANS OF ASSESSING COMMUNITY HEALTH NEEDS OVER THE LAST FIVE YEARS HAS BEEN THROUGH THE EFFORTS OF THE WHATCOM COALITION FOR HEALTHY COMMUNITIES PEACEHEALTH ST JOSEPH MEDICAL CENTER WAS A CO-FOUNDER OF THIS ORGANIZATION, ALONG WITH THE COUNTY HEALTH DEPARTMENT AND THE LOCAL UNITED WAY WITH PEACEHEALTH SUPPORT, THE COALITION DEVELOPED A WEB-BASED SYSTEM FOR REPORTING AND TRACKING A SET OF COMMUNITY HEALTH INDICATORS WHICH IS MAINTAINED AT WHATCOMCOUNTS.ORG IN PEACEHEALTH SOUTHEAST ALASKA REGION A GAP IN CARE OR SERVICES MAY RESULT WHEN ANOTHER LOCAL PROVIDER DISCONTINUES A SERVICE CHANGING TIMES HAVE RESULTED IN THE CLOSURE OF MOST INDEPENDENT PHYSICIAN OFFICES AND THE LOCAL MUNICIPAL BEHAVIORAL HEALTH PROGRAM WHEN NO OTHER PROVIDER STEPS IN, KETCHIKAN GENERAL HOSPITAL (AS THE LARGEST HEALTH CARE PROVIDER IN THE REGION) IS TYPICALLY ASKED TO ASSUME OR ABSORB THE DELIVERY OF THAT CARE OR SERVICE GROWTH OF THE PEACEHEALTH MEDICAL GROUP IN PRIMARY CARE AND OB/GYN WAS A DIRECT RESULT OF THIS SITUATION WHERE IF WE HAD NOT STEPPED IN, THESE SERVICES WOULD NOT BE AVAILABLE TODAY ANOTHER KEY EXAMPLE OF THIS WAS THE DECISION TO TAKE OVER THE MANAGEMENT OF A SATELLITE RURAL HEALTH CLINIC IN CRAIG, ALASKA, INVOLVING A COMPREHENSIVE ASSESSMENT AND ETHICAL DISCERNMENT ADDITIONAL WAYS PEACEHEALTH STAYS IN TOUCH WITH THE COMMUNITY -PATIENT COUNCILS COMMUNITY MEMBERS PROVIDE INPUT AND FEEDBACKADMINISTRATORS ON THE PATIENT EXPERIENCE, ISSUES, CONCERNS AND IDEAS - COMMUNITY INVOLVEMENT HOSPITAL STAFF SERVES ON NUMEROUS BOARDS,COMMITTEES AND TASK FORCES THAT ADDRESS COMMUNITY HEALTH PROBLEMS ANDPROMOTE COMMUNITY HEALTH -SPEAKERS BUREAU HOSPITAL LEADERS AND EXPERTS ARE CALLED UPON TO ADDRESS COMMUNITY GROUPS ON A VARIETY OF HEALTH CARE TOPICS, TAKINGFEEDBACK, ANSWERING QUESTIONS AND LISTENING TO CONCERNS AND NEEDS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 PEACEHEALTH HAS A TIME-HONORED TRADITION OF PROVIDING HEALTH CARE SERVICES TO THE SICK AND AFFLICTED REGARDLESS OF ABILITY TO PAY IT IS CENTRAL TO OUR MISSION AND IS REINFORCED THROUGH OUR NEW EMPLOYEE ORIENTATION, TRAINING AND DEVELOPMENT PROGRAMS, LEADERSHIP MEETINGS, AND SPECIAL PROGRAMS SUCH AS LEADERSHIP IN MINISTRY PEACEHEALTH HAS AN INNOVATIVE "BRIDGE ASSISTANCE" PROGRAM WHICH PROVIDES FREE OR REDUCED-COST CARE TO LOW-INCOME INDIVIDUALS IN THE SPIRIT OF OUR CORE VALUE OF "RESPECTING INDIVIDUAL HUMAN DIGNITY AND WORTH," PEACEHEALTH USES THE NAME "BRIDGE ASSISTANCE" SO THAT PEOPLE USING THIS PROGRAM CAN REFER TO IT WITHOUT ANY DISCOMFORT OR EMBARRASSMENT QUALIFIED INDIVIDUALS RECEIVE A BRIDGE ASSISTANCE CARD WHICH THEY MAY PRESENT JUST AS ONE WOULD AN INSURANCE CARD MANY INDEPENDENT PROVIDERS IN THE COMMUNITY NOW ACCEPT PEACEHEALTH'S BRIDGE PROGRAM AS THEIR BENCHMARK FOR PROVIDING PRO BONO SERVICES THE NAME REFERS TO BRIDGING THE GAP OF FINANCIAL UNCERTAINTY FOR OUR PATIENTS IN NEED BRIDGE ASSISTANCE PROVIDES MEDICALLY NECESSARY AND PREVENTATIVE SERVICES FOR OUR PATIENTS AT PEACEHEALTH FACILITIES AT A REDUCED COST OR WITHOUT CHARGE WHEN PAYMENT CANNOT BE OBTAINED THROUGH ALL OTHER AVAILABLE FINANCIAL RESOURCES IT IS SECONDARY TO RESOURCES SUCH AS INSURANCE, THIRD PARTY LIABILITY PAYERS, GOVERNMENT PROGRAMS, OUTSIDE AGENCY PROGRAM, OR PRIVATE MEANS THE PURPOSE OF THE PROGRAM IS TO HELP MANAGE THE DELICATE BALANCE OF MAINTAINING FINANCIAL HEALTH AND WISE STEWARDSHIP WITH OUR MISSION OF PROVIDING COMMUNITY SERVICES IN ALL OF OUR SERVICE AREAS IT ENSURES THAT PATIENTS RECEIVE FAIR AND EQUAL FINANCIAL TREATMENT ACROSS PEACEHEALTH IT WORKS TOGETHER WITH OUR FINANCIAL COUNSELING SERVICES TO HELP PEACEHEALTH IDENTIFY PATIENTS WHO CAN BENEFIT FROM BRIDGE ASSISTANCE HERE IS AN EXAMPLE OF HOW WE WORK WITH OUR LOCAL COMMUNITIES TO ENROLL PEOPLE IN THE PROGRAM PEACEHEALTH ST JOSEPH MEDICAL CENTER WORKS CLOSELY WITH THE WHATCOM ALLIANCE AND THE AREA FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs) TO ENSURE THAT ALL ELIGIBLE PATIENTS SEEKING MEDICAL CARE KNOW ABOUT THE PEACEHEALTH BRIDGE ASSISTANCE PROGRAM ALLIANCE STAFF WORK WITH THE MEDICAL CENTER TO FOLLOW UP ON PATIENTS WHO FREQUENT THE EMERGENCY DEPARTMENT FOR CARE AND INFORM THEM OF AVAILABLE RESOURCES, INCLUDING POSSIBLE BRIDGE ASSISTANCE PATIENTS REFERRED FROM COMMUNITY HEALTH CENTERS SEEKING ACCESS TO DONATED SPECIALTY CARE ARE ROUTINELY ENROLLED IN BRIDGE ASSISTANCE AS PART OF THE PROCESS FOR DETERMINING ELIGIBILITY FOR COMMUNITY-WIDE DONATED CARE COMMUNICATION ELIGIBLE PATIENTS ARE MADE AWARE OF THIS PROGRAM THROUGH A VARIETY OF COMMUNICATION CHANNELS, INCLUDING -REFERRALS FROM COMMUNITY PARTNERS, INCLUDING NONPROFIT COMMUNITY CLINICS THAT ARE FREE OR LOW-COST- INFORMATION POSTED ON OUR WEB SITE AT http://www.peacehealth.org/shared-pages/pages/_bridgeassistance-default.aspx?from=/about-peacehealth/bridge-assistance-signage IN OUR WAITING ROOMS *-BROCHURES THROUGHOUT OUR FACILITIES *-FINANCIAL COUNSELING *AS PART OF OUR BASELINE OUTREACH PLAN, PEACEHEALTH POSTS SIGNS IN THE FOLLOWING AREAS -REGISTRATION AREAS-RECEPTION AREA-PAY STATIONS *-BROCHURES ARE MADE AVAILABLE IN THE FOLLOWING AREAS -REGISTRATION BOOTH/DESK-CHECK-IN AREAS (LAB, IMAGING, ETC)-WAITING AREAS-EXISTING BROCHURE DISPLAYS-ADMINISTRATION-PATIENT EXAM ROOMS (PROVIDER OFFICES)-PAY STATIONS</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☐

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

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3

Enter total number of other organizations listed in the line 1 table ▶

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 PEACEHEALTH PRE-SCREENS APPLICANTS TO DETERMINE THE NEED OF THE ORGANIZATION RECEIVING THE GRANT GRANTS AND DONTATIONS ARE THEN DETERMINED AND GIVEN TO THOSE ORGANIZATIONS WHOSE MISSION FALLS IN LINE WITH PROMOTING HEALTHCARE OR THE FURTHERANCE OF HEALTHCARE EDUCATION SINCE EACH GRANT IS CAREFULLY EXAMINED BEFORE IT IS GIVEN AND THE PURPOSE OF THE GRANT IS KNOWN BEFORE IT IS GIVEN, NO FOLLOW UP IS PERFORMED TO FIND OUT HOW THE GRANT WAS USED

Software ID:
Software Version:
EIN: 91-0939479
Name: PEACEHEALTH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SISTERS OF ST JOSEPH OF PEACE 1663 KILLARNEY WAY PO BOX 248 BELLEVUE, WA 980090248	91-0567741	501(C)(3)	290,925				MISSION SUPPORT
LANE COMMUNITY COLLEGE8000 EAST 30TH AVENUE EUGENE,OR 97405	93-0546223	501(C)(3)	275,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WHATCOM ALLIANCE FOR HEALTHCARE ACCESS800 EAST CHESTNUT LL STE 2 BELLINGHAM, WA 98225	81-0677295	501(C)(3)	125,893				COMMUNITY HEALTH NEEDS
INTERFAITH COMMUNITY HEALTH CENTER 220 UNITY STREET BELLINGHAM, WA 98225	91-2168190	501(C)(3)	112,158				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE COMMUNITY COLLEGE FOUNDATION4000 EAST 30TH AVENUE EUGENE, OR 97405	23-7113266	501(C)(3)	100,250				EDUCATION SUPPORT
ST LUKES FOUNDATION OF BELLINGHAM800 E CHESTNUT SUITE 1B BELLINGHAM, WA 98225	91-1192943	501(C)(3)	100,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
THE VOLUNTEERS IN MEDICINE CLINIC3321 W 11TH AVENUE EUGENE, OR 97402	93-1276816	501(C)(3)	80,000				COMMUNITY HEALTH NEEDS
COMMUNITY HEALTH PARTNERS 1452 HUDSON STREET US BANK STE 208 LONGVIEW, WA 98632	91-2016542	501(C)(3)	68,670				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY OF LANE COUNTY3171 GATEWAY LOOP SPRINGFIELD, OR 97477	93-0394142	501(C)(3)	57,500				COMMUNITY BENEFIT
FAMILY CARE NETWORK PLLC709 W ORCHARD DRIVE STE 4 BELLINGHAM, WA 98225	91-1753976	501(C)(3)	50,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WILLAMETTE FAMILY TREATMENT SERVICES687 CHESHIRE STREET EUGENE, OR 97402	93-0569684	501(C)(3)	41,896				COMMUNITY HEALTH NEEDS
BRIGID COLLINS HOUSE1231 N GARDEN STREET 200 BELLINGHAM, WA 98225	94-3121951	501(C)(3)	26,750				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
PATHWAYS 2020 1452 HUDSON STREET US BANK STE 208 LONGVIEW, WA 98632	91-1954815	501(C)(3)	24,000				COMMUNITY HEALTH NEEDS
WILLAMETTE COMMUNITY HEALTH SOLUTIONS2650 SUZANNE WAY SUITE 200 EUGENE, OR 97408	93-0421470	501(C)(3)	21,750				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIGHTHOUSE MISSION MINISTRIES910 W HOLLY STREET BELLINGHAM, WA 98225	91-0659437	501(C)(3)	20,000				MISSION SUPPORT
SUSAN G KOMEN FDTN1500 SW FIRST AVENUE 270 PORTLAND, OR 97201	93-1068897	501(C)(3)	19,200				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EUGENE EDUCATION FUND PO BOX 1015 EUGENE,OR 97440	93-1128220	501(C)(3)	18,620				EDUCATION SUPPORT
MARCH OF DIMES 1050 SANSOME STREET 4TH FLOOR SAN FRANCISCO, CA 94111	13-1846366	501(C)(3)	17,500				COMMUNITY BENEFIT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE COUNTY OREGON125 EAST 8TH AVENUE EUGENE, OR 97401	93-6002303	GOVT	17,333				COMMUNITY BENEFIT
KETCHIKAN GENERAL HOSPITAL FOUNDATION3100 TONGASS AVENUE KETCHIKAN, AL 99901	65-1225184	501(C)(3)	7,325				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ROTARY FOUNDATION OF LONGVIEW950 12TH AVENUE STE 150 LONGVIEW, WA 98632	30-0474480	501(C)(3)	11,500				COMMUNITY BENEFIT
COLUMBIA THEATRE ASSOC FOR THE PERFORMING ARTS PO BOX 1026 LONGVIEW, WA 98632	91-1186556	501(C)(3)	10,000				PERFORMING ARTS PROMOTION

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE METRO PARTNERSHIP1401 WILLAMETTE STREET 2ND FLOOR EUGENE,OR 97401	93-0883707	501(C)(3)	10,000				COMMUNITY BENEFIT
AMERICAN CANCER SOCIETY2120 1ST AVENUE N SEATTLE,WA 98109	84-1316555	501(C)(3)	9,500				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SEA MAR COMMUNITY HEALTH CENTER 1040 S HENDERSON STREET SEATTLE, WA 96108	91- 1020139	501(C)(3)	7,918				COMMUNITY HEALTH NEEDS
LOWER COLUMBIA COLLEGEPO BOX 3010 LONGVIEW, WA 98632	91- 0823636	GOVT	6,500				EDUCATION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
YOUNG MENS CHRISTIAN ASSOCIATION766 15TH AVENUE/PO BOX 698 LONGVIEW, WA 98632	91-0565021	501(C)(3)	6,200				YOUTH ACTIVITIES
HELMETS R US2705 PACIFIC AVENUE TACOMA, WA 98402	91-2009438	501(C)(3)	6,187				COMMUNITY HEALTH NEEDS

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization PEACEHEALTH	Employer identification number 91-0939479
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Part I

Questions Regarding Compensation

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

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) ALAN YORDY	(i)	817,462	182,243	9,783	243,620	18,923	1,272,031	0
	(ii)	0	0	0	0	0	0	0
(2) STUART HENNESSEY	(i)	374,536	86,313	9,552	125,567	18,631	614,599	0
	(ii)	0	0	0	0	0	0	0
(3) KEVIN WALSTROM	(i)	443,016	153,114	18,361	105,994	17,120	737,605	0
	(ii)	0	0	0	0	0	0	0
(4) JOHN HAUGHOM	(i)	375,267	106,272	83,830	34,928	19,947	620,244	0
	(ii)	0	0	0	0	0	0	0
(5) PETER ADLER	(i)	411,508	95,273	6,531	127,231	22,304	662,847	0
	(ii)	0	0	0	0	0	0	0
(6) NANCY STEIGER	(i)	402,249	97,804	5,672	116,946	19,927	642,598	0
	(ii)	0	0	0	0	0	0	0
(7) CAROL AARON	(i)	325,035	75,585	76,603	42,366	16,202	535,791	0
	(ii)	0	0	0	0	0	0	0
(8) ELAINE SVIGEL DUNDA	(i)	365,484	84,288	5,002	122,916	19,947	597,637	0
	(ii)	0	0	0	0	0	0	0
(9) MEL PYNE	(i)	318,516	111,659	236,586	30,028	13,027	709,816	0
	(ii)	0	0	0	0	0	0	0
(10) JOSIAH JOHNSON	(i)	302,947	73,859	8,638	93,097	17,240	495,781	0
	(ii)	0	0	0	0	0	0	0
(11) RAN WHITEHEAD	(i)	257,407	76,261	7,878	34,730	20,523	396,799	0
	(ii)	0	0	0	0	0	0	0
(12) ERIK HAUCK	(i)	899,020	750	2,544	13,080	26,451	941,845	0
	(ii)	0	0	0	0	0	0	0
(13) DENNIS GORY	(i)	736,732	35,563	12,590	33,505	12,776	831,166	0
	(ii)	0	0	0	0	0	0	0
(14) STEPHEN COOK	(i)	738,555	35,563	10,069	27,597	17,235	829,019	0
	(ii)	0	0	0	0	0	0	0
(15) RAMAKOTA REDDY	(i)	683,902	35,644	4,324	23,078	21,884	768,832	0
	(ii)	0	0	0	0	0	0	0
(16) DAVID SAENGER	(i)	660,605	35,563	6,250	18,979	19,523	740,920	0
	(ii)	0	0	0	0	0	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	THE ORGANIZATION INFREQUENTLY PROVIDES THESE ITEMS TO CERTAIN PERSONS SUBJECT TO RESTRICTIVE WRITTEN POLICIES AND STRICT SUBSTANTIATION.
	PART I, LINE 4B	THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER AND SENIOR VICE PRESIDENTS ARE ELIGIBLE TO PARTICIPATE IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN. CONTRIBUTIONS TO THE PLAN ARE DISCLOSED ON SCHEDULE J AS DEFERRED COMPENSATION.

Software ID:
Software Version:
EIN: 91-0939479
Name: PEACEHEALTH

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ALAN YORDY	(i) (ii)	817,462 0	182,243 0	9,783 0	243,620 0	18,923 0	1,272,031 0	0 0
STUART HENNESSEY	(i) (ii)	374,536 0	86,313 0	9,552 0	125,567 0	18,631 0	614,599 0	0 0
KEVIN WALSTROM	(i) (ii)	443,016 0	153,114 0	18,361 0	105,994 0	17,120 0	737,605 0	0 0
JOHN HAUGHOM	(i) (ii)	375,267 0	106,272 0	83,830 0	34,928 0	19,947 0	620,244 0	0 0
PETER ADLER	(i) (ii)	411,508 0	95,273 0	6,531 0	127,231 0	22,304 0	662,847 0	0 0
NANCY STEIGER	(i) (ii)	402,249 0	97,804 0	5,672 0	116,946 0	19,927 0	642,598 0	0 0
CAROL AARON	(i) (ii)	325,035 0	75,585 0	76,603 0	42,366 0	16,202 0	535,791 0	0 0
ELAINE SVIGEL DUNDA	(i) (ii)	365,484 0	84,288 0	5,002 0	122,916 0	19,947 0	597,637 0	0 0
MEL PYNE	(i) (ii)	318,516 0	111,659 0	236,586 0	30,028 0	13,027 0	709,816 0	0 0
JOSIAH JOHNSON	(i) (ii)	302,947 0	73,859 0	8,638 0	93,097 0	17,240 0	495,781 0	0 0
RAN WHITEHEAD	(i) (ii)	257,407 0	76,261 0	7,878 0	34,730 0	20,523 0	396,799 0	0 0
ERIK HAUCK	(i) (ii)	899,020 0	750 0	2,544 0	13,080 0	26,451 0	941,845 0	0 0
DENNIS GORY	(i) (ii)	736,732 0	35,563 0	12,590 0	33,505 0	12,776 0	831,166 0	0 0
STEPHEN COOK	(i) (ii)	738,555 0	35,563 0	10,069 0	27,597 0	17,235 0	829,019 0	0 0
RAMAKOTA REDDY	(i) (ii)	683,902 0	35,644 0	4,324 0	23,078 0	21,884 0	768,832 0	0 0
DAVID SAENGER	(i) (ii)	660,605 0	35,563 0	6,250 0	18,979 0	19,523 0	740,920 0	0 0

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2011
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Employer identification number
Name of the organization PEACEHEALTH	
	91-0939479

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A STATE OF OREGON	93-6001787	68608JBR1	10-14-2004	15,000,000	CONSTRUCT MEDICAL COMPLEX		X		X		X
B WA HEALTHCARE FACILITIES AUTHORITY	91-1108929	93978EU26	06-26-2008	80,650,000	REFUND PRIOR BOND ISSUE		X		X		X
C OR FACILITIES AUTHORITY	93-6001787	68608JJG7	06-26-2008	95,495,000	REFUND PRIOR BOND ISSUE		X		X		X
D OR FACILITIES AUTHORITY	93-6001787	68608JJH5	06-26-2008	99,175,000	REFUND PRIOR BOND ISSUE		X		X		X

Part II

Proceeds

1	Amount of bonds retired	A		B		C		D	
2	Amount of bonds defeased								
3	Total proceeds of issue	15,000,000		80,650,000		95,495,000		99,175,000	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	388,824		385,500		461,344		447,960	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	14,611,176		80,264,500		95,033,656		98,727,032	
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2006		2008		2008		2008	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A OR FACILITIES AUTHORITY	93-6001787	68608JKB6	10-15-2009	100,795,000	REFUND PRIOR BOND ISSUE		X		X		X
B WA HEALTHCARE FACILITIES AUTHORITY	91-1108929	93978E5T5	10-15-2009	94,835,000	REFUND PRIOR BOND ISSUE		X		X		X
C STATE OF OREGON	93-6001787	68608JPE5	08-11-2011	150,000,000	REFUND PRIOR BOND ISSUE		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds defeased								
3	Total proceeds of issue	104,387,250		99,515,443		150,000,000			
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	451,417		407,109					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	103,935,833		99,108,334		150,000,000			
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2008		2008		2011		YesNo	
		Yes	No	Yes	No	Yes	No		
14	Were the bonds issued as part of a current refunding issue?	X		X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

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

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS PREPARED BY AN EMPLOYEE CPA, WITH CONSULTATION AND REVIEW FROM EXTERNAL ADVISORS, AND FUTHER REVIEWED BY THE CFO AND PRESIDENT & CEO PRIOR TO SIGNATURE. THE FORM IS PROVIDED TO THE BOARD OF DIRECTORS PRIOR TO FILING.
	FORM 990, PART VI, SECTION B, LINE 12C	REGULARLY SCHEDULED EDUCATION IS PROVIDED TO EMPLOYEES AND BOARD MEMBERS THROUGHOUT THE YEAR AS TO THE REQUIREMENTS OF THE CONFLICT OF INTEREST POLICY. OFFICERS, KEY EMPLOYEES AND ALL BOARD MEMBERS ARE REQUIRED TO COMPLETE AN ANNUAL WRITTEN CONFLICT OF INTEREST QUESTIONNAIRE. THEIR RESPONSES TO THE QUESTIONNAIRE ARE ANNUALLY REVIEWED BY THE LEGAL DEPARTMENT AND THE ORGANIZATIONAL INTEGRITY DEPARTMENT. THE LEGAL DEPARTMENT REGULARLY REVIEWS THE MINUTES FROM THE BOARD MEETINGS AND THE MINUTES FROM THE MANAGEMENT EXECUTIVE COMMITTEE MEETINGS TO CHECK VOTING RECORDS AGAINST THE DISCLOSED POTENTIAL CONFLICTS OF INTEREST. CHAIRPERSONS AND THEIR SUPPORTIVE MINUTE TAKERS ARE TRAINED IN THE CORRECT PROCEDURE TO FOLLOW WHENEVER A POTENTIAL CONFLICT OF INTEREST ARISES. IN THE EVENT OF A CONFLICT OF INTEREST, RESTRICTIONS ARE IMPOSED AND APPROPRIATE MEASURES ARE TAKEN TO ADDRESS THE IDENTIFIED ISSUE.
	FORM 990, PART VI, SECTION B, LINE 15	THE INDEPENDENT NATIONAL CONSULTING FIRM OF SULLIVAN AND COTTER IS RETAINED BY THE EXECUTIVE COMMITTEE OF THE PEACEHEALTH BOARD - WHICH ALSO SERVES AS THE COMPENSATION COMMITTEE. ALL COMMITTEE MEMBERS ARE SUBJECT TO THE CONFLICT OF INTEREST POLICIES AND MUST RECUSE THEMSELVES IN THE EVENT OF A POTENTIAL CONFLICT. SULLIVAN COTTER IS REGULARLY AND CONSISTENTLY UTILIZED TO PREPARE AND ANALYZE COMPENSATION COMPARABILITY DATA FOR OFFICERS, KEY EXECUTIVES AND DISQUALIFIED PERSONS DESCRIBED IN THE INTERMEDIATE SANCTION REGULATIONS. THOSE REPORTS ARE PROVIDED TO THE EXECUTIVE COMMITTEE OF THE PEACEHEALTH BOARD OF DIRECTORS FOR COMPENSATION APPROVALS TO DETERMINE THE FAIR MARKET VALUE OF COMPENSATION FOR THESE INDIVIDUALS, AND THESE APPROVALS ARE DOCUMENTED IN COMMITTEE MINUTES. THE PEACEHEALTH BOARD DOCUMENTS THE BASIS FOR ITS DETERMINATION CONCURRENTLY WITH MAKING THE COMPENSATION DETERMINATION. THERE ARE NO EMPLOYEE MEMBERS OF THE PH BOARD OR ITS EXECUTIVE COMMITTEE.
	FORM 990, PART VI, SECTION C, LINE 19	THE ARTICLES OF INCORPORATION AND EXTENSIVE FINANCIAL DATA ARE FILED WITH STATE GOVERNMENTS AND BECOME AVAILABLE TO THE PUBLIC. THE BYLAWS AND CONFLICT OF INTEREST POLICY ARE PROVIDED UPON REQUEST. INDEPENDENT FINANCIAL AUDITS OF THE COMPANY'S FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -4,831,997. CHANGE IN VALUE OF INTEREST RATE SWAPS - 65,870,634. INVESTMENT IN CONSOLIDATED SUBSIDIARIES -62,125,707. RESTRICTED CONTRIBUTIONS 8,835,860. GAIN ON INVESTMENTS RECORDED ON THE EQUITY METHOD 6,474,000. CHANGE IN INTEREST IN NET ASSETS OF RELATED FOUNDATIONS 2,563,915. TRANSFER FROM (TO) RELATED DIVISION -6,984. EXPENDITURE OF RESTRICTED DONATIONS - TEMP RESTRICTED FUND -6,803. OTHER, NET 78,406. TOTAL TO FORM 990, PART XI, LINE 5 -114,889,944.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) WHATCOM HEALTH INFORMATION NETWORK 625 CORNALL AVE BELLINGHAM, WA 98225 91-1993455	INFO NETWORK	WA	1,266,898	2,054,220	PEACEHEALTH

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

No

Yes

No

No

No

No

Yes

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) HEALTH VENTURES	C	9,500,000	CASH
(2) HEALTH VENTURES	K	33,737	CASH
(3) PEACEHEALTH SOUTHWEST MEDICAL CENTER	P	8,553,701	CASH
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

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

Software ID:

Software Version:

EIN: 91-0939479

Name: PEACEHEALTH

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
HEALTH VENTURES 1115 SE 164TH AVENUE VANCOUVER, WA 98683 91-1350776	HEALTHCARE	WA	501(C) (3)	LINE 11A	N/A	Yes	
SACRED HEART MEDICAL CENTER FOUNDATION PO BOX 10905 EUGENE, OR 97440 93-6026548	FUNDRAISING	OR	501(C) (3)	LINE 7	N/A		No
PEACE HARBOR HOSPITAL FOUNDATION 400 9TH STREET FLORENCE, OR 97439 93-1084126	FUNDRAISING	OR	501(C) (3)	LINE 7	N/A		No
COTTAGE GROVE COMMUNITY HOSPITAL FOUNDATION 1515 VILLAGE DRIVE COTTAGE GROVE, OR 97424 93-0688381	FUNDRAISING	OR	501(C) (3)	LINE 7	N/A		No
ST JOSEPH HOSPITAL FOUNDATION 800 EAST CHESTNUT STREET BELLINGHAM, WA 98225 94-3146369	FUNDRAISING	WA	501(C) (3)	LINE 7	N/A		No
WHATCOM HOSPICE FOUNDATION 800 EAST CHESTNUT BELLINGHAM, WA 98225 94-3146369	FUNDRAISING	WA	501(C) (3)	LINE 7	N/A		No
KETCHIKAN GENERAL HOSPITAL FOUNDATION 3100 TONGASS AVENUE KETCHIKAN, AK 99901 65-1225184	FUNDRAISING	AK	501(C) (3)	LINE 7	N/A		No
PEACEHEALTH SOUTHWEST MEDICAL CENTER 400 NE MOTHER JOSEPH PLACE VANCOUVER, WA 98664 91-6068143	HEALTHCARE	WA	501(C) (3)	LINE 3	SWHS	Yes	
SOUTHWEST WASHINGTON HEALTH SYSTEM 1115 SE 164TH AVENUE VANCOUVER, WA 98683 91-1230425	SUPPORT PEACEHEALTH SOUTHWEST MEDICAL CENTER	WA	501(C) (3)	LINE 11B, II	PEACEHEALTH	Yes	

Form

4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2011

Attachment
Sequence No 179

Department of the Treasury
Internal Revenue Service (99)

See separate instructions.

Attach to your tax return.

Name(s) shown on return PEACEHEALTH	Business or activity to which this form relates	Identifying number 91-0939479
--	---	----------------------------------

Part I Election to Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	0
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost	
7 Listed property Enter the amount from line 29	7		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9 Tentative deduction Enter the smaller of line 5 or line 8	9		
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A		
17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	1,265,965
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		36,463	5 0	HY		10,149
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	1,276,114
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost	
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25		
26 Property used more than 50% in a qualified business use									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use									
		%				S/L -			
		%				S/L -			
		%				S/L -			
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28			
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions)					
43 Amortization of costs that began before your 2011 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	



PEACEHEALTH

Consolidated Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

PEACEHEALTH
Consolidated Financial Statements
June 30, 2012 and 2011

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Directors
PeaceHealth

We have audited the accompanying consolidated balance sheets of PeaceHealth (the Corporation) (a Washington not-for-profit corporation) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PeaceHealth as of June 30, 2012 and 2011, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

October 18, 2012

PEACEHEALTH
Consolidated Balance Sheets
June 30, 2012 and 2011
(In thousands)

Assets	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 147,179	147,345
Short-term investments (note 4)	300,926	245,396
Accounts receivable, net (note 6)	253,312	251,312
Other receivables	31,620	28,243
Assets under securities lending agreement (note 4)	—	23,459
Inventory of supplies	33,820	33,030
Prepaid expenses and other	20,912	25,476
Assets whose use is limited that are required for current liabilities	23,258	22,578
Total current assets	<u>811,027</u>	<u>776,839</u>
Assets whose use is limited		
Cash and investments (note 4)	619,483	555,762
Investments in joint ventures and other	40,838	56,214
Total assets whose use is limited	<u>660,321</u>	<u>611,976</u>
Less current portion	<u>(23,258)</u>	<u>(22,578)</u>
Net assets whose use is limited	<u>637,063</u>	<u>589,398</u>
Property, plant, and equipment		
Land and improvements	118,297	115,184
Buildings, fixed equipment, and other	1,565,987	1,550,109
Moveable equipment	570,371	530,680
Construction in progress	61,236	57,355
Total property, plant, and equipment	<u>2,315,891</u>	<u>2,253,328</u>
Less accumulated depreciation	<u>(928,722)</u>	<u>(800,696)</u>
Net property, plant, and equipment	<u>1,387,169</u>	<u>1,452,632</u>
Deferred financing costs, net	6,829	8,088
Interest in net assets of related foundations	32,663	30,099
Other assets	54,516	45,791
Total assets	<u>\$ 2,929,267</u>	<u>2,902,847</u>

PEACEHEALTH
Consolidated Balance Sheets
June 30, 2012 and 2011
(In thousands)

Liabilities and Net Assets	2012	2011
Current liabilities		
Accounts payable	\$ 70,644	87,726
Accrued pay roll, pay roll taxes, and employee benefits	136,200	138,584
Accrued interest payable	4,545	4,701
Other current liabilities	40,745	33,878
Medical claims payable	6,533	7,649
Reimbursement settlements payable	22,089	8,500
Payable under securities lending agreement (note 4)	—	23,459
Current portion of long-term debt (note 7)	18,033	15,891
Total current liabilities	<u>298,789</u>	<u>320,388</u>
Other long-term liabilities	324,921	186,838
Long-term debt due after one year (note 7)	830,381	833,529
Net assets		
Unrestricted	1,428,152	1,504,629
Temporarily restricted (note 12)	35,644	46,295
Permanently restricted (note 12)	11,380	11,168
Total net assets	<u>1,475,176</u>	<u>1,562,092</u>
Total liabilities and net assets	<u>\$ 2,929,267</u>	<u>2,902,847</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH
Consolidated Statements of Operations
Years ended June 30, 2012 and 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
Revenues		
Net patient service revenue (note 2)	\$ 2,126,236	1,774,469
Premium revenue	141,598	67,303
Other operating revenue	67,041	57,054
Total revenues	<u>2,334,875</u>	<u>1,898,826</u>
Expenses		
Salaries and wages	961,564	809,703
Payroll taxes and benefits	237,300	208,587
Professional fees	26,274	19,626
Medical claims expense	104,007	47,232
Supplies and other expenses	668,059	535,880
Provision for bad debts	133,814	91,862
Depreciation and amortization of other assets	146,517	126,050
Interest and amortization of deferred financing costs	43,810	39,770
Total expenses	<u>2,321,345</u>	<u>1,878,710</u>
Excess of revenues over expenses from operations	<u>13,530</u>	<u>20,116</u>
Other income (loss)		
Contribution from the Southwest affiliation (note 1(b))	—	487,026
Investment income, net (note 4)	12,629	66,034
Gain on investments recorded on the equity method	6,474	3,865
Change in valuation of interest rate swaps	(77,564)	15,558
Other	1,628	961
Total other income, net	<u>(56,833)</u>	<u>573,444</u>
(Deficiency) excess of revenues over expenses	<u>(43,303)</u>	<u>593,560</u>
Donations for land, buildings, and equipment	3,808	1,753
Net assets released from restrictions	19,208	8,101
Change in interest in net assets of related foundations	653	3,932
Change in pension liability	(57,499)	(1,699)
Other changes in unrestricted net assets	656	4,356
(Decrease) increase in unrestricted net assets	<u>\$ (76,477)</u>	<u>610,003</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2012 and 2011

(In thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets at June 30, 2010	\$ 894,626	20,611	3,437	918,674
Excess of revenues over expenses	593,560	1,064	—	594,624
Restricted contribution from the Southwest affiliation	—	23,476	7,324	30,800
Other restricted contributions	—	11,518	—	11,518
Donations for land, buildings and equipment	1,753	—	—	1,753
Net assets released from restrictions	8,101	(11,928)	—	(3,827)
Change in interest in net assets of related foundations	3,932	2,520	190	6,642
Change in pension liability	(1,699)	—	—	(1,699)
Other changes in net assets	4,356	(966)	217	3,607
Change in net assets	610,003	25,684	7,731	643,418
Net assets at June 30, 2011	1,504,629	46,295	11,168	1,562,092
(Deficiency) excess of revenues over expenses	(43,303)	17	—	(43,286)
Other restricted contributions	—	1,718	8	1,726
Donations for land, buildings and equipment	3,808	6,484	—	10,292
Net assets released from restrictions	19,208	(20,322)	—	(1,114)
Change in interest in net assets of related foundations	653	1,708	203	2,564
Change in pension liability	(57,499)	—	—	(57,499)
Other changes in net assets	656	(256)	1	401
Change in net assets	(76,477)	(10,651)	212	(86,916)
Net assets at June 30, 2012	\$ 1,428,152	35,644	11,380	1,475,176

See accompanying notes to consolidated financial statements

PEACEHEALTH
Consolidated Statements of Cash Flows
Years ended June 30, 2012 and 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ (86,916)	643,418
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution from the Southwest affiliation	—	(517,826)
Depreciation and amortization	149,648	126,435
(Gain) loss on sale of land held for sale and property, plant, and equipment	(2,180)	6,204
Provision for bad debts	133,814	91,862
Change in pension liability	57,499	1,699
Restricted contributions	(10,300)	(1,753)
Net change in unrealized gains (losses) on investments	7,920	(42,575)
Realized gains on investments	(471)	(3,706)
Valuation adjustments on swap arrangements	77,564	(15,637)
Equity investment gain	(6,474)	(3,865)
Increase in interest in net assets of related foundations	(2,564)	(6,642)
Changes in operating assets and liabilities		
Increase in		
Accounts receivable, net	(139,191)	(116,388)
Other assets	(4,951)	(31,937)
Increase (decrease) in		
Accounts payable (net of capital expenditures)	(17,082)	17,249
Accrued payroll, payroll taxes, and employee benefits	(2,384)	20,576
Other liabilities	22,204	(8,478)
Net cash provided by operating activities	<u>176,136</u>	<u>158,636</u>
Cash flows from investing activities		
Contribution of cash from the Southwest affiliation	—	32,738
Purchase of property, plant, and equipment	(82,257)	(89,910)
Proceeds from sale of land held for sale and property, plant, and equipment	3,383	1,255
Purchase of investments	(303,915)	(78,764)
Sales and maturities of investments	193,879	50,957
Change in securities lending asset	23,459	(7,132)
Decrease in assets whose use is limited, other	5,186	9,573
Net cash used in investing activities	<u>(160,265)</u>	<u>(81,283)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	213,500	9,131
Principal payments on long-term debt	(216,378)	(10,967)
Proceeds from restricted contributions	10,300	1,753
Change in securities lending liability	(23,459)	3,107
Net cash (used in) provided by financing activities	<u>(16,037)</u>	<u>3,024</u>
Net (decrease) increase in cash and cash equivalents	(166)	80,377
Cash and cash equivalents at beginning of year	<u>147,345</u>	<u>66,968</u>
Cash and cash equivalents at end of year	\$ <u>147,179</u>	<u>147,345</u>
Supplemental disclosure of cash flow information		
Contribution from the Southwest affiliation	\$ —	(517,826)

See accompanying notes to consolidated financial statements

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(1) Organization

(a) Corporate Structure

PeaceHealth (the Corporation) is a Washington not-for-profit corporation with its corporate office located in Vancouver, Washington, which is sponsored by the Sisters of St. Joseph of Peace, and is recognized to be a Private Pontifical Juridic Person by the Roman Catholic Church. At June 30, 2012, the following regional healthcare delivery systems and operating divisions were components of the Corporation:

Southeast Alaska Region

PeaceHealth Ketchikan Medical Center

Whatcom Region

PeaceHealth St. Joseph Medical Center

Lower Columbia Region

PeaceHealth St. John Medical Center

Southwest Washington Health System (Southwest)

PeaceHealth Southwest Medical Center

Southwest Medical Group

PeaceHealth Southwest Medical Center Foundation

Property and Building Company, LLC

Columbia United Providers (CUP)

Oregon Region

PeaceHealth Sacred Heart Medical Center at University District

PeaceHealth Sacred Heart Medical Center at RiverBend

PeaceHealth Cottage Grove Community Medical Center

Siuslaw Region

PeaceHealth Peace Harbor Hospital

Systemwide Organizations

PeaceHealth Medical Group

PeaceHealth Laboratories

PeaceHealth Self-insured Trusts

These healthcare delivery systems and operating divisions, provide inpatient, outpatient, primary care and home care services in Alaska, Washington and Oregon. The Corporation operates these businesses primarily in Ketchikan, Alaska, Bellingham, Longview and Vancouver, Washington, Springfield, Eugene, Florence and Cottage Grove, Oregon.

(b) Southwest Washington Health System Affiliation

On January 1, 2011, the Corporation became the sole corporate member of Southwest. The financial position and results of operations of Southwest have been included in the consolidated financial statements of the Corporation since that date. Southwest's operations primarily consist of two

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

hospital campuses, several medical groups, a fundraising foundation, a Medicaid health plan (CUP), and certain other entities located in the Vancouver, Washington service area

This transaction was accounted for as an acquisition under Accounting Standards Codification (ASC) 958-805, *Not-for-Profit Entities – Business Combinations*. No consideration was paid by the Corporation to acquire the net assets of Southwest. The affiliation resulted in an excess of assets acquired over liabilities assumed, or a contribution from Southwest to the Corporation of approximately \$517.826. The unrestricted portion of the contribution of \$487.026 is included in other income in the accompanying consolidated statement of operations. The remaining \$30.800 of the contribution was restricted and is recorded in restricted net assets in the consolidated statement of changes in net assets.

The following table summarizes the fair value estimates of the Southwest assets acquired and liabilities assumed as of January 1, 2011:

Tangible assets acquired	\$	808,028
Intangible assets acquired		22,717
Liabilities assumed		(310,893)
Noncontrolling interests		(2,026)
Total identifiable net assets assumed/ contribution	\$	<u>517.826</u>

The fair value of the intangible assets acquired of \$22,717 consisted primarily of trade names (Southwest and Southwest Medical Center) valued at approximately \$21,990, which has been assigned an indefinite useful life.

The following are the financial results of Southwest included in the Corporation's 2011 consolidated statement of operations during the six-month period from the date of the affiliation through June 30, 2011:

Total revenues	\$	351,960
Deficiency of revenues over expenses from operations		(1,307)
Excess of revenues over expenses		8,690

The following pro forma consolidated financial information presents the Corporation's results as if the affiliation had been reported as of the beginning of the Corporation's fiscal year of July 1:

	2011	
	Actual	Pro forma
Total revenues	\$ 1,898,826	2,239,666
Excess of revenues over expenses from operations	20,116	17,241
Excess of revenues over expenses	593,560	635,744
Total assets	2,902,847	2,902,848

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(2) Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Corporation and its controlled affiliates. All significant intercompany transactions and balances have been eliminated.

(b) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The significant estimates in the Corporation's consolidated financial statements include accounts receivable allowances, reimbursement settlements payable, valuation of alternative investments, interest rate swaps, pension obligations, incurred but not reported amounts related to accrued healthcare costs, and liabilities related to self-insurance programs.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, cash in demand bank accounts, and all highly liquid debt instruments purchased with an original maturity of three months or less other than those amounts included in assets whose use is limited by the board of directors. The Corporation held cash equivalents of approximately \$117.787 and \$86.159 as of June 30, 2012 and 2011, respectively.

(d) Short-Term Investments

Short-term investments consist primarily of certificates of deposit, U.S. government, and other investment-grade securities, which are carried at fair value. Investment income or loss (including realized and unrealized gains and losses and interest and dividends) is included in the excess of revenues over expenses.

(e) Inventory of Supplies

Inventory is valued on a last-in, first-out basis, weighted average cost.

(f) Other Receivables

Other receivables primarily consist of amounts receivable from the states of Oregon and Washington and third-party payors related to Medicaid programs, amounts receivable from excess insurance carriers, and other miscellaneous amounts due for rent, meals, various settlements, and other items.

(g) Assets Whose Use is Limited

The majority of these assets have been set aside by management of the Corporation for future capital improvements and other purposes, over which management retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Corporation

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

have been reclassified as current in the consolidated balance sheets at June 30, 2012 and 2011. These items consist primarily of assets held by trustees under indenture agreements, investments in marketable equity and fixed income securities, mutual funds, and investments in joint ventures. Money market funds and all marketable securities have readily determinable market values and are, therefore, carried at fair value. The investments in joint ventures and other are accounted for using the equity or cost method.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized. Maintenance and repairs are expensed as they are incurred. When property, plant, and equipment is sold or retired, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded.

The Corporation assesses potential impairment of its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the asset's carrying value unlikely. An impairment loss is indicated when the sum of expected undiscounted future net cash flows is less than the carrying amount. The loss recognized is the difference between the fair value and the carrying amount. No impairment losses were recognized during the years ended June 30, 2012 and 2011.

(i) Depreciation

Depreciation on property, plant, and equipment is computed using the straight-line method over the following estimated useful lives:

Land improvements	5 – 25 years
Buildings and improvements	5 – 80 years
Fixed equipment	10 – 25 years
Leasehold improvements	Shorter of remaining length of the lease or useful life
Moveable equipment	3 – 20 years

(j) Deferred Financing Costs

These costs are amortized over the lives of the related debt issuances using the effective interest method.

(k) Other Assets

Other assets includes the estimated fair value associated with the plan assets of the Corporation's 457(b) and 457(f) postretirement savings plans, in the amount of approximately \$21,360 and \$13,865 at June 30, 2012 and 2011, respectively, with a corresponding amount included in other long-term liabilities. In addition, other assets include the estimated fair value associated with intangible assets, primarily the tradenames "Southwest Washington Health System" and "Southwest Medical Center." As a result of the affiliation transaction, approximately \$21,990 was assigned to these intangible

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

assets, which have indefinite useful lives. Intangible assets with indefinite lives are evaluated annually for impairment. No impairment losses were recognized during the years ended June 30, 2012 and 2011.

(l) Other Long-Term Liabilities

The caption other long-term liabilities on the consolidated balance sheets consists primarily of the estimated fair value associated with the Corporation's interest rate swaps of approximately \$154,591 and \$77,106 at June 30, 2012 and 2011, respectively, the liability for the Southwest pension plan of approximately \$85,857 and \$41,101 at June 30, 2012 and June 30, 2011, respectively, and the long-term portion of the liability for the self-insurance programs of approximately \$39,849 and \$27,620 at June 30, 2012 and 2011, respectively.

(m) Contributions and Grants

Contributions and grants are recognized as revenue upon receipt of the donor's pledge to contribute. Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts pledged that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

A donor restriction expires when an unconditional promise with an implied time restriction is collected or when the purpose for the restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of operations as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions at the time restrictions are met.

Permanently restricted net assets include the principal amount of contributions with the stipulation from the donor that the principal be maintained in perpetuity and only the income is available to be expended for purposes specified by the donor, if any.

(n) Interest in Net Assets of Related Foundations

The Corporation accounts for activities with its unconsolidated related foundations in accordance with applicable accounting guidance. That guidance requires the Corporation to recognize its interests in the net assets of these foundations on the consolidated balance sheet as the asset caption interest in net assets of related foundations, and the annual changes as shown in the consolidated statement of changes in net assets.

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(o) *Net Patient Service Revenues*

The Corporation has agreements with third-party payors that provide for payments of amounts different from established charges. The Corporation's net patient service revenue came from the following sources:

	2012	2011
Medicare	34%	33%
Medicaid	9	11
Commercial and other	49	50
Private pay	8	6
	<u>100%</u>	<u>100%</u>

There is a corresponding significant concentration of credit risk in net accounts receivable balances at June 30, 2012 and 2011:

	2012	2011
Medicare	27%	31%
Medicaid	9	10
Commercial and other	64	53
Private pay	—	6
	<u>100%</u>	<u>100%</u>

The Corporation has estimated payments for services rendered to Medicare and Medicaid patients during the year by applying the payment principles of the applicable governmental agencies and believes that an adequate provision has been made in the accompanying consolidated financial statements for final settlement. Estimates of final settlements due to and due from Medicare, Medicaid, and other third-party payors have been reflected as a reimbursement settlement payable and other receivables in the accompanying consolidated balance sheets. Differences between the net amounts accrued and subsequent settlements are recorded in operations at the time of settlement.

Reimbursement for inpatient services rendered to Medicare recipients has been made principally under a prospective pricing system based on diagnosis-related groups. Most outpatient services provided to Medicare patients are reimbursed based on prospectively determined rates. Services to Medicaid patients are also reimbursed based on a combination of prospectively determined rates and cost reimbursement methodology. Continuation of these reimbursement programs at the present level, and on the present basis, is dependent upon future policies of federal and state governmental agencies. The Corporation has three critical access hospitals that are exempt from both inpatient and outpatient prospective payment systems. Inpatient and outpatient services rendered to Medicare and Medicaid program beneficiaries at critical access hospitals are reimbursed based on costs. Interim reimbursement to critical access hospitals is based upon tentative rates and retroactive adjustment is

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

made to actual cost during final settlement by either the Medicare fiscal intermediary or the applicable state's Medicaid agency. Charges made on behalf of providers employed by the medical groups in the Corporation are generally reimbursed on a fee schedule for Medicare and commercial patients and on a cost basis for Medicaid patients.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per unit of service and discounts from established charges. Most arrangements provide for payment or reimbursement to the Corporation at amounts different than established rates. Contractual discounts represent the difference between established rates for services and amounts paid or reimbursed by these third-party payors.

(p) Premium Revenue and Accrued Healthcare Costs

The Corporation's majority-owned subsidiary, CUP, receives premium revenues that consist of premiums paid by the State of Washington for healthcare services. Premium revenues are received on a prepaid basis and are recognized as revenue during the month with which the premiums are associated. All of CUP's premium revenues were received under two primary contract sources at the State of Washington (the State), the Basic Health Plan and Healthy Options. The Corporation recognized premium revenues of \$141,598 and \$67,303 for the year ended June 30, 2012 and the six months ended June 30, 2011, respectively, which is included as premium revenue in the accompanying consolidated statements of operations. The related medical expense recognized by CUP was \$124,019 and \$59,682 for the year ended June 30, 2012 and the six months ended June 30, 2011, respectively, and is included in medical claims expense in the consolidated statements of operations.

The contract with the State expired on July 1, 2012. CUP has entered into an agreement with another health plan that has been awarded the contract from the State for the period July 1, 2012 through December 31, 2013. Under this contract, in return for receiving a defined premium amount from the other health plan, CUP will be responsible for providing medical, hospital, pharmaceutical and related medical services to Healthy Options and Basic Health members assigned to CUP from the other plan. Under the terms of its contract with the other health plan, CUP will continue to perform most of the administrative services for assigned members that it previously performed under the expiring contract.

CUP has stop-loss reinsurance indemnifying it against the cost of providing services to individual enrolled participants at 90% in excess of \$125,000 for hospital charges up to a maximum of \$1,000,000 per year for each enrolled member.

(q) Provision for Bad Debts

The Corporation provides for an allowance against patient accounts receivable for amounts that could become uncollectible. The Corporation estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn

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June 30, 2012 and 2011

(In thousands of dollars)

have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Corporation.

(r) Other Operating Revenue

Other operating revenue includes revenue from nonpatient care services, clinical space rental revenues, and contributions both unrestricted in nature and those released from restriction (other than the Southwest affiliation contribution) to support operating activities.

(s) Excess of Revenues over Expenses

Excess of revenues over expenses includes results from the Corporation's operating and investing activities. Changes in unrestricted net assets not included in excess of revenues over expenses include net assets released from restriction for the purchase of property, changes in the Corporation's interest in the net assets of noncontrolled foundations, certain changes in funded status of postretirement benefit plans, and other.

(t) Federal and State Income Taxes

The Corporation has received determination letters from the Internal Revenue Service stating that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income.

The Corporation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that exceeds a 50% probability of being realized. Changes in recognition or measurement are reflected in the period in which the change in estimate occurs.

(u) Recently Adopted or Issued Accounting Standards

In 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities – Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that insurance recoveries should not be netted against a related claim liability. The claim liability amount should be calculated without consideration of insurance recoveries. This standard is effective for the 2012 fiscal year and permits retrospective application but it is not required. The adoption of this standard resulted in an increase in other payables and corresponding increase in other long-term receivables of \$5.587 in the accompanying consolidated balance sheet as of June 30, 2012. Management determined that the amount related to 2011, was not significant and, therefore, has not applied the standard to the balances as of June 30, 2011.

In 2010, the FASB issued ASU No. 2010-23, *Health Care Entities – Measuring Charity Care for Disclosure*, which requires a standardized process be used by healthcare entities that provide charity care to determine the measurement basis. Cost will be used as the measurement basis for disclosure purposes and should include both the direct and indirect costs for providing charity care. This

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

standard is effective for the 2012 fiscal year. The adoption of this standard resulted in a change in presentation of balances reported as of June 30, 2011 within note 5 from \$139,925 of charges foregone to \$70,058 of estimated costs related to providing charity care.

In 2011, the FASB issued ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which provides financial statement users with greater transparency about a healthcare entity's net patient service revenue and the related allowance for doubtful accounts. This update provides information to assist financial statement users in assessing an entity's sources of net patient service revenue and related changes in its allowance for doubtful accounts. The amendments require healthcare entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. This standard is effective for the 2013 fiscal year. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

(v) ***Healthcare Reform***

As enacted, the Health Reform Law will change how healthcare services are covered, delivered and reimbursed through expanded coverage of uninsured individuals, reduced growth in Medicare program spending, reductions in Medicare and Medicaid Disproportionate Share Hospital payments, and the establishment of programs in which reimbursement is tied to quality and integration. In addition, the law reforms certain aspects of health insurance, expands existing efforts to tie Medicare and Medicaid payments to performance and quality, and contains provisions intended to strengthen fraud and abuse enforcement. Further, it provides for a value-based purchasing program, the establishment of Accountable Care Organizations (ACO's) and bundled payment pilot programs, which may create sources of additional revenue. On June 28, 2012, the United States Supreme Court upheld the constitutionality of the individual mandate provisions of the Health Reform Law but struck down the provisions that would have allowed Health and Human Services to penalize states that do not implement the Medicaid expansion provisions with the loss of existing federal Medicaid funding. States that choose not to implement the Medicaid expansion will forego funding established by the Health Reform Law to cover most of the expansion costs.

(w) ***Reclassifications***

Certain reclassifications have been made to prior year amounts to conform to the current year presentation to more consistently present financial information between years.

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(3) Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Corporation uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by the Corporation is the net asset value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. Management reviews the valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. Because the net asset value reported for these funds is used as a practical expedient to estimate the fair value of the Corporation's interest therein, its classification in Level 2 is based on the Corporation's ability to redeem its interest at or near the balance sheet date. The initial valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as transactions of similar securities, completed or pending third-party transactions in the underlying security or comparable entities, offerings in the capital markets, and changes in financial results, data, or cash flows. For positions that are not traded in active markets or are subject to notice provisions, valuations are adjusted to reflect such provisions, and such adjustments are generally based on available market evidence.

The fair value of long-term debt is based on Level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection. When available, quoted market prices are also used. The carrying value and fair value of debt, was approximately \$826,216 and \$847,046, respectively, as of June 30, 2012, and approximately \$825,669 and \$827,876, respectively, as of June 30, 2011.

Other financial instruments of the Corporation include cash and cash equivalents and other receivables. The carrying amount of these instruments approximates fair value because these items mature in less than one year. The carrying amount of other long-term investments approximates fair value.

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(4) Investments

The composition of cash and investments at June 30, 2012 is set forth in the following table. Investments are stated at fair value.

	June 30, 2012	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short-term investments				
Cash and money market funds	\$ 16.729	—	16.729	—
Fixed income				
Government obligations	46.987	—	46.987	—
Corporate obligations	43.281	—	43.281	—
Mortgage-backed securities				
Commercial	9.343	—	9.343	—
Residential	53.434	—	53.434	—
Municipal, foreign, and other fixed income	10.902	—	10.902	—
Mutual funds				
Domestic debt securities	112.122	112.122	—	—
International debt securities	7.327	7.327	—	—
Other short-term investments	801	—	801	—
Total	300.926	119.449	181.477	—
Designated for capital acquisition				
Cash and money market funds	22.529	1.797	20.732	—
Fixed income				
Government obligations	35.062	—	35.062	—
Corporate obligations	57.621	—	57.621	—
Mortgage-backed securities				
Commercial	10.383	—	10.383	—
Residential	69.265	—	69.265	—
Municipal, foreign, and other fixed income	8.626	—	8.626	—
Mutual funds				
Fixed income	49.069	49.069	—	—
Domestic equities				
Large capitalization	100.583	100.583	—	—
Medium-small capitalization	39.173	39.173	—	—

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

		Fair value measurements at reporting date using		
	June 30, 2012	Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 64.527	64.527	—	—
Emerging markets	18.796	18.796	—	—
Real estate trusts	12.588	12.588	—	—
Real estate	424	—	424	—
Commodities	20.784	—	20.784	—
Options	(309)	—	(309)	—
Total	509.121	286.533	222.588	—
Trustee-held funds				
Cash and money market funds	27.729	—	27.729	—
Fixed income				
Government obligations and other	3.725	—	3.725	—
Mortgage-backed securities				
Residential	6.042	—	6.042	—
Mutual funds				
Domestic equities				
Large capitalization	11.178	11.178	—	—
Medium-small capitalization	6.244	6.244	—	—
International equities				
Foreign stock and emerging markets	10.682	10.682	—	—
Domestic debt securities	19.467	19.467	—	—
International debt securities	2.038	2.038	—	—
Real estate	960	960	—	—
Total	88.065	50.569	37.496	—
Total assets	\$ 898.112	456.551	441.561	—
Liabilities				
Interest rate swaps	154.591	—	154.591	—
Total liabilities	\$ 154.591	—	154.591	—

The table above does not include \$11,658 of private equity funds, \$9,170 of distressed debt funds, or \$1,469 of real estate funds at June 30, 2012, which are accounted for under the equity method of accounting

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

The composition of cash and investments at June 30, 2011 is set forth in the following table. Investments are stated at fair value.

	June 30, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short-term investments				
Cash and money market funds	\$ 8.489	2.300	6.189	—
Fixed income				
Government obligations	37.164	—	37.164	—
Corporate obligations	40.035	—	40.035	—
Mortgage-backed securities				
Commercial	6.595	—	6.595	—
Residential	49.808	—	49.808	—
Municipal, foreign, and other fixed income	6.872	—	6.872	—
Mutual funds				
Domestic debt securities	91.298	91.298	—	—
International debt securities	5.135	5.135	—	—
Total	245.396	98.733	146.663	—
Designated for capital acquisition				
Cash and money market funds	22.505	16.274	6.231	—
Fixed income				
Government obligations	20.383	325	20.058	—
Corporate obligations	37.998	—	37.998	—
Mortgage-backed securities				
Commercial	4.839	—	4.839	—
Residential	47.353	—	47.353	—
Municipal, foreign, and other fixed income	9.959	4.856	5.103	—
Mutual funds				
Treasury Inflation-Protected Securities	7.394	7.394	—	—
Fixed income	60.402	60.402	—	—
Domestic equities				
Large capitalization	74.879	74.879	—	—
Medium-small capitalization	29.968	29.968	—	—

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(In thousands of dollars)

	June 30, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 67.600	67.600	—	—
Emerging markets	17.740	17.740	—	—
Real estate	14.549	14.549	—	—
Commodities	19.707	6.935	12.772	—
Options	17.580	—	17.580	—
Other investments	307	307	—	—
Total	453.163	301.229	151.934	—
Trustee held funds				
Cash and money market funds	18.342	178	18.164	—
Fixed income				
Government obligations and other	2.334	—	2.334	—
Mortgage backed securities				
Residential	5.969	—	5.969	—
Mutual funds				
Domestic equities				
Large capitalization	14.815	14.815	—	—
Medium-small capitalization	5.770	5.770	—	—
International equities				
Foreign stock and emerging markets	8.724	8.724	—	—
Domestic debt securities	12.639	12.639	—	—
International debt securities	6.563	6.563	—	—
Real estate	866	866	—	—
Total	76.022	49.555	26.467	—
Total assets	\$ 774.581	449.517	325.064	—
Liabilities				
Interest rate swaps	77.106	—	77.106	—
Total liabilities	\$ 77.106	—	77.106	—

The table above does not include \$9.862 of private equity funds, \$13.714 of distressed debt funds, or \$3.001 of real estate funds at June 30, 2011, which are accounted for under the equity method of accounting

The Corporation holds alternative investments, as defined by the American Institute of Certified Public Accountants, in two limited partnerships of \$20.423 and \$12.772 at June 30, 2012 and 2011 respectively, which are not publicly traded. These amounts are included as a part of commodities in the table above. The

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underlying assets in the limited partnership are based on fair market values, and the redemption period related to these investments is between 3 to 30 days

At June 30, 2012 and 2011, the Corporation had \$22,297 and \$26,577, respectively, in alternative investments, referred to as Private Equity, Real Estate Trusts and Distressed Debt, accounted for using the equity method, which are not publicly traded. These amounts are not included in the tables above. These investment instruments contain elements of both credit and market risk. Such risks may include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (nonmarketable investments), and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for such investments existed. The majority of these investments are accounted for under the equity method of accounting. These investments represented 2.42% and 3.32% of total investments and 0.02% and 0.02% of total net assets of the Corporation at June 30, 2012 and 2011, respectively.

