See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1301 PUNCHBOWL STREET

City or town, state or country, and ZIP + 4
HONOLULU, HI 96813

D Employer identification number
99-0073524

E Telephone number
(808) 538-9011

G Gross receipts $ 758,353,719

F Name and address of principal officer
ARTHUR A USHIJIMA
1301 PUNCHBOWL STREET
HONOLULU, HI 96813

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 QUEENSMEDICALCENTER NET

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1859 | **M** State of legal domicile HI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE MISSION OF QMC IS TO FULFILL THE INTENT OF QUEEN EMMA AND KING KAMEHAMEHA IV TO PROVIDE IN PERPETUITY QUALITY HEALTHCARE SERVICES TO IMPROVE THE WELL-BEING OF NATIVE HAWAIIANS AND ALL THE PEOPLE OF HI

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	4,236
6	Total number of volunteers (estimate if necessary)	**6**	400
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	8,514,640
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)	35,906,761	31,438,975
	9 Program service revenue (Part VIII, line 2g)	630,539,204	683,616,214
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,868,401	17,069,781
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	18,757,031	19,044,676
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	702,071,397	751,169,646
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,788,944	2,480,742
	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)	339,010,626	356,361,527
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶49,743		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	328,185,293	343,251,022
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	668,984,863	702,093,291
	19 Revenue less expenses Subtract line 18 from line 12	33,086,534	49,076,355

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	987,672,169	1,056,520,269
	21 Total liabilities (Part X, line 26)	600,202,380	687,598,602
	22 Net assets or fund balances Subtract line 21 from line 20	387,469,789	368,921,667

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

****** | 2013-05-07
Signature of officer | Date

RICHARD KEENE TREASURER
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)
Firm's name (or yours if self-employed), address, and ZIP + 4	ERNST & YOUNG US LLP 4370 LA JOLLA VILLAGE DR STE 500 SAN DIEGO, CA 92122		EIN ▶ Phone no ▶ (858) 535-7200

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

The mission of QMC is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality healthcare services to improve the well-being of native Hawaiians and all the people of Hawaii

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 $ 671,065,920 including grants of $) (Revenue $ 696,486,721)

THE QUEEN'S MEDICAL CENTER IS THE LARGEST PRIVATE, NONPROFIT, ACUTE CARE MEDICAL FACILITY IN HAWAII ITS STAFF IS DEDICATED TO PROVIDING QUALITY HEALTH CARE TO THE PEOPLE OF HAWAII AND THE PACIFIC SEE SCHEDULE O FOR MORE INFORMATION

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** ