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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

C Name of organization
Good Shepherd Health Care System

Doing Business As
Good Shepherd Medical Center

Number and street (or P O box if mail is not delivered to street address) | Room/suite
610 NW 11th Street

City or town, state or country, and ZIP + 4
Hermiston, OR 97838

D Employer identification number
93-0425580

E Telephone number
(541) 667-3400

G Gross receipts $ 80,671,946

F Name and address of principal officer
Dennis Burke
610 NW 11th Street
Hermiston, OR 97838

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www gshealth org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1953 | **M** State of legal domicile OR

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Hospital and health care services

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	607
6	Total number of volunteers (estimate if necessary)	**6**	81
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	142,973	161,990
	9 Program service revenue (Part VIII, line 2g)	77,991,866	78,701,390
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,036,209	1,477,660
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	133,024
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	81,171,048	80,474,064
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	306,894	322,510
	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)	34,097,339	36,831,076
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	33,218,762	33,615,294
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	67,622,995	70,768,880
	19 Revenue less expenses Subtract line 18 from line 12	13,548,053	9,705,184

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	116,270,116	120,122,697
	21 Total liabilities (Part X, line 26)	21,352,430	17,715,512
	22 Net assets or fund balances Subtract line 21 from line 20	94,917,686	102,407,185

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

****** | 2013-05-10
Signature of officer | Date

Dennis Burke President/CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's taxpayer identification number (see instructions)
Kim Hunwardsen CPA	2013-05-10	☐	P00484560

Firm's name (or yours if self-employed), address, and ZIP + 4: Eide Bailly LLP, 877 W MAIN ST STE 800, BOISE, ID 83702

EIN ▶ 45-0250958

Phone no ▶ (208) 344-7150

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

To provide compassionate, high quality, and accessible health care and to promote a healthy community

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 $ 66,479,600 including grants of $ 322,510) (Revenue $ 78,002,453)

Good Shepherd Health Care System (GSHCS) served 1,753 inpatients over 4,988 patient-days and 44,765 outpatients in fiscal year 2011-12, as well as 18,903 patients in our Emergency Center Although reimbursement for services rendered is critical to the operations and stability of GSHCS, not all individuals have the ability to purchase essential medical services In recognition of this, during FY 2011-12 GSHCS wrote off to collection $6,745,109 valued at charges foregone as bad debt Direct charity care to our community amounted to an additional $7,157,230, valued at charges foregone GSHCS provides care to persons covered by governmental programs at deeply discounted rates Recognizing its mission to the community, services were provided to both Medicare and Medicaid patients The unreimbursed value of providing care to these patients during fiscal year 2011-12 was $29,705,117 valued at charges foregone Our Emergency Center is open around-the-clock to all community members, visitors, and travelers, without regard to one's ability to pay

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 66,479,600

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		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*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	188		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	607			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	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		No
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		No
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Jan Peter
610 NW 11th Street
Hermiston, OR 97838
(541) 667-3416

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Steve Eldrge Chair	2 00	X		X				0	0	0
(2) Nancy Mabry Vice Chair	2 00	X		X				0	0	0
(3) Barbara Place Secretary	2 00	X		X				0	0	0
(4) Bill Elfering Treasurer	2 00	X		X				0	0	0
(5) Bob Carlson Director	2 00	X						0	0	0
(6) Richard Lindner Director	2 00	X						0	0	0
(7) Tricia Fenley Director	2 00	X						0	0	0
(8) Dr Derek Earl Director	2 00	X						0	0	0
(9) Sue Daggett Director	2 00	X						0	0	0
(10) Tom Wamsley Director	2 00	X						0	0	0
(11) Janet Cooley Director	2 00	X						0	0	0
(12) Glenn Chowning Jul-Dec Director	2 00	X						0	0	0
(13) Dennis E Burke President/CEO	40 00			X				339,481	0	55,358
(14) Jan D Peter VP/CFO	40 00			X				179,196	0	32,056
(15) David T Hughes VP/COO	40 00				X			182,300	0	31,980
(16) Dr Gary V Trupp Physician	40 00					X		260,539	0	12,250
(17) Dr Laura K Maskell Physician	40 00					X		235,258	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Dr Thomas L Farney Physician	40 00					X		285,849	0	18,930
(19) Dr Thomas J Holt Physician	40 00					X		325,197	0	12,533
(20) Josh S Jackson CRNA	40 00					X		228,749	0	8,136
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								2,036,569	0	171,243

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 41

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
Rick Burrill 610 NW 11th Street Hermiston, OR 97838	Physical Therapy	1,151,363
Tualitin Imaging 6464 SW Boreland Rd Tualitin, OR 97062	Imaging Services	1,071,183
Medical Doctor Assoc Inc PO Box 277185 Atlanta, GA 30384	Physician Services	948,788
Staff Care Inc PO Box 281923 Atlanta, GA 30384	Physician Services	522,428
Credits Inc 461 E Main Hermiston, OR 97838	Collection Services	478,215

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 ▶ 20

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				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 161,990				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		161,990			
Program Service Revenue			Business Code				
	2a	Net patient services	622110	77,635,505	77,635,505		
	b	Other revenue	900099	654,239	654,239		
	c	Cafeteria	900099	464,848			464,848
	d	Daycare	900099	234,089			234,089
	e	Loss on Subsidiary	446110	-287,291	-287,291		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		78,701,390			
	3	Investment income (including dividends, interest and other similar amounts)		1,589,462			1,589,462
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	133,024 /				
	b	Less rental expenses	0 /				
	c	Rental income or (loss)	133,024 /				
	d	Net rental income or (loss)		133,024			133,024
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	/ 86,080				
	b	Less cost or other basis and sales expenses	173,595 / 24,287				
	c	Gain or (loss)	-173,595 / 61,793				
	d	Net gain or (loss)		-111,802			-111,802
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	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						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d					
	12	**Total revenue.** See Instructions		80,474,064	78,002,453	0	2,309,621

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	322,510	322,510		
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	842,589		842,589	
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	28,552,885	27,023,016	1,529,869	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,190,982	1,127,145	63,837	
9	Other employee benefits	4,520,731	4,278,420	242,311	
10	Payroll taxes	1,723,889	1,591,494	132,395	
11	Fees for services (non-employees)				
a	Management				
b	Legal	14,732		14,732	
c	Accounting	46,942		46,942	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	276,234		276,234	
g	Other	9,897,221	9,004,048	893,173	
12	Advertising and promotion	119,117	110,878	8,239	
13	Office expenses	8,309,996	8,124,508	185,488	
14	Information technology				
15	Royalties . .				
16	Occupancy	637,173	637,173		
17	Travel	292,880	239,409	53,471	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	129,415	129,415		
20	Interest	463,555	463,555		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	4,790,921	4,790,921		
23	Insurance	581,540	581,540		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Bad Debts	5,020,156	5,020,156		
b	Medical Supplies	2,786,156	2,786,156		
c					
d					
e					
f	All other expenses	249,256	249,256		
25	**Total functional expenses.** Add lines 1 through 24f	70,768,880	66,479,600	4,289,280	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		4,162,250	2	4,198,077
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		11,000,597	4	11,207,147
	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		6,177,119	7	12,883,234
	8	Inventories for sale or use		1,512,595	8	1,591,960
	9	Prepaid expenses and deferred charges		709,516	9	788,546
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 84,856,026			
	b	Less accumulated depreciation	10b 39,486,403	44,137,953	10c	45,369,623
	11	Investments—publicly traded securities		50,555,989	11	44,143,587
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		-6,112,733	13	-6,400,024
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		4,126,830	15	6,340,547
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		116,270,116	16	120,122,697
Liabilities	17	Accounts payable and accrued expenses		6,734,044	17	6,920,810
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		13,927,302	20	0
	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		500,000	23	10,794,702
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		191,084	25	0
	26	**Total liabilities.** Add lines 17 through 25		21,352,430	26	17,715,512
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		94,560,726	27	102,030,950
	28	Temporarily restricted net assets		356,960	28	376,235
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		94,917,686	33	102,407,185
	34	Total liabilities and net assets/fund balances		116,270,116	34	120,122,697

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	80,474,064
2	Total expenses (must equal Part IX, column (A), line 25)	2	70,768,880
3	Revenue less expenses Subtract line 2 from line 1	3	9,705,184
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	94,917,686
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-2,215,685
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	102,407,185

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

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?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

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

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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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
Good Shepherd Health Care System

Employer identification number
93-0425580

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI 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	2,730,126	741,457		3,471,583
b Buildings		43,200,442	15,773,902	27,426,540
c Leasehold improvements				
d Equipment		36,475,440	22,629,205	13,846,235
e Other		1,708,561	1,083,296	625,265
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				45,369,623

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

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

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

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

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

(a) Description	(b) Book value
(1) Interest Receivable - Intercompany	3,103,921
(2) Estimated Third-Party Payor Settlements	3,129,936
(3) Financial Aid Receivable	42,171
(4) Student Loan Reserve Fund	64,519
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	6,340,547

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	80,474,064
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	70,768,880
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	9,705,184
4	Net unrealized gains (losses) on investments	4	-2,215,685
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-2,215,685
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	7,489,499

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

1	Total revenue, gains, and other support per audited financial statements			1	77,640,360
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-2,215,685		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-293,550		
e	Add lines **2a** through **2d**			2e	-2,509,235
3	Subtract line **2e** from line **1**			3	80,149,595
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	276,234		
b	Other (Describe in Part XIV)	4b	48,235		
c	Add lines **4a** and **4b**			4c	324,469
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	80,474,064

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

1	Total expenses and losses per audited financial statements			1	70,170,136
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	70,170,136
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	276,234		
b	Other (Describe in Part XIV)	4b	322,510		
c	Add lines **4a** and **4b**			4c	598,744
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	70,768,880

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Uncertain Tax Positions Under FIN 48	Part X	The Hospital is organized as an Oregon nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements The Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred The Hospital's federal Form 990 filings are no longer subject to federal tax examinations by tax authorities for years before 2009
Part XII, Line 2d - Other Adjustments		Charitable donations reclass from revenue to expenses - 322,510 Net assets released from restrictions included in revenue for audit 28,960
Part XII, Line 4b - Other Adjustments		Contributions recorded in fund balance for audit 48,235
Part XIII, Line 4b - Other Adjustments		Charitable donations reclass from revenue to expenses 322,510

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

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 ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
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 *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring 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)			3,916,000		3,916,000	6 010 %
b Medicaid (from Worksheet 3, column a)			13,031,295	11,805,886	1,225,409	1 880 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			16,947,295	11,805,886	5,141,409	7 890 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			305,112	39,836	265,276	0 400 %
f Health professions education (from Worksheet 5)			227,848	13,813	214,035	0 330 %
g Subsidized health services (from Worksheet 6)			6,379,012	4,217,260	2,161,752	3 290 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			322,510		322,510	0 490 %
j **Total** Other Benefits			7,234,482	4,270,909	2,963,573	4 510 %
k **Total.** Add lines 7d and 7j			24,181,777	16,076,795	8,104,982	12 400 %

Part II Community 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
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	5,020,156		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	179,010		
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	14,373,141		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	14,230,833		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	142,308		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	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 IV Management 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					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Good Shepherd Health Care System 610 NW 11th Street Hermiston, OR 97838	X	X			X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Good Shepherd Health Care System

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	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☑ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (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 ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ 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?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

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 ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ 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 ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

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

	Name and address	Type of Facility (Describe)
1	Good Shepherd Medical Group 610 NW 11th Street Hermiston, OR 97838	Clinic
2	Vange John Memorial Hospice 610 NW 11th Street Hermiston, OR 97838	Hospice
3	TLC Home Health 610 NW 11th Street Hermiston, OR 97838	Home Health
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		Part I, Line 3c Patients become eligible for financial assistance once they are at 150% of the federal poverty level Once eligible the Health Care System provides discounts on a sliding fee scale from 10% to 100% based on an individual's income level and household size

Identifier	ReturnReference	Explanation
		Part I, Line 6a The state posts the community benefit report online

Identifier	ReturnReference	Explanation
		Part I, Line 7 The charity care included in Part I, Line 7a is calculated by multiplying the ratio of cost to gross charges for the hospital by the gross uncompensated charges associated with providing charity care to its patients The unreimbursed Medicaid in Part I, Line 7b is based on gross charges and claims from the Medicaid Cost Report The community health services, education and contributions in Part I, Lines 7e, 7f and 7i are based on actual expenses Subsidized health services on Line 7g are reported according to costs allocated to the relevant cost centers on the Medicare cost report

Identifier	ReturnReference	Explanation
		Part I, Line 7g There are $7,150,002 in costs attributable to physician clinics included in subsidized health services

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt expense removed from the denominator of the calculation on Part 1, Line 7, column f was $5,020,156

Identifier	ReturnReference	Explanation
		Part III, Line 4 Footnote to the organization's financial statements that describes bad debt expense Patient receivables are uncollateralized customer and third-party payor obligations Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision The organization estimates the amount of bad debt attributable to charity patients to be $179,010 This estimate is based on an overall charity care percentage of gross revenue

Identifier	ReturnReference	Explanation
		Part III, Line 8 Medicare allowable cost is based on the Medicare cost report The Medicare cost report is completed based on the rules & regulations set forth by CMS

Identifier	ReturnReference	Explanation
		Part III, Line 9b The organization's collection procedures requires a financial advisor to work with any patient who is identified as potentially being eligible for financial assistance prior to sending the account to collection If during the course of the collection process the collection agency determines an account may be eligible for financial assistance, it is referred back to the hospital for further discussion with the patient or for write off All further collection action is ceased

Identifier	ReturnReference	Explanation
Good Shepherd Health Care System		Part V, Section B, Line 11h The policy indicates other factors beyond income level can be considered to determine free or discounted care The hospital also uses household size to determine free or discounted care

Identifier	ReturnReference	Explanation
Good Shepherd Health Care System		Part V, Section B, Line 19d The maximum amount charged to a patient under the financial assistance policy for emergency and medically necessary care is 90% of the gross charges This is based on the lowest discount under the charity care policy of 10%

Identifier	ReturnReference	Explanation
Good Shepherd Health Care System		Part V, Section B, Line 20 The hospital provides a reduction to gross charges under the their financial assistance policy The hospital has not determined the amount generally billed under the various proposed methods of calculation Therefore, it is possible a patient under the financial assistance policy could have paid more than the amount generally billed The hospital will review the various methods to determine amounts generally billed to ensure it is in compliance with Section 501(r)

Identifier	ReturnReference	Explanation
Good Shepherd Health Care System		Part V, Section B, Line 21 All individuals eligible under the hospital financial assistance policy are provided a discount for emergency and other medically necessary care FAP-eligible patients without insurance may be charged gross charges on elective procedures

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Our community healthcare needs assessment process has five components that are conducted every other year 1 The ongoing collection and evaluation of community feedback from patient surveys and comment forms 2 Patient and community-member healthcare needs focus groups 3 A healthcare needs survey completed by employers and other community leaders 4 A formal telephone survey 5 A demographic study conducted by the Oregon Office of Rural Health

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Our financial counselors inform and educate the people we serve with respect to charity care and governmental assistance programs All patients and responsible parties, where possible, are apprised of the availability of financial counseling services at the time and point of service We have arranged our patient flow to maximize the convenience of visiting our financial counselors as part of the Good Shepherd treatment regime In addition, the financial assistance policy is provided in writing to the patients upon request, and when the Hospital is able to identify a potential FAP-eligible individual upon admissions

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Good Shepherd Health Care System (GSHCS) is the corporate name for an organization made up of several entities, including Good Shepherd Medical Center, Vange John Memorial Hospice, TLC Home Health, Good Shepherd Medical Group, Good Shepherd Clinic Pharmacy, Good Shepherd Medical Foundation, and Good Shepherd Community Health Foundation Good Shepherd serves a core population of almost 50,000 people in the city of Hermiston, Oregon and in 14 outlying smaller towns within a rough 50-mile radius This population is largely rural, with agriculture dominating industrial enterprises The average household income in Hermiston is $35,865 17 1% of residents have incomes below federal poverty guidelines 31 3% of residents identify as non-white Hispanic ethnicity, with a sizable number of Spanish-primary speakers

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Good Shepherd maintains open active, affiliate, and courtesy medical staffs, with privileges available to all qualified and interested physicians in the communities we serve GSHCS is governed by a twelve-member board of trustees The board is comprised of independent representatives of the community, with an emphasis on maintaining a true cross-section of core population communities within its membership Our surplus funds are used to fund community health education classes, as well as funding building and equipment upgrades to maintain the highest quality healthcare for our community Surplus funds are also applied to ongoing professional education among our clinical staff to remain current in the best practices of modern healthcare We operate a fully-staffed 24-hour emergency room, available to the public regardless of ability to pay Good Shepherd operates two foundations that provide funds to appropriate community groups and activities, as well as providing scholarship funds to local residents establishing or furthering healthcare-related education We live our mission to promote a healthy community Good Shepherd is the host and driving force behind the Good Shepherd Wellness Coalition, a grass-roots group of community leaders that identify, analyze, and address pressing healthcare issues in the community We maintain a dialogue with the people we serve through a biweekly radio show, with an emphasis on wellness and preventative care Good Shepherd hosts an annual Family Health and Fitness Day, with free access to healthcare professionals, free screenings, and a wealth of health and wellness information available to the public We are active in community health-related activities, including the American Cancer Society's Relay for Life, the March of Dimes' March for Babies, and the Umatilla County Fair, where we provide health information and healthcare-related giveaways

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	OR

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

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
(1) Good Shepherd Community Health Foundation610 NW 11th Street Hermiston, OR 97838	93-1170546	501(c)(3)	250,000				Community Support

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

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 Grants are awarded to Good Shepherd Community Health Foundation, a related organization which is tax exempt under Section 501(c)(3)

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) Dennis E Burke	(i)	315,481	24,000	0	26,950	29,070	395,501	0
	(ii)	0	0	0	0	0	0	0
(2) Jan D Peter	(i)	166,915	12,281	0	11,105	21,496	211,797	0
	(ii)	0	0	0	0	0	0	0
(3) David T Hughes	(i)	166,631	15,669	0	11,209	21,434	214,943	0
	(ii)	0	0	0	0	0	0	0
(4) Dr Gary V Trupp	(i)	253,727	6,812	0	12,250	0	272,789	0
	(ii)	0	0	0	0	0	0	0
(5) Dr Laura K Maskell	(i)	234,258	1,000	0	0	0	235,258	0
	(ii)	0	0	0	0	0	0	0
(6) Dr Thomas L Farney	(i)	279,325	6,524	0	18,930	0	304,779	0
	(ii)	0	0	0	0	0	0	0
(7) Dr Thomas J Holt	(i)	318,972	6,225	0	12,533	0	337,730	0
	(ii)	0	0	0	0	0	0	0
(8) Josh S Jackson	(i)	227,749	1,000	0	8,136	0	236,885	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

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

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

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

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

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

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

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

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

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

Part IV **Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Credits Inc	Company is owned 100% by board member Nancy Mabry	494,702	Charges for collection services		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

Identifier	Return Reference	Explanation
New Program Services	Form 990, Part III, line 2	Cardio pulmonary rehab services are now being offered which falls under our exempt purpose to provide health care services
	Form 990, Part VI, Section A, line 8b	There are no committees with the authority to act on behalf of the governing body
	Form 990, Part VI, Section B, line 11	The return is reviewed by the CFO and Controller and presented on a high level to the Board of Directors A final copy is provided to the Board before filing
	Form 990, Part VI, Section B, line 12c	All officers, directors, and key employees with conflicts are expected to disclose conflicts of interest on a voluntary basis and refrain from discussion and/or voting on related matters as necessary These disclosures are reviewed and determined to exist or not to exist by the Board of Directors
	Form 990, Part VI, Section B, line 15a	The CEO's compensation is approved by the compensation committee of the Board of Directors based on survey information This process is completed annually in the month of October The compensation of other officers or key employees is determined by the CEO based on survey information This process is completed annually on the anniversary date of the individual's hire date
	Form 990, Part VI, Section C, line 19	The governing documents, conflict of interest policy and financial statements are available upon request
	Form 990, Part VII, Column (b)	In addition to the hours reported on Form 990, Part VII, the following individuals devoted time to Good Shepherd Community Health Foundation, a related organization, each week Tricia Fenley - 1 hour Richard Lindner - 2 hours Tom Wamsley - 2 hours
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -2,215,685

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Good Shepherd Health Care System

Employer identification number
93-0425580

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Good Shepherd Community Health Foundation 610 NW 11th Street Hermiston, OR 97838 93-1170546	fundraising	OR	501(c)(3)	Line 11a, I	Good Shepherd Health Care System	Yes	
(2) Good Shepherd Medical Foundation 610 NW 11th Street Hermiston, OR 97838 93-0844485	fundraising	OR	501(c)(3)	Line 7	Good Shepherd Health Care System	Yes	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Good Shepherd Medical Service Corp 610 NW 11th Street Hermiston, OR 97838 93-0688940	retail pharmacy	OR	N/A	C	2,580,619	9,856,605	100 000 %

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Good Shepherd Medical Service Corp	A	349,006	book value
(2) Good Shepherd Medical Service Corp	N	448,177	book value
(3) Good Shepherd Community Health Foundation	B	250,000	book value
(4) Good Shepherd Community Health Foundation	C	0	
(5) Good Shepherd Community Health Foundation	M	0	
(6) Good Shepherd Community Health Foundation	O	0	

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 93-0425580
Name: Good Shepherd Health Care System

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Good Shepherd Medical Service Corp	A	349,006	book value
(2)	Good Shepherd Medical Service Corp	N	448,177	book value
(3)	Good Shepherd Community Health Foundation	B	250,000	book value
(4)	Good Shepherd Community Health Foundation	C	0	
(5)	Good Shepherd Community Health Foundation	M	0	
(6)	Good Shepherd Community Health Foundation	O	0	

Consolidated Financial Statements
June 30, 2012 and 2011

Good Shepherd Health Care System

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Good Shepherd Health Care System
Hermiston, Oregon

We have audited the accompanying consolidated balance sheets of Good Shepherd Health Care System (the Hospital) 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 Hospital'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 audit to obtain reasonable assurance about whether the consolidated 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 Hospital'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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 Good Shepherd Health Care System as of June 30, 2012 and 2011 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Boise, Idaho
August 23, 2012

877 W Main St , Ste 800 | Boise, ID 83702-5858 | T 208 344 7150 | F 208 344 7435 | EOE

Good Shepherd Health Care System
Consolidated Balance Sheets
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash	$ 4,417,402	$ 4,245,541
Patient accounts receivable, net of allowance of $9,074,476 and $8,510,142, respectively	11,119,531	10,940,666
Inventory of supplies	1,968,774	1,785,758
Estimated third-party payor settlements	3,129,936	879,651
Prepaid expenses	800,361	712,788
Other assets	304,724	271,283
Total current assets	21,740,728	18,835,687
Assets Limited as to Use		
By the hospital board	43,553,085	50,042,831
Strategic property holdings	2,730,126	2,720,126
Unemployment deposit	590,502	513,158
Total assets limited as to use	46,873,713	53,276,115
Property and Equipment		
Land	789,950	789,950
Land improvements	1,919,450	1,873,744
Buildings	56,294,879	46,797,438
Equipment	36,949,124	31,930,305
Construction in progress	47,535	2,888,823
	96,000,938	84,280,260
Less accumulated depreciation	44,264,195	40,109,270
Total property, plant and equipment	51,736,743	44,170,990
Other Assets		
Bond issuance costs, net of accumulated amortization	-	101,615
	$ 120,351,184	$ 116,384,407

Liabilities and Net Assets	2012	2011
Current Liabilities		
Accounts payable	$ 1,494,576	$ 1,795,976
Accrued payroll	2,208,352	1,915,457
Accrued vacation liabilities	1,726,511	1,609,497
Estimated third-party payor settlements	-	191,084
Other accrued liabilities	1,719,858	1,527,405
Current portion of long-term debt	3,831,969	1,475,628
Total current liabilities	10,981,266	8,515,047
Long-Term Liabilities		
Long-term debt, less current portion	6,962,733	12,951,674
Total liabilities	17,943,999	21,466,721
Net Assets		
Unrestricted	102,030,950	94,560,726
Temporarily restricted	376,235	356,960
Total net assets	102,407,185	94,917,686
	$ 120,351,184	$ 116,384,407

Good Shepherd Health Care System
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Revenue		
Net patient service revenue	$ 80,216,124	$ 79,253,493
Other operating revenue	2,486,176	1,817,039
Net assets released from restrictions for operations	28,960	3,646
Net operating revenue	82,731,260	81,074,178
Operating Expenses		
Salaries and wages	29,183,120	27,203,895
Payroll taxes and benefits	7,553,692	6,798,781
Supplies	12,717,009	12,243,915
Provision for bad debts, net of recoveries of $1,811,680 and $1,653,875, respectively	5,020,156	4,978,778
Depreciation and amortization	5,217,870	4,331,760
Interest	463,555	518,870
Professional services	4,652,539	5,100,039
Purchased services	5,079,699	5,196,337
Other expenses	2,275,989	2,090,742
Utilities	874,141	837,878
Insurance	593,528	594,812
Total operating expenses	73,631,298	69,895,807
Operating Income	9,099,962	11,178,371
Nonoperating Revenue (Expense)		
Investment income	790,625	2,612,654
Other nonoperating revenue	56,022	32,303
Charitable donations	(322,510)	(301,672)
Gain (loss) on sale of fixed assets	61,810	(42,304)
Total nonoperating revenue	585,947	2,300,981
Excess of Revenues over Expenses	9,685,909	13,479,352
Change in net unrealized gains (losses) on investments	(2,215,685)	3,644,769
Increase in Unrestricted Net Assets	$ 7,470,224	$ 17,124,121

Good Shepherd Health Care System
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Excess of revenues over expenses	$ 9,685,909	$ 13,479,352
Net changes in unrealized gains (losses) on investments	(2,215,685)	3,644,769
Increase in unrestricted net assets	7,470,224	17,124,121
Temporarily Restricted Net Assets		
Contributions received	48,235	72,347
Net assets released from restrictions	(28,960)	(3,646)
Increase in temporarily restricted net assets	19,275	68,701
Change in Net Assets	7,489,499	17,192,822
Net Assets, Beginning of Year	94,917,686	77,724,864
Net Assets, End of Year	$ 102,407,185	$ 94,917,686

	2012	2011
Operating Activities		
Cash received from patients	$ 72,575,734	$ 72,853,015
Other receipts and payments	2,515,136	1,820,685
Cash paid to suppliers and employees	(62,932,785)	(59,177,827)
Interest paid	(463,555)	(518,870)
Net Cash from Operating Activities	11,694,530	14,977,003
Investing Activities		
Proceeds from sale of fixed assets	86,080	32,340
Additions to property and equipment	(12,716,278)	(8,660,553)
Purchase of assets whose use is limited	(4,649,037)	(13,595,106)
Proceeds from sale of assets whose use is limited	9,636,380	10,824,698
Net Cash used for Investing Activities	(7,642,855)	(11,398,621)
Financing Activities		
Charitable donations	(322,510)	(301,672)
Other revenue	75,296	101,003
Principal payments on long-term debt	(3,632,600)	(518,194)
Net Cash used for Financing Activities	(3,879,814)	(718,863)
Net Change in Cash	171,861	2,859,519
Cash, Beginning of Year	4,245,541	1,386,022
Cash, End of Year	$ 4,417,402	$ 4,245,541
Reconciliation of Excess Revenues over Expenses to Net Cash from Operating Activities		
Operating income	$ 9,099,962	$ 11,178,371
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	5,217,870	4,331,760
Increase (decrease) in		
Patient accounts receivable	(178,865)	(1,008,002)
Estimated third-party payor settlements	(2,441,369)	(413,698)
Inventory of supplies	(183,016)	(170,351)
Prepaid expenses and other assets	(121,014)	(15,966)
Accounts payable and accrued expenses	300,962	1,074,889
Net Cash from Operating Activities	$ 11,694,530	$ 14,977,003

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Good Shepherd Health Care System (the Hospital) of Hermiston, Oregon, is a non-profit, nonstock corporation operating a 25 bed acute-care hospital in Hermiston, Oregon The Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code The Hospital is also exempt from state income taxes

The Hospital's wholly owned subsidiary, Good Shepherd Medical Service Corp , a for profit corporation, owns and operates medical office buildings and a retail pharmacy

Related Party Foundation

Good Shepherd Community Health Foundation is a separate, not consolidated, non-profit corporation, organized to provide scholarships and support to the community Good Shepherd Medical Foundation is a separate, non consolidated, non-profit corporation, organized to provide support to the Hospital

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its wholly-owned subsidiary All significant intercompany accounts and transactions have been eliminated in consolidation

Use of Estimates

The preparation of consolidated 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 could differ from those estimates

Cash and Cash Equivalents

For the purposes of reporting cash flow, the Hospital considers investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts limited as to use by board designation or other arrangements under trust agreements to be cash and cash equivalents

The Hospital maintains bank deposits at Banner Bank that are in excess of the insurance limits provided by FDIC

Patient Accounts Receivable

Patient receivables are uncollateralized customer and third-party payor obligations Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts

Management considers historical write off and recovery information in determining the estimated bad debt provision

Investments and Investment Income

Investments in equity securities having a readily determinable fair value and in all debt securities are measured at fair value in the balance sheets Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses as non-operating revenue Unrealized gains and losses on investments are excluded from the excess of revenues over expenses

Investment income on temporary investment of the proceeds from tax exempt borrowings are offset with interest costs on those borrowings Interest costs exceeding earnings on the tax exempt borrowings are capitalized as part of the cost of acquiring fixed assets associated with the tax exempt borrowings

Assets Limited As to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements, sinking funds held for payment of upcoming long-term debt payments Strategic property holdings is land that was purchased within the hospital strategic zone and is not currently being used for operating purposes

Inventory of Supplies

The inventory of supplies is stated at the lower of cost (first-in, first-out) or market

Property and Equipment

Property and equipment are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset The Hospital generally capitalizes fixed assets with acquisition prices in excess of $750 Amortization is included in depreciation and amortization in the consolidated financial statements The estimated useful lives of property and equipment are as follows

Land improvements	5 to 30 years
Buildings	10 to 40 years
Equipment	3 to 27 years

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Net interest of $75,656 and $0 was capitalized during the years ended June 30, 2012 and 2011, respectively

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less that established rates Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue The estimated cost of providing these services was $3,916,000 and $4,010,000 for the years ended June 30, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients

Gifts, Grants, and Bequests

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Gifts, grants, and bequests that are not explicitly restricted by the donors are included in other operating revenues in the consolidated statement of operations

Retirement Plan

The Hospital has a defined contribution pension plan that covers substantially all employees The effective date of the plan was January 1, 1983 Pension costs include current service costs, which are accrued and funded currently Pension expense included in the consolidated Statement of Operations was approximately $1,242,039 and $1,144,329 as of June 30, 2012 and 2011, respectively

Advertising

The Hospital expenses the cost of advertising at the time the advertising takes place, no advertising costs have been capitalized Advertising expense was approximately $120,010 and $121,685 as of June 30, 2012 and 2011, respectively

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported At June 30, 2012 $0 has been accrued and $25,000 was accrued during 2011

Income Taxes

The Hospital is organized as an Oregon nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income

The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements The Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred The Hospital's federal Form 990 filings are no longer subject to federal tax examinations by tax authorities for years before 2008

Excess of Revenues Over Expenses

The Consolidated Statements of Operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets)

Reclassifications

Certain previously reported amounts have been reclassified to conform with the 2012 presentation

Subsequent Events

The Hospital has evaluated subsequent events through August 23, 2012, the date which the consolidated financial statements were available to be issued

Note 2 - Net Patient Service Revenue

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

Medicare The Hospital is licensed as a Critical Access Hospital (CAH) The Hospital is reimbursed for most acute care services at cost plus one percent with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare intermediary The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2010 Clinical services are paid on a cost basis or fixed fee schedule

Medicaid Inpatient, outpatient, and skilled nursing services provided to Medicaid program beneficiaries are reimbursed under cost reimbursement methodologies The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and review thereof by the Medicaid Program The Hospital's Medicaid cost reports have been settled by the Medicaid program through June 30, 2010

Other The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation As a result, there is a possibility that recorded estimates will change by a material amount in the near term The net patient service revenue for the year ended June 30, 2012 and June 30, 2011 increased approximately $902,000 and $172,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations

Net patient service revenue consisted of the following

	2012	2011
Gross patient service revenue		
Inpatient services	$ 29,574,354	$ 32,292,479
Outpatient services	76,992,831	70,242,191
Clinic services	6,353,135	7,285,352
Retail pharmacy	2,580,619	2,489,115
Total patient service revenue	115,500,939	112,309,137
Contractual adjustments		
Medicare	19,765,640	18,963,268
Medicaid	9,939,477	9,360,912
Blue Cross	1,834,576	1,729,655
Other	3,745,122	3,001,809
Total contractual adjustment	35,284,815	33,055,644
Net patient service revenue	$ 80,216,124	$ 79,253,493

Note 3 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are residents of Oregon and Southeast Washington and are insured under third-party payor agreements

The mix of receivables from patients and third-party payors follows

	2012	2011
Medicare	27%	31%
Medicaid	17%	13%
Blue Cross	7%	7%
Other third-party payors	28%	27%
Patients (self-pay)	21%	22%
	100%	100%

The mix of revenue from patients and third-party payors follows

	2012	2011
Medicare	34%	33%
Medicaid	18%	17%
Blue Cross	14%	14%
Other third-party payors	25%	27%
Patients (self-pay)	9%	9%
	100%	100%

Note 4 - Assets Limited as to Use

Assets limited as to use consist of assets that have been designated to replace property and equipment by the Board of Trustees, proceeds from long-term debt that will be used to complete construction projects, strategic property holdings and unemployment deposits

During 2011 the Hospital purchased strategic property holdings consisting of a parcel of land with a cost of $770,721 During 2012 the Hospital paid a deposit of $10,000 to purchase strategic property holdings consisting of land

Assets limited as to use by the Board and unemployment deposits consisted of the following as of June 30, 2012 and 2011

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Money market accounts	$ 3,574,355	$ 3,574,355	$ 4,539,949	$ 4,539,949
Mutual Funds	1,128,536	1,097,036	1,056,682	1,109,274
Equities	23,393,119	24,083,866	21,692,292	23,993,196
US Government bonds and notes	883,252	896,003	2,762,495	2,820,024
Corporate bonds	14,795,959	14,492,327	17,312,925	18,093,546
	$ 43,775,221	$ 44,143,587	$ 47,364,343	$ 50,555,989

Fair Value Measurements

The Hospital has determined the fair value of certain assets and liabilities in accordance with the provision of ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity 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 related asset or liability Level 3 inputs are unobservable inputs related to the asset or liability

The following table sets forth by level, within the fair value hierarchy, the fair values of assets limited as to use

	2012			
	Level 1	Level 2	Level 3	Total
Equities	$ 24,083,866	$ -	$ -	$ 24,083,866
Mutual Funds	1,097,036	-	-	1,097,036
Money market accounts	3,574,355	-	-	3,574,355
Corporate Bonds	-	14,492,327	-	14,492,327
Government Agency Bonds	-	896,003	-	896,003
	$ 28,755,257	$ 15,388,330	$ -	$ 44,143,587

	2011			
	Level 1	Level 2	Level 3	Total
Equities	$ 23,993,196	$ -	$ -	$ 23,993,196
Mutual Funds	1,109,274	-	-	1,109,274
Money market accounts	4,539,949	-	-	4,539,949
Certificate of deposit, bank	-	-	-	-
Corporate Bonds	-	15,559,916	-	15,559,916
Government Agency Bonds	-	5,353,654	-	5,353,654
	$ 29,642,419	$ 20,913,570	$ -	$ 50,555,989

Investment income consisted of the following

	2012	2011
Interest and dividends	$ 1,240,454	$ 1,244,891
Realized gains (losses) and sales of securities	(173,595)	1,622,732
Less broker fees	(276,234)	(254,969)
	$ 790,625	$ 2,612,654

The fair values and gross unrealized losses of investments and assets limited as to use for individual securities that have been in a continuous unrealized loss position as of are as follows

2012	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Bonds	$ 266,808	$ 9,855,458	$ 9,075	$ 585,994
Equities	1,173,839	6,566,001	588,654	1,826,590
Total	$ 1,440,647	$ 16,421,459	$ 597,729	$ 2,412,584

2011	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Bonds	$ 219,640	$ 5,847,944	$ 258,011	$ 3,449,892
Equities	439,936	4,283,683	182,001	981,745
Total	$ 659,576	$ 10,131,627	$ 440,012	$ 4,431,637

The gross unrealized losses on these investments were due to market-price movements consistent with the cyclical nature of the financial markets Based on its evaluation and the Hospital's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, management does not consider these investments to be other-than-temporarily impaired at June 30, 2012 and 2011

Capitalized Interest

The amount of interest cost capitalized on assets acquired with proceeds of tax-exempt borrowings that are externally restricted shall be all interest cost of the borrowing less any investment income earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use The following is a summary of the amount of interest costs capitalized on assets acquired or constructed with proceeds of tax exempt borrowings during the years ended June 30, 2012 and 2011

	2012	2011
Interest costs on tax-exempt borrowings	$ 550,404	$ 666,102
Interest costs on completed, non constructed, assets	(463,555)	(518,870)
Interest costs on construction projects	86,849	147,232
Investment income earned on related interest-bearing investments	(11,193)	(147,232)
Interest capitalized on construction projects financed with proceeds of tax-exempt borrowings	$ 75,656	$ -

Note 5 - Long-Term Debt

During the year ended June 30, 2012, the Hospital refinanced their debt by drawing on a line of credit Long-term debt at June 30, 2012 and 2011 consisted of the following

	2012	2011
The Hospital Facility Authority of Umatilla County, Oregon Bonds, Series 2007, (Good Shepherd Health Care System), due in monthly installments of $115,358, including interest at 4 575%, with a balloon payment due in August 2017 for the remaining balance Collateralized by real estate	$ -	$ 13,927,302
Ottmar note payable of $500,000 commenced on December 17, 2010, due in annual installments of $100,000, including interest at 4%, payable through December 17, 2015	-	500,000
Morgan Stanley Line of Credit with a maximum principal amount of $19,750,000, maturing in November 2015, incurring interest at a variable LIBOR based rate, currently 2% at June 30, 2012 Collateralized by securities	10,794,702	-
Total long-term debt	10,794,702	14,427,302
Less current maturities	(3,831,969)	(1,475,628)
Long-term debt less current maturities	$ 6,962,733	$ 12,951,674

The Hospital Facility debt agreement requires the Hospital to satisfy certain measures of financial performance Management believes that the Hospital is in compliance with all debt covenants

Principal maturities are scheduled as follows

2013	$ 3,831,969
2014	2,887,115
2015	2,945,390
2016	1,130,228
Total	$ 10,794,702

The fair value of long-term debt is estimated using discounted cash flows based on the Hospital's incremental borrowing rates for similar types of borrowings The carrying amount and estimated fair value of the Hospital's debt is $10,794,702 and $10,365,896, respectively, as of June 30, 2012, and $14,427,302 and $14,524,991, respectively, as of June 30, 2011

Note 6 - Rental of Medical Office Buildings

The Hospital and Good Shepherd Medical Service Corporation (Subsidiary) operate the rental of medical office buildings Revenues and expenses are included in the consolidated totals Results consisted of the following

	2012	2011
Gross rents and utilities	$ 1,038,001	$ 479,759
Utilities, repairs, and other expenses	(205,877)	(79,197)
Property taxes	(115,947)	(109,517)
Depreciation expense	(471,320)	(235,156)
Rental Gain	$ 244,857	$ 55,889

Interest expense from the Subsidiary of $349,008 in 2012 and $210,914 in 2011, to Good Shepherd Health Care System (Parent) is not included as an expense above The interest expense from the Subsidiary and the interest income to the Parent have been eliminated in the consolidation

The Hospital leases building space to other medical operations under operating leases Book value of building space under operating leases was $7,547,670 and $2,142,145 at June 30, 2012 and 2011, respectively, and is included in buildings and improvements in net property and equipment, at cost in the accompanying consolidated statement of financial position Accumulated depreciation on equipment under operating leases was $2,596,637 and $2,103,368 at June 30, 2012 and 2011, respectively Minimum future rentals on noncancelable operating leases with original terms of one year or longer total $886,221 and $354,728 at June 30, 2012 and 2011, respectively

These amounts are receivable as follows

2013	$ 921,824
2014	1,001,604
2015	652,632
2016	330,028
2017	232,815
Total	$ 3,138,903

Note 7 - Retail Pharmacy Operation

The Subsidiary also operates a retail pharmacy Revenues and expenses are included in the consolidated totals Retail pharmacy operations consisted of the following

	2012	2011
Pharmacy sales	$ 2,585,343	$ 2,494,179
Cost of sales	(2,161,320)	(2,051,997)
Gross profit	424,023	442,182
Expenses		
Payroll services	(448,771)	(374,120)
Supplies and other pharmacy operations	(102,298)	(23,837)
Total expenses	(551,069)	(397,957)
Income (loss) from retail pharmacy operation	$ (127,046)	$ 44,225

Note 8 - Leases

The Hospital leases various equipment and facilities under operating leases expiring at various dates through June 30, 2017 The total rental expense in 2012 and 2011 for all operating leases was $344,836 and $321,024, respectively Future minimum lease payments range from approximately $277,000 in 2013 to $255,000 in 2015 through 2017

Note 9 - Commitments and Contingencies

The Hospital has professional liability insurance coverage of $10,000,000 The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the Hospital purchases insurance to cover "prior acts " The Hospital currently purchases prior acts coverage annually

At June 30, 2012, $0 has been accrued for claims, $25,000 was accrued at June 30, 2011

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by commercial insurance, for example, allegations regarding employment practices or performance of contracts The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term At June 30, 2012 and 2011 no liability has been accrued

Note 10 - Fair Value of Financial Instruments

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Cash and Cash Equivalents

The carrying amount reported in the consolidated balance sheets for cash and cash equivalents approximates its fair value

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 1 and 2

Investments

Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

Accounts Payable and Accrued Expenses

The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value

Estimated Third-Party Payor Settlements

The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value

Note 11 - Functional Expenses

The Hospital provides health care services to residents of Oregon and Southeast Washington Expenses related to providing these services are summarized as follows

	Health Care Services	Fiscal and Administrative	Total
Year ended June 30, 2012			
Salaries and payroll costs	$ 22,768,833	$ 6,414,287	$ 29,183,120
Supplies and other expenses	40,911,150	3,537,028	44,448,178
Total expenses	$ 63,679,983	$ 9,951,315	$ 73,631,298
Year ended June 30, 2011			
Salaries and payroll costs	$ 20,648,774	$ 6,555,121	$ 27,203,895
Supplies and other expenses	38,994,610	3,697,302	42,691,912
Total expenses	$ 59,643,384	$ 10,252,423	$ 69,895,807

Supplemental Information
June 30, 2012 and 2011

Good Shepherd Health Care System

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplemental Information

The Board of Trustees
Good Shepherd Health Care System
Hermiston, Oregon

We have audited the consolidated financial statements of Good Shepherd Health Care System and subsidiaries as of and for the years ended June 30, 2012 and 2011, and our report thereon dated August 23, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The consolidating information on pages 24 to 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements The schedules of patient service revenue and operating expense also is presented for purposes of additional analysis and is not a required part of the consolidated financial statements The consolidating and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the consolidating information on pages 24 to 31 and the supplementary information on pages 21 to 23 is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Eide Bailly LLP

Boise, Idaho
August 23, 2012

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Good Shepherd Health Care System

Patient Service Revenue

Years Ended June 30, 2012 and 2011

	2012			2011		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient Services						
Acute care	$ 3,648,508	$ 239,843	$ 3,888,351	$ 4,755,856	$ 429,158	$ 5,185,014
Obstetrics and nursery	2,655,757	273,308	2,929,065	2,976,908	256,353	3,233,261
Special care	2,031,941	198,309	2,230,250	1,889,147	163,710	2,052,857
Diagnostic imaging	2,044,075	22,913,739	24,957,814	2,103,032	22,297,370	24,400,402
Emergency room	767,982	17,595,523	18,363,505	914,435	15,483,719	16,398,154
Surgery and recovery rooms	10,283,814	14,189,040	24,472,854	11,473,680	12,785,193	24,258,873
Laboratory	2,492,922	8,479,744	10,972,666	2,663,345	7,855,753	10,519,098
Pharmacy	2,798,381	5,376,230	8,174,611	3,215,603	4,539,568	7,755,171
Respiratory care, EKG, and EEG	2,147,554	1,524,373	3,671,927	2,174,036	1,352,738	3,526,774
Anesthesiology	1,911,779	3,975,189	5,886,968	2,189,783	3,695,453	5,885,236
Physical therapy	179,706	2,223,760	2,403,466	153,877	2,150,558	2,304,435
Home health	-	525,897	525,897	-	671,675	671,675
Clinic services	-	6,593,732	6,593,732	-	7,569,841	7,569,841
Retail pharmacy	-	2,580,619	2,580,619	-	2,489,115	2,489,115
Hospice care	5,131	1,009,224	1,014,355	1,478	1,089,210	1,090,688
Cardiac Rehab	334,421	-	334,421	-	-	-
IV Therapy	102,602	2,371,273	2,473,875	91,248	2,082,723	2,173,971
Speech	33,011	235,298	268,309	16,037	119,751	135,788
Occupational Therapy	21,811	135,760	157,571	38,425	122,962	161,387
Diabetes	34,452	127,214	161,666	3,636	126,544	130,180
Chemo Therapy	-	53,529	53,529	-	92,281	92,281
Hospitalists	-	542,718	542,718	-	-	-
Gross Patient Service Revenue	$ 31,493,847	$ 91,164,322	122,658,169	$ 34,660,526	$ 85,373,675	120,034,201
Medical, Welfare, and Insurance Adjustments			42,442,045			40,780,708
Net Patient Service Revenue			$ 80,216,124			$ 79,253,493

Good Shepherd Health Care System

Operating Expenses

Years Ended June 30, 2012 and 2011

	Year Ended June 30, 2012			Year Ended June 30, 2011		
	Salaries and Wages	Supplies and Other Expenses	Total	Salaries and Wages	Supplies and Other Expenses	Total
Patient Services						
Acute care	1,825,289	162,981	1,988,270	1,870,894	195,110	2,066,004
Obstetrics and nursery	1,202,700	226,268	1,428,968	1,165,018	168,232	1,333,250
Special care	973,570	64,933	1,038,503	825,017	68,442	893,459
Diagnostic imaging	1,587,994	1,776,820	3,364,814	1,577,329	1,827,889	3,405,218
Emergency room	2,879,980	1,079,636	3,959,616	2,771,396	1,079,630	3,851,026
Surgery and recovery rooms	2,137,399	5,355,573	7,492,972	2,143,874	5,234,068	7,377,942
Laboratory	958,537	1,367,811	2,326,348	927,388	1,299,593	2,226,981
Pharmacy	593,060	2,172,172	2,765,232	581,921	1,953,821	2,535,742
Clinic services	4,045,161	1,825,911	5,871,072	3,692,233	2,903,272	6,595,505
Respiratory care, EKG, and EEG	696,227	135,743	831,970	628,129	108,562	736,691
Anesthesiology	602,105	1,011,061	1,613,166	428,113	1,360,485	1,788,598
Physical therapy	-	1,111,529	1,111,529	-	1,102,337	1,102,337
Home health	372,633	172,272	544,905	357,126	247,214	604,340
Hospice care	452,867	224,752	677,619	361,391	178,253	539,644
Medical services pharmacy	-	2,247,261	2,247,261	-	2,239,040	2,239,040
Hospitalists	596,674	916,758	1,513,432	-	-	-
Cardiac Rehab	176,774	25,304	202,078	8,738	1,478	10,216
IV Therapy	960,604	81,352	1,041,956	808,857	86,386	895,243
Boardman Pharmacy	23,119	74,776	97,895	-	-	-
Chemo Therapy	12,579	2,409	14,988	12,260	14,716	26,976
Speech Therapy	126,558	5,267	131,825	72,518	2,979	75,497
Diabetes	136,318	7,931	144,249	135,433	10,695	146,128
Occupational	73,845	5,356	79,201	81,122	9,628	90,750
Other Patient Services	-	2,562	2,562	-	1,661	1,661
	20,433,993	20,056,438	40,490,431	18,448,757	20,093,491	38,542,248

Good Shepherd Health Care System
Operating Expenses
Years Ended June 30, 2012 and 2011

	Year Ended June 30, 2012			Year Ended June 30, 2011		
	Salaries and Wages	Supplies and Other Expenses	Total	Salaries and Wages	Supplies and Other Expenses	Total
Fiscal and Administrative Services						
Fiscal and administrative	3,831,018	3,112,014	6,943,032	3,818,280	3,248,973	7,067,253
Nursing administration and quality	1,228,304	128,407	1,356,711	1,368,055	176,432	1,544,487
Medical records	546,134	89,635	635,769	593,906	90,716	684,622
Purchasing	206,668	9,085	215,753	205,038	16,942	221,980
Daycare	314,777	67,996	382,773	294,551	63,770	358,321
Health education	260,829	127,383	388,212	252,371	100,024	352,395
Chaplain	26,557	2,508	29,065	22,920	445	23,365
	6,414,287	3,537,028	9,951,315	6,555,121	3,697,302	10,252,423
Other						
Medical services rentals	-	679,084	679,084	-	399,628	399,628
Provision for bad debts	-	5,020,156	5,020,156	-	4,978,778	4,978,778
Payroll taxes and benefits	-	7,553,692	7,553,692	-	6,798,781	6,798,781
Interest	-	463,555	463,555	-	518,870	518,870
Depreciation and amortization	-	5,217,870	5,217,870	-	4,331,760	4,331,760
	-	18,934,357	18,934,357	-	17,027,817	17,027,817
	$ 29,183,120	$ 44,448,178	$ 73,631,298	$ 27,203,895	$ 42,691,912	$ 69,895,807

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2012

	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Assets				
Current Assets				
Cash	$ 4,198,077	$ 219,325	$ -	$ 4,417,402
Patient accounts receivable, net of allowance of $9,074,476	10,976,232	143,299	-	11,119,531
Interest receivable - intercompany	3,103,921	-	(3,103,921)	-
Inventory of supplies	1,591,960	376,814	-	1,968,774
Estimated third-party payor settlements	3,129,936	-	-	3,129,936
Prepaid expenses	788,546	11,815	-	800,361
Other assets	296,618	8,106	-	304,724
Total current assets	24,085,290	759,359	(3,103,921)	21,740,728
Assets limited as to use				
By the hospital board	43,553,085	-	-	43,553,085
Strategic property holdings	2,730,126	-	-	2,730,126
Unemployment deposit	590,502	-	-	590,502
Total assets limited as to use	46,873,713	-	-	46,873,713
Property and Equipment				
Land	741,457	48,493	-	789,950
Land improvements	1,661,026	258,424	-	1,919,450
Buildings	43,200,442	13,094,437	-	56,294,879
Equipment	36,475,440	473,684	-	36,949,124
Construction in progress	47,535	-	-	47,535
	82,125,900	13,875,038	-	96,000,938
Less accumulated depreciation	39,486,403	4,777,792	-	44,264,195
Total property, plant and equipment	42,639,497	9,097,246	-	51,736,743
Other Assets				
Note receivable - subsidiary	12,924,221	-	(12,924,221)	-
Investment in subsidiary	(6,400,024)	-	6,400,024	-
	6,524,197	-	(6,524,197)	-
	$ 120,122,697	$ 9,856,605	$ (9,628,118)	$ 120,351,184

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2012

	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 1,420,563	$ 74,013	$ -	$ 1,494,576
Accrued payroll	2,208,352	-	-	2,208,352
Accrued vacation liabilities	1,726,511	-	-	1,726,511
Interest payable - intercompany	-	3,103,921	(3,103,921)	-
Other accrued liabilities	1,565,384	154,474	-	1,719,858
Current portion of long-term debt	3,831,969	-	-	3,831,969
Total current liabilities	10,752,779	3,332,408	(3,103,921)	10,981,266
Long-Term Liabilities				
Note payable - subsidiary	-	12,924,221	(12,924,221)	-
Long-term debt, less current portion	6,962,733	-	-	6,962,733
Total liabilities	17,715,512	16,256,629	(16,028,142)	17,943,999
Net Assets				
Unrestricted	102,030,950	(6,400,024)	6,400,024	102,030,950
Temporarily restricted	376,235	-	-	376,235
Total net assets	102,407,185	(6,400,024)	6,400,024	102,407,185
	$ 120,122,697	$ 9,856,605	$ (9,628,118)	$ 120,351,184

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2011

Assets	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Current Assets				
Cash	$ 4,162,250	$ 83,291	$ -	$ 4,245,541
Patient accounts receivable, net of allowance of $8,510,142	10,781,389	159,277	-	10,940,666
Interest receivable - intercompany	3,054,914	-	(3,054,914)	-
Inventory of supplies	1,512,595	273,163	-	1,785,758
Estimated third-party payor settlements	879,651	-	-	879,651
Prepaid expenses	709,516	3,272	-	712,788
Other assets	256,929	14,354	-	271,283
Total current assets	21,357,244	533,357	(3,054,914)	18,835,687
Assets limited as to use				
By the Hospital Board	50,042,831	-	-	50,042,831
Strategic property holdings	2,720,126	-	-	2,720,126
Unemployment deposit	513,158	-	-	513,158
Total assets limited as to use	53,276,115	-	-	53,276,115
Property and Equipment				
Land	741,457	48,493	-	789,950
Land improvements	1,642,206	231,538	-	1,873,744
Buildings	40,349,461	6,447,977	-	46,797,438
Equipment	31,554,576	375,729	-	31,930,305
Construction in progress	2,888,554	269	-	2,888,823
	77,176,254	7,104,006	-	84,280,260
Less accumulated depreciation	35,758,427	4,350,843	-	40,109,270
Total property, plant and equipment	41,417,827	2,753,163	-	44,170,990
Other Assets				
Note receivable - subsidiary	6,230,048	-	(6,230,048)	-
Investment in subsidiary	(6,112,733)	-	6,112,733	-
Bond issuance costs, net of accumulated amortization	101,615	-	-	101,615
	218,930	-	(117,315)	101,615
	$ 116,270,116	$ 3,286,520	$ (3,172,229)	$ 116,384,407

Good Shepherd Health Care System
Consolidating Schedule – Balance Sheet Information
June 30, 2011

	Good Shepherd Hospital	Medical Service Corp	Eliminating Entries	Consolidated Totals
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 1,764,642	$ 31,334	$ -	$ 1,795,976
Accrued payroll	1,915,457	-	-	1,915,457
Accrued vacation liabilities	1,609,497	-	-	1,609,497
Estimated third-party payor settlements	191,084	-	-	191,084
Interest payable - intercompany	-	3,054,914	(3,054,914)	-
Other accrued liabilities	1,444,448	82,957	-	1,527,405
Current portion of long-term debt	1,475,628	-	-	1,475,628
Total current liabilities	8,400,756	3,169,205	(3,054,914)	8,515,047
Long-Term Liabilities				
Note payable - subsidiary	-	6,230,048	(6,230,048)	-
Long-term debt, less current portion	12,951,674	-	-	12,951,674
Total liabilities	21,352,430	9,399,253	(9,284,962)	21,466,721
Net Assets				
Unrestricted	94,560,726	(6,112,733)	6,112,733	94,560,726
Temporarily restricted	356,960	-	-	356,960
Total net assets	94,917,686	(6,112,733)	6,112,733	94,917,686
	$ 116,270,116	$ 3,286,520	$ (3,172,229)	$ 116,384,407

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2012

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Gross Revenue						
Inpatient services	$ 29.574.354	$ -	$ -	$ -	$ -	$ 29.574.354
Outpatient services	76.992.831	6.353.135	2.580.619	-	-	85.926.585
Gross revenue	106.567.185	6.353.135	2.580.619	-	-	115.500.939
Deductions from						
Patient Revenue						
Medicare allowances	19.418.077	347.563	-	-	-	19.765.640
Welfare allowances	9.461.529	477.948	-	-	-	9.939.477
Other allowances	4.559.629	649.387	-	-	-	5.209.016
Administrative adjustments	370.682	-	-	-	-	370.682
Total deductions	33.809.917	1.474.898	-	-	-	35.284.815
Net patient revenue	72.757.268	4.878.237	2.580.619	-	-	80.216.124
Other income	1.599.970	(15)	-	886.221	-	2.486.176
Net assets released from restrictions used for operations	28.960	-	-	-	-	28.960
Net Operating Revenue	74.386.198	4.878.222	2.580.619	886.221	-	82.731.260
Operating Expenses						
Salaries and wages	25.137.959	4.045.161	-	-	-	29.183.120
Employee benefits	6.526.343	1.027.349	-	-	-	7.553.692
Supplies	10.125.594	408.901	2.166.241	16.273	-	12.717.009
Provision for bad debts	4.929.999	90.157	-	-	-	5.020.156
Depreciation and amortization	4.790.921	-	-	426.949	-	5.217.870
Interest	463.555	-	-	349.008	(349.008)	463.555
Professional fees	3.724.853	927.686	-	-	-	4.652.539
Purchased services	4.207.638	357.665	448.771	65.625	-	5.079.699
Insurance	581.540	-	-	11.988	-	593.528
Rental and lease	220.844	39.540	84.452	-	-	344.836
Utilities and telephone	726.094	36.056	-	111.991	-	874.141
Travel and education	444.179	18.853	303	-	-	463.335
Dues and subscriptions	117.320	8.524	1.726	-	-	127.570
Recruitment	477.493	-	-	-	-	477.493
Other direct expenses	707.226	28.686	10.896	115.947	-	862.755
Total operating expense	63.181.558	6.988.578	2.712.389	1.097.781	(349.008)	73.631.298

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2012

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Income (Loss) from Operations	11,204,640	(2,110,356)	(131,770)	(211,560)	349,008	9,099,962
Nonoperating Revenue (Expense)						
Investment income	1,139,633	-	-	-	(349,008)	790,625
Nonoperating revenues	61,793	-	4,724	51,315	-	117,832
Nonoperating expenses	(287,291)	-	-	-	287,291	-
Charitable donations	(322,510)	-	-	-	-	(322,510)
Total nonoperating	591,625	-	4,724	51,315	(61,717)	585,947
Excess of Revenues over Expenses	11,796,265	(2,110,356)	(127,046)	(160,245)	287,291	9,685,909
Change in net unrealized gains on investments	(2,215,685)	-	-	-	-	(2,215,685)
Change in Unrestricted Net Assets	$ 9,580,580	$ (2,110,356)	$ (127,046)	$ (160,245)	$ 287,291	$ 7,470,224

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2011

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Gross Revenue						
Inpatient services	$ 32,292,479	$ -	$ -	$ -	$ -	$ 32,292,479
Outpatient services	70,242,191	7,285,352	2,489,115	-	-	80,016,658
Gross revenue	102,534,670	7,285,352	2,489,115	-	-	112,309,137
Deductions from						
Patient Revenue						
Medicare allowances	18,491,632	471,636	-	-	-	18,963,268
Welfare allowances	8,870,881	490,031	-	-	-	9,360,912
Other allowances	3,532,899	667,423	-	-	-	4,200,322
Administrative adjustments	531,142	-	-	-	-	531,142
Total deductions	31,426,554	1,629,090	-	-	-	33,055,644
Net patient revenue	71,108,116	5,656,262	2,489,115	-	-	79,253,493
Other income	1,462,328	(17)	-	354,728	-	1,817,039
Net assets released from restrictions used for operations	3,646	-	-	-	-	3,646
Net Operating Revenue	72,574,090	5,656,245	2,489,115	354,728	-	81,074,178
Operating Expenses						
Salaries and wages	23,511,662	3,692,233	-	-	-	27,203,895
Employee benefits	5,826,865	971,916	-	-	-	6,798,781
Supplies	9,843,189	339,271	2,055,643	5,812	-	12,243,915
Provision for bad debts	4,878,443	100,335	-	-	-	4,978,778
Depreciation and amortization	4,140,975	-	-	190,785	-	4,331,760
Interest	518,870	-	-	210,914	(210,914)	518,870
Professional fees	3,287,346	1,812,693	-	-	-	5,100,039
Purchased services	4,184,956	610,989	374,120	26,272	-	5,196,337
Insurance	590,289	-	-	4,523	-	594,812
Rental and lease	239,115	63,132	18,777	-	-	321,024
Utilities and telephone	766,494	28,794	-	42,590	-	837,878
Travel and education	333,814	14,538	-	-	-	348,352
Dues and subscriptions	107,311	3,386	1,001	-	-	111,698
Recruitment	342,713	-	-	-	-	342,713
Other direct expenses	826,556	30,469	413	109,517	-	966,955
Total operating expense	59,398,598	7,667,756	2,449,954	590,413	(210,914)	69,895,807

Good Shepherd Health Care System
Consolidating Schedule – Statement of Operations Information
Year Ended June 30, 2011

	Hospital Medical Center	Clinic Medical Group	Subsidiary Pharmacy	Subsidiary Rentals	Eliminating Entries	Consolidated Totals
Income (Loss) from Operations	13,175,492	(2,011,511)	39,161	(235,685)	210,914	11,178,371
Nonoperating Revenue (Expense)						
Investment income	2,823,568	-	-	-	(210,914)	2,612,654
Nonoperating revenues	(42,328)	-	5,064	27,263	-	(10,001)
Nonoperating expenses	(164,197)	-	-	-	164,197	-
Charitable donations	(301,672)	-	-	-	-	(301,672)
Total nonoperating	2,315,371	-	5,064	27,263	(46,717)	2,300,981
Excess of Revenue over Expenses	15,490,863	(2,011,511)	44,225	(208,422)	164,197	13,479,352
Change in net unrealized gains on investments	3,644,769	-	-	-	-	3,644,769
Change in Unrestricted Net Assets	$ 19,135,632	$ (2,011,511)	$ 44,225	$ (208,422)	$ 164,197	$ 17,124,121