Investment income is comprised of the following for the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 20,085	19,753
Net realized gains (losses) on sales of investments	(118)	3,706
Change in net unrealized gains (losses) on investments	<u>(7,338)</u>	<u>42,575</u>
Investment income, net	<u>\$ 12,629</u>	<u>66,034</u>

Securities Lending Agreement

The Corporation entered into a securities lending agreement whereby a portion of investments are loaned to various financial institutions in return for cash or other securities as collateral for the securities loaned. Pursuant to the agreement, the collateral received is required to be at least 102% of the fair value of the securities loaned, which is determined at the end of each business day. The securities on loan are comprised entirely of fixed income securities. Net investment gains and losses, which are not significant for the years ended June 30, 2012 or 2011, are included in investment income, in the accompanying consolidated statements of operations. There were no securities on loan as of June 30, 2012.

Other Investments

Health Ventures is a not-for-profit corporation that has entered into joint ventures to provide radiology, oncology, and surgery services. The Corporation is the sole member of Health Ventures. Health Ventures is included in the consolidated financial statements but is not part of either obligated group. See note 7 for further discussion on the obligated groups.

The Corporation is a minority investor in both Premier Purchasing Partners (Premier) and American Excess Insurance Exchange (AEIX). The Corporation has invested in Premier with other healthcare providers for the purpose of lowering costs through group purchasing. The Corporation accounts for its interest in Premier on the cost method. AEIX is owned by a group of healthcare providers and provides

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them with excess professional liability insurance coverage. The Corporation accounts for its interest in AEIX on the equity method of accounting less mandatory withdrawal penalties and an estimated discount to present value. As of June 30, 2012 and 2011, the carrying value of Premier and AEIX was approximately \$14.868 and \$15.614, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets.

(5) Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues.

The Corporation maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies under its charity care policy. Estimated costs (based on the proportion of overall costs to charges foregone for charity care) for services and supplies furnished under the charity care policy for the years ended June 30, 2012 and 2011 were approximately \$78,922 and \$70,058, respectively.

(6) Accounts Receivable

Accounts receivable at June 30 consisted of the following:

	<u>2012</u>	<u>2011</u>
Patient accounts receivable	\$ 630,628	601,472
Less:		
Allowance for doubtful accounts	(74,128)	(83,127)
Allowance for estimated contractual discounts	<u>(303,188)</u>	<u>(267,033)</u>
Net patient accounts receivable	<u>\$ 253,312</u>	<u>251,312</u>

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(7) Long-Term Debt

Long-term debt at June 30 consisted of the following

	<u>2012</u>	<u>2011</u>
Series 1995 (PeaceHealth) Oregon Bonds, variable interest rate (0.15% at June 30, 2012) payable each December 1, due in annual installments through December 2015	\$ 4,770	5,805
Series 1999 (Southwest) Washington bonds, 3.00% to 5.00% payable annually through September 2028	47,885	49,665
Series 2001 (PeaceHealth) Oregon Bonds, 5.00% to 5.25%, interest payable each May 15 and November 15, due in annual installments from 2016 through November 2032	70,000	70,000
Series 2004 (PeaceHealth) Oregon Bonds, Series A, 3.00% to 5.00%, interest payable each February 1 and August 1, due in annual installments from 2010 through August 2014	9,280	12,180
Series 2008 (PeaceHealth) Washington Bonds, Series A, fixed interest rate of 5% payable on each May 1 and November 1, through November 2018	80,650	80,650
Series 2008 (PeaceHealth) Oregon Bonds, Series A-B, variable interest rate (0.13% at June 30, 2012), principal payable each August, due in annual installments from 2030 to 2034 for Series A and B	145,975	295,975
Series 2008 (Southwest) Washington Bonds, variable interest rate (0.19% at June 30, 2012), principal payable each September, due in annual installments through 2034	54,500	109,475
Series 2009 (PeaceHealth) Oregon Bonds, Series A, fixed interest rates of 3.25% to 5.00% payable each May and November, due in installments from 2013 to 2039	100,795	100,795
Series 2009 (PeaceHealth) Washington Bonds, Series A, fixed interest rates of 3.0% to 5.0% payable each in May and November, due in installments through 2028	87,550	91,685
Series 2011 (PeaceHealth) Oregon Bonds, Series A-B, variable interest rates (0.87% at June 30, 2012) principal payable each May, due in installments from 2036 to 2047	150,000	—
2011 (PeaceHealth) Direct Note Obligation to Union Bank 2.46% payable monthly based on a ten-year amortization with remaining amount due November 2016	9,500	—

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	<u>2012</u>	<u>2011</u>
2012 (Southwest) Bridge Loan Obligation to Bank of America, variable interest rate (0.90% at June 30, 2012) due on July 31, 2013	\$ 54,000	—
Long-term debt at par value	814,905	816,230
Premium and other on long-term debt	8,927	6,901
Other long-term debt	24,582	26,289
Total long-term debt	848,414	849,420
Less amounts due within one year	(18,033)	(15,891)
Total long-term debt due after one year	<u>\$ 830,381</u>	<u>833,529</u>

Prior to the affiliation with Southwest, the regional networks of care or operating units that consisted of the Southeast Alaska Region, Whatcom Region, Lower Columbia Region, Oregon Region, Siuslaw Region, PeaceHealth Laboratories, the PeaceHealth Self-insured Trusts, and the PeaceHealth System Office together formed the PeaceHealth Obligated Group. These entities are not separate legal entities. PeaceHealth is the sole member of its Obligated Group and the assets of any one of the regions listed are available for the satisfaction of debts of the others (subject to the limitations of certain contractual commitments). These entities are obligated under the PeaceHealth Master Trust Indenture.

PeaceHealth Southwest Medical Center is the obligated member under a separate Master Trust Indenture created prior to the affiliation of Southwest with the Corporation. PeaceHealth Southwest Medical Center is not a part of the PeaceHealth Obligated Group as of June 30, 2012 and 2011.

The Corporation is taking steps to make each party a member of the other's obligated group. It is anticipated that all Southwest Master Notes will be retired during the course of various refinancing activities.

The Series 1995 Oregon (PeaceHealth), the Series 2008 Oregon Series A-B (PeaceHealth) bonds, and the Series 2011 Oregon Series A-B (PeaceHealth) bonds have variable interest rates that may bear interest at a daily, weekly, 28-day, monthly, semiannual, or annual rates. The rate determination mode may be changed upon request of the Corporation. The bonds are subject to optional redemption by PeaceHealth, in whole or in part at 100% of the principal amount plus accrued interest. The bonds are backed by letters of credit in the amount of approximately \$147.600 for the 2008 Oregon bonds and \$4.800 for the 1995 Oregon bonds. The letter of credit for Series A-B of the 2008 Oregon bonds will expire in June 2014. The letter of credit for the 1995 Oregon bonds will expire in January 2017. The 2011 Oregon bonds are held directly by two financial institutions subject to continuing covenant agreements, which contain substantially the same credit terms as the letters of credit, but which are not subject to the same remarketing and put risk as the 1995 and 2008 bonds. The 2011 Oregon bonds can be converted to publicly held variable rate demand bonds if the Corporation chooses. The continuing covenant agreements expire in August 2014. The letters of credit and the continuing covenant agreements are extendable annually at the option of the bank upon

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request from the Corporation for an additional year. The 2008 and 2011 bonds are matched to fixed payor swaps ranging between 3.92% and 4.10% for approximately their par value; the notional amounts of swaps amortizing proportionately to the bonds.

The Series 1995 Oregon (PeaceHealth) and Series 2008 Oregon (PeaceHealth) variable rate demand bonds, which have long-term amortization periods, may be put back to the letter of credit bank on any interest rate reset date when the bonds are due to be remarketed. In the event of a failed remarketing, the letter of credit bank is obligated under the terms of the letter of credit agreement to buy the bonds. If the bonds continue to fail to be remarketed, and become a term loan from the letter of credit bank to the Corporation, the payments commence not less than 367 days after the purchase of the bonds by the letter of credit bank, and are payable in equal quarterly installments thereafter.

The Series 1999 Washington bonds (Southwest) and the Series 2008 Washington bonds Series A (Southwest) are secured by PeaceHealth Southwest Medical Center's gross revenues. The 1999 Washington bonds maturing on or after September 1, 2010 are redeemable at the option of Southwest at a redemption price of 101%, beginning September 1, 2009, declining to 100.5% on September 1, 2010 and 100% on September 1, 2011 and thereafter. The 2008 Washington bonds are redeemable in whole or in part at the option of Southwest at no premium. During the current year, the 2008 Washington bonds Series B were redeemed with proceeds from a taxable variable rate loan (the Bridge Loan), which is matched to a fixed payor swap bearing a rate of 3.509%. The Bridge Loan is secured by PeaceHealth Southwest Medical Center's gross revenues, and further is guaranteed by the PeaceHealth Obligated Group.

The Series 2008 Washington bonds Series A (Southwest) bear variable interest based on weekly remarketing, not to exceed 12% per annum, and further a fixed payor swap at the rate of 3.603% on approximately 98% of the outstanding balance of the bonds remains in place. In conjunction with the issuance of the 2008 Washington bonds Series A, Southwest entered into a three-year Letter of Credit and Reimbursement Agreement, which expires in December 2013. These bonds, while subject to a long-term amortization period, may be put to the underlying letters of credit upon a failed remarketing. In an event of a draw under agreements, and amounts remain outstanding after 30 days, such amounts are converted to a term loan due in either equal semiannual payments with the first principal installment not due less than one year after the draw and the balance paid in full on the third anniversary of the draw or paid in full upon expiration of the agreement.

Other long-term debt primarily includes a \$12,000 note payable paying interest of 6% with principal due and payable through 2017, as well as amounts related to capital lease obligations.

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Scheduled principal payments of long-term debt, excluding the premium on bonds and fair value adjustment due to affiliation, as due according to their long-term amortization schedule and other debt according to its maturity schedule for the next five years and thereafter are as follows

	Long-term debt	Other	Total
Year ending June 30			
2013	\$ 12,150	5,883	18,033
2014	70,740	2,060	72,800
2015	17,500	1,656	19,156
2016	13,585	1,432	15,017
2017	17,850	1,054	18,904
Thereafter	683,080	10,113	693,193
Total	<u>\$ 814,905</u>	<u>22,198</u>	<u>837,103</u>

The PeaceHealth Master Trust Indenture, the PeaceHealth Southwest Medical Center agreements with the Washington Healthcare Facilities Authority, and the loan agreements and other contractual documents under which the Corporation's bonds were issued include covenants, which among others, obligate the Corporation to maintain net patient service revenues at levels sufficient to achieve specified debt service coverage ratios, meet certain financial tests before additional debt can be incurred, and meet certain financial tests before there can be any significant disposition of property

Cash paid for interest totaled approximately \$44,415 and \$38,355 for the years ended June 30, 2012 and 2011, respectively. Interest totaling approximately \$663 and \$595 was capitalized in connection with construction projects during the years ended June 30, 2012 and 2011, respectively.

(8) Accounting for Derivative Instruments and Hedging Activities

In accordance with the policy adopted by the Board of Directors, the Corporation may use interest rate swap contracts to manage its net exposure to interest rate changes in attempting to reduce its overall cost of borrowing over time. Interest rate swap contracts generally involve the exchange of fixed and floating interest rate payments without the exchange of underlying principal (the swap of fixed or floating rates are on a notional amount). The Corporation accounts for its interest rate hedging transactions in accordance with ASC 815 – *Derivatives and Hedging*. That standard requires that every derivative instrument be recorded on the balance sheet as either an asset or a liability measured at its estimated fair value. The interest rate swaps do not meet the criteria for hedge accounting and all changes in the valuation of the interest rate swaps are recognized in the statement of operations.

The Corporation had the following interest rate swap contracts outstanding as of June 30, 2012 with a total notional amount of approximately \$551,366: a \$40,000 basis swap where the Corporation receives 81.9% of 30 day LIBOR and pays a 30 day tax-exempt index rate, and approximately \$511,366 (fixed payer swaps) which the Corporation uses to convert a portion of the outstanding variable rate bonds to fixed rates ranging from 2.58% to 4.1%. The interest rate swaps while associated with the variable rate bonds, have not been designated to any of the underlying debt.

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The fair value of interest rate swaps designated as cash flow hedges as of June 30, 2012 and 2011 was a liability of \$154,591 and \$77,106, respectively, which is included in other long term liabilities on the accompanying consolidated balance sheets. Change in the fair value of the interest rate swap, which was a decrease of \$77,564 and an increase of \$15,558 for the years ended June 30, 2012 and 2011, respectively, has been included in the change in fair value of interest rate swap in the statements of operations and changes in net assets.

Derivative instruments are recorded at fair value taking into consideration the Corporation's nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. The impact of taking into account the nonperformance risk on the fair value of the interest rate swaps was a benefit of approximately \$19,644 and \$7,763, as of June 30, 2012 and June 30, 2011, respectively. Recording the interest rate swaps at fair value results in a total liability of \$154,591 reflected in the consolidated balance sheet rather than the \$174,235 that would be paid if all of the swaps were terminated as of June 30, 2012. The inputs used to determine the impact of the counterparty nonperformance risk are Level 2 inputs, as such derivative liabilities have been recorded as Level 2 in the Corporation's disclosure of fair value instruments, see note 4. Interest payments made and received on the interest rate swaps are included in interest expense on the statement of operations. For the years ended June 30, 2012 and 2011, interest expense for the interest rate swaps was \$17,819 and \$15,523, respectively.

The Corporation currently has five swap counterparties which minimize counterparty risk and collateral posting requirements. These swap agreements contain various credit thresholds that if breached by the Corporation would constitute an additional termination event whereby the swap counterparties could terminate the swap by either making a payment to, or receiving a payment from the Corporation, depending upon the termination value of the swaps as of the date of termination. PeaceHealth retains the right to terminate the swaps at any point, which would also require either making or receiving a payment depending on the termination value of the swap as of the termination date. For the swaps specifically related to Southwest, the counterparty can terminate the swaps, requiring full settlement of any interest or termination value, only if Southwest's credit rating falls to BBB – or equivalent.

Subsequent to June 30, 2012, PeaceHealth terminated fixed payor swaps with a notional value of approximately \$114 million, which were in a liability position of approximately \$12,859 at June 30, 2012.

(9) Medicare and Medicaid Revenue

Net revenue for services provided to Medicare patients for the years ended June 30, 2012 and 2011 was approximately \$721,129 and \$582,969, respectively. Medicaid net patient service revenue for the years ended June 30, 2012 and 2011 was approximately \$194,701 and \$193,849, respectively.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or new information is obtained. The net amount of adjustments from finalization and adjustment of prior years cost reports and other third-party settlements did not result in a significant change in net patient service revenues in either 2012 or 2011.

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The Medicare cost reports are subject to retroactive adjustment for three years after settlement, unless held open longer for disputed items. The cost reports receive either full-or limited-scope audits by the fiscal intermediary appointed by Medicare. Settlements for open years will be finalized after review by the appropriate government agencies.

(10) Benefit Plans

Defined Benefit Pension Plan

The Corporation sponsors a noncontributory defined benefit pension plan, the Southwest Washington Health System Retirement Plan (the Plan), covering all employees at Southwest who meet requirements as specified in the Plan. The assets of the Plan are available to pay the benefits of all eligible employees of the Plan. The Plan has two benefit structures that include a cash balance and a final average pay structure. Effective December 31, 2010, the Plan was frozen. No new participants were admitted to the Plan after this date. This event did not terminate the Plan. Benefits earned before the plan was frozen will continue to be paid as participants qualify to receive benefits. All related charges related to this event were recorded prior to the affiliation of Southwest with PeaceHealth.

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The following table sets forth disclosures related to the Plan in accordance with FASB ASC 715-20-65, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of June 30, 2012 and 2011

	Year ended June 30, 2012	6 months ended June 30, 2011
Change in projected benefit obligation		
Projected benefit obligation (PBO) at beginning of period	\$ 168,844	166,268
Interest cost	9,150	4,514
Actuarial loss on PBO	44,484	37
Benefits paid	(4,232)	(1,975)
Projected benefit obligation at June 30	<u>\$ 218,246</u>	<u>168,844</u>
Change in fair value of plan assets		
Fair value of assets at beginning of period	\$ 127,743	116,943
Actual return on plan assets	(2,966)	3,465
Employer contribution	11,844	9,310
Benefits paid	(4,232)	(1,975)
Fair value of assets at June 30	<u>\$ 132,389</u>	<u>127,743</u>
Reconciliation of funded status		
Funded status	<u>\$ (85,857)</u>	<u>(41,101)</u>
Net amount recognized	<u>\$ (85,857)</u>	<u>(41,101)</u>
Amounts recognized in the consolidated balance sheets consist of		
Accrued pension liability	\$ 85,857	41,101
Accumulated change in net assets	(59,198)	(1,699)

The accumulated benefit obligation for the Plan was \$218,246 and \$168,844 at June 30, 2012 and 2011, respectively

Net periodic benefit cost for the year ended June 30, 2012 and the six months ended June 30, 2011 included the following components and is included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets

	2012	2011
Interest cost	\$ 9,150	4,514
Expected return on plan assets	(10,837)	(5,313)
Amortization of gain	788	185
Net periodic pension benefit	<u>\$ (899)</u>	<u>(614)</u>

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(a) Assumptions

The Corporation used the following actuarial assumptions to determine its benefit obligations at June 30, 2012 and 2011, with measurement dates of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Discount rate	4.0%	5.5%

The Corporation used the following actuarial assumptions to determine its net periodic benefit cost for the year ended June 30, 2012 and the six months ended June 30, 2011

	<u>2012</u>	<u>2011</u>
Discount rate	4.0%	5.5%
Expected long-term rate of return on plan assets	8.5	8.5

This discount rate is based on a proprietary yield curve tool used by the Plan's actuary, which uses a composite of high-yield, investment-grade corporate bonds, and the projected payouts from the Plan to develop an equivalent yield rate to use in determining plan liabilities.

The expected long-term rate of return on plan assets was based on the asset allocation mix and the long-term historical return for each asset class, taking into account current and expected market conditions. The actual (loss) return on pension plan assets was approximately (1.8)% and 2.8% for the year ended June 30, 2012 and the six months ended June 30, 2011, respectively. In the calculation of pension plan expense, the expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a four-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns and expected returns based on the long-term rate of return assumptions.

(b) Pension Plan Assets

The asset allocation of the Corporation's pension plan at June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Equity securities	\$ 76,763	86,224
Debt securities	46,931	31,361
Other	8,695	10,158
Total	<u>\$ 132,389</u>	<u>127,743</u>

Pension plan assets are managed according to an investment policy adopted by the Plan's trustees. Professional investment managers are retained to manage specific asset classes and professional consulting is utilized for investment performance reporting. The primary objective of the Plan's

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trustees is to achieve the highest possible total return commensurate with safety and preservation of capital in real, inflation-adjusted terms. The objective includes having funds invested in the long term, which protect the principal and produce returns sufficient to meet future benefit obligations. The investment policy includes an asset allocation that includes equity securities, debt securities, and cash/other investments. The target allocations are 7% cash and bonds, 19% low volatility hedge, 54% global equity, and 20% long-short hedge. Assets are rebalanced quarterly when balances fall outside of the approved range for each asset class.

In accordance with FASB ASC 820, financial assets and financial liabilities measured at fair value are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to estimate fair value. These levels and the adoption of FASB ASC 820 are further discussed in note 4.

Following is a description of the valuation methodologies used for plan assets measured at fair value:

- Mutual Funds: Valued at the NAV of shares held by the plan at year-end.
- Common and Collective Trusts: Valued at fair value of the underlying assets on close of the valuation date and expressed in units. The unit value is determined at the valuation date by dividing the value of the entire common and collective trust by the number of units.
- Real Estate Investment Fund and Hedge Fund: Valued based on the fair value of the underlying assets as supported by audited financial statements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2012

Assets	Total fair value	Level 1	Level 2	Level 3
Cash and money markets	\$ 8,695	8,695	—	—
Mutual funds				
Fixed income	24,506	24,506	—	—
Large cap	23,418	8,083	—	15,335
Mid cap	6,176	6,176	—	—
Small cap	4,027	4,027	—	—
Emerging market funds	27,180	22,381	—	4,799
Hedge capital appreciation				
Fund	22,425	—	—	22,425
Long-short hedge	8,410	—	—	8,410
Distressed debt	6,459	—	—	6,459
Private equity	1,093	—	—	1,093
Total plan assets at fair value	\$ <u>132,389</u>	<u>73,868</u>	<u>—</u>	<u>58,521</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011

Assets	Total fair value	Level 1	Level 2	Level 3
Cash and money markets	\$ 10,158	10,158	—	—
Mutual funds				
Fixed income	13,227	13,227	—	—
Hedge capital appreciation	18,133	—	—	18,133
Large cap	39,843	39,843	—	—
Mid cap	6,188	6,188	—	—
Small cap	9,832	9,832	—	—
Emerging markets	11,344	5,885	—	5,459
Long-short hedge	11,885	—	—	11,885
Distressed debt	6,577	—	—	6,577
Private equity	556	—	—	556
Total plan assets at fair value	\$ <u>127,743</u>	<u>85,133</u>	<u>—</u>	<u>42,610</u>

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The following table presents a reconciliation of the beginning and ending balances of those Level 3 assets

		Fair value measurements Level 3
Fair value June 30, 2011	\$	42,610
Realized and unrealized gains, net		2,052
Purchases, issuances, and settlements, net		<u>13,859</u>
Fair value June 30, 2012	\$	<u><u>58,521</u></u>

At June 30, 2012 and 2011, the Plan held \$58,521 and \$42,610, respectively, in alternative investments, reflected as Level 3 assets in the above table, which are not publicly traded. These investment instruments contain elements of both credit and market risk. Such risks may include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (nonmarketable investments), and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for such investments existed. These investments represented 44.2% and 33.4% of plan assets at June 30, 2012 and 2011, respectively.

(c) *Cash Flows*

The Corporation's policy with respect to funding the Plan is to fund at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended, plus such additional amounts deemed appropriate. In fiscal year 2013, Southwest expects to contribute approximately \$5,776 to the Plan.

Benefit payments are expected to be paid as follows for the fiscal years ended June 30:

		Pension benefits
2013	\$	5,783
2014		6,612
2015		7,222
2016		8,049
2017		8,761
2018 – 2022		55,018

Expected benefit payments presented above are based on actuarial estimates. Actual benefit payments may vary significantly from these estimates.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

Management is not aware of any settlements or curtailments that would require additional recognition during 2012

(11) Defined Contribution Retirement Plans

The Corporation sponsors two defined contribution retirement plans for the employees of PeaceHealth and Southwest. At June 30, 2012, employees of Southwest are eligible for the Southwest plan and employees of the PeaceHealth operating divisions are eligible for the PeaceHealth Plan. There had not been an integration of the plans as of June 30, 2012 or 2011.

PeaceHealth Southwest Medical Center Employer Contribution Plan

Employees who complete one hour of service are eligible to participate in the PeaceHealth Southwest Medical Center Employer Contribution Plan, a defined contribution retirement plan. The level of contribution depends on, among other things, the level of employee contributions to the plan and years of service, with Southwest contributing between 4% – 15% of the employees' eligible annual compensation. Employer contributions under this plan were \$15,589 for the year ended June 30, 2012 and \$7,941 for the six-month period ended June 30, 2011 and are included in payroll taxes and benefits expense in the consolidated statement of operations.

PeaceHealth Defined Contribution Retirement Plan

The Corporation has a defined contribution retirement plan that covers substantially all employees of PeaceHealth meeting certain age and length of service requirements. Total retirement plan costs charged to operations were approximately \$49,632 and \$44,221 for the years ended June 30, 2012 and 2011, respectively, and are included in payroll taxes and benefits in the accompanying consolidated statements of operations.

(12) Restricted Net Assets

Restricted net assets are those whose use by the Corporation has been limited by donor-imposed restrictions to a specific time period and/or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2012</u>	<u>2011</u>
Purchase of property, plant, and equipment	\$ 14,015	32,954
Hospice and indigent care	2,946	1,503
Patient care	13,993	6,475
Other	4,690	5,363
	<u>\$ 35,644</u>	<u>46,295</u>

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

The income on the following permanently restricted net assets is available for these purposes at June 30

	2012	2011
Purchase of property, plant, and equipment	\$ 545	2,436
Hospice and indigent care	7,322	4,001
Patient care operating activities	2,543	3,310
Other	970	1,421
	<u>\$ 11,380</u>	<u>11,168</u>

During fiscal year 2012 and 2011, net assets were released from donor restrictions by incurring operating expenses satisfying the restricted purposes of approximately \$1.114 and \$3.827, respectively. Further, approximately \$19.208 and \$8.101 were released from restriction for capital expenditures made during 2012 and 2011, respectively.

Endowment Funds

The Corporation accounts for endowments consistent with the provisions of ASC Section 950-205-45. The ASC provides guidance on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). The ASC requires that unexpended earnings on endowment funds are classified as temporarily restricted net assets until appropriate for expenditure. The Corporation's endowment consists of twelve individual funds established for a variety of purposes. Its endowment includes donor-restricted endowments and unrestricted funds functioning as endowments through board designation. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As of June 30, 2012 and 2011, donor-restricted endowments totaled \$6.879 and \$6.871, respectively, and board-designated endowments totaled \$2.235 and \$2.460, respectively.

The Corporation's management has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

- The purposes of the Corporation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Corporation
- The investment policies of the Corporation

In accordance with UPMIFA and board policy, assets classified as permanent endowments in accordance with donor intention are only utilized for current period expenditures to the extent that cumulative earnings on the endowment exceed the original fair value of the donation

Substantially all investments the Corporation holds for endowments are pooled for investment purposes. Income earned on endowment fund investments is allocated on the basis of each fund's proportionate interest in the pooled investment portfolio. There were no funds with significant deficiencies as of June 30, 2012 and 2011.

Charitable Gift Annuities

The Corporation has been granted a license by the State of Washington, Office of Insurance Commissioner, to issue Charitable Gift Annuities in support of its charitable activities. The Corporation has delegated all its charitable fund raising activities to several fund raising foundations whose net assets, held for the beneficial interest of the Corporation, are shown on the balance sheet of the Corporation. Accordingly, the liability for annuity contracts and the separately maintained reserve accounts are recorded by the foundations which support the hospitals that the donors designated to benefit from their charitable gift annuity contributions. As of June 30, 2012 and 2011, the following liabilities for annuity contracts issued under the Corporation license and reserve account investments were recorded by the foundations:

	<u>2012</u>	<u>2011</u>
State of Washington gift annuity liabilities	\$ (540)	(569)
Gift annuity reserve accounts	629	706

In addition the Corporation has issued two charitable gift annuities in the states of Alaska and Oregon for which the liability for annuity contracts as of June 30, 2012 and 2011 was \$56 and \$58, respectively, and separately maintained the reserve account balance of \$73 and \$80, respectively, which is recorded on the balance sheets of the supporting foundations located in those states. The St. John Medical Center Foundation and the PeaceHealth Southwest Medical Center Foundation have been granted separate licenses to issue charitable gift annuities by the state of Washington.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(13) Commitments and Contingent Liabilities

(a) *Litigation*

Various laws and regulations of federal, state, and local governments govern the healthcare industry. These laws and regulations are subject to ongoing government review and interpretation, as well as regulatory actions unknown or unasserted at this time. The Corporation is also involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

(b) *Operating Leases*

The Corporation leases, for a nominal amount, the buildings and certain equipment for Ketchikan General Hospital from the City of Ketchikan, Alaska under a 10-year lease that expires in 2013.

Future minimum lease payments under noncancelable capital and operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2012 are as follows:

	<u>Capital leases</u>	<u>Operating leases</u>
Year ending June 30		
2013	\$ 5.875	23.277
2014	1.583	19.864
2015	1.242	16.780
2016	934	15.577
2017	492	14.363
Later years, through 2020	<u>1.341</u>	<u>58.896</u>
Total minimum lease payments	11.467	\$ <u><u>148.757</u></u>
Less amount representing interest	<u>(954)</u>	
Present value of net minimum capital lease payments	10.513	
Less current installments of obligations under capital leases	<u>5.530</u>	
Obligations under capital leases, excluding current installments included in Long-term debt	\$ <u><u>4.983</u></u>	

(c) *Collective Bargaining Agreements*

Approximately 27% and 30% of the Corporation's employees are covered under collective bargaining agreements, including nurses, professional employees, and service employees as of June 30, 2012 and 2011, respectively. The Corporation's various collective bargaining agreements expire between September 2012 and April 2014.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

(14) Insurance Coverages

The Corporation has a self-insurance program for hospital and physician professional and general liability claims under which the Corporation contributes actuarially determined amounts to a trust to fund estimated ultimate losses. In connection with the self-insurance program, the Corporation has accrued estimates for asserted and incurred but not reported claims, including both the expected liability under each claim and the cost to administer the claim. Self-insured professional and general liability retention in 2012 and 2011 was \$5,000 per occurrence and \$18,000 in aggregate. Individual general and professional liability claims in excess of the above self-insured retention levels are insured through a claims-made excess insurance policy.

The Corporation also self-insures all or a portion of liabilities for medical and dental benefit plans, unemployment, and workers' compensation claims. Funding levels and liabilities are determined based on actuarial studies. Based on the actuarial studies, the Corporation has recorded a liability for all of the self-insurance programs of approximately \$70,836 and \$50,738 at June 30, 2012 and 2011, respectively. The liabilities are classified within other current liabilities and other long-term liabilities based on the historical amounts paid within one year. Total current amounts included in other current liabilities were approximately \$23,090 and \$22,118 at June 30, 2012 and 2011, respectively. In accordance with the adoption of ASU No 2010-24 management has recorded amounts receivable from excess insurance carriers totaled \$5,587 as of June 30, 2012, which is included in other receivables in the accompanying consolidated balance sheet.

(15) Functional Expenses

The Corporation provides general healthcare services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2012</u>	<u>2011</u>
Healthcare services	\$ 1,677,011	1,315,420
General and administrative	644,334	563,290
	<u>\$ 2,321,345</u>	<u>1,878,710</u>

(16) Subsequent Events

In connection with the preparation of the financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, the Corporation has evaluated subsequent events through October 18, 2012, which was the date the consolidated financial statements were issued.

On August 17, 2012, Catholic Health Initiatives, a not-for-profit healthcare system headquartered in Colorado, and the Corporation, entered into a nonbinding letter of intent to create a new regional healthcare system.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(In thousands of dollars)

It is envisioned that the new company would constitute an integrated health system, combining seven Catholic Health Initiatives hospitals and related healthcare operations in Washington and Oregon with nine PeaceHealth hospitals and related healthcare operations in Washington, Oregon, and Alaska. This new organization would include nearly 26,000 employees and about 950 employed physicians serving in hospitals, physician clinics, outpatient care clinics, long-term care facilities, laboratories, and private homes across the region. The transaction is subject to the parties' due diligence and negotiation of definitive agreements.

Additional Data

Software ID:
Software Version:
EIN: 91-0939479
Name: PEACEHEALTH

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
TERRY BRANDON DIRECTOR	2 00	X		X				0	0	0
SR NORAH CLARKE CSJP DIRECTOR	2 00	X						0	0	0
ROBERT DA VITA DIRECTOR	2 00	X						0	0	0
SR MARGARET DIMOND CSJP DIRECTOR	2 00	X						0	0	0
SR ELEANOR GILMORE CSJP DIRECTOR	2 00	X						0	0	0
JOE GONYEA II DIRECTOR	2 00	X						0	0	0
TOM GROVE DIRECTOR	2 00	X						0	0	0
SR ANNE HAYES CSJP DIRECTOR	2 00	X		X				0	0	0
SR MONICA HEERAN CSJP DIRECTOR	2 00	X		X				0	0	0
LEE KEARNEY DIRECTOR	2 00	X						0	0	0
DIETER MORICH MD DIRECTOR	2 00	X						0	0	0
SR ANDREA NENZEL CSJP CHAIRMAN	40 00	X		X				0	0	0
RON PRILL DIRECTOR	2 00	X		X				0	0	0
SR KATHLEEN PRUITT CSJP DIRECTOR	2 00	X						0	0	0
CAROL SHERIDAN DIRECTOR	2 00	X						0	0	0
ROLAND TRENOUTH MD DIRECTOR	2 00	X						0	0	0
ALAN YORDY PRESIDENT & CEO	40 00	X		X				1,009,488	0	262,543
STUART HENNESSEY SENIOR VP	40 00	X		X				470,401	0	144,198
KEVIN WALSTROM SENIOR VP	40 00			X				614,491	0	123,114
JOHN HAUGHOM SENIOR VP	40 00			X				565,369	0	54,875
PETER ADLER SENIOR VP	40 00			X				513,312	0	149,535
NANCY STEIGER SENIOR VP	40 00			X				505,725	0	136,873
CAROL AARON SENIOR VP	40 00			X				477,223	0	58,568
ELAINE SVIGEL DUNDA SENIOR VP	40 00			X				454,774	0	142,863
HOWARD GRAMAN SENIOR VP	40 00			X				118,023	0	5,609

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MEL PYNE CEO-EUGENE/SPRINGFIELD, OR	40 00				X			666,761	0	43,055
JOSIAH JOHNSON CEO - LONGVIEW, WA	40 00				X			385,444	0	110,337
RAN WHITEHEAD CEO - PEACEHEALTH LABS	40 00				X			341,546	0	55,253
ERIK HAUCK MD	40 00					X		902,314	0	39,531
DENNIS GORY MD	40 00					X		784,885	0	46,281
STEPHEN COOK MD	40 00					X		784,187	0	44,832
RAMAKOTA REDDY MD	40 00					X		723,870	0	44,962
DAVID SAENGER MD	40 00					X		702,418	0	38,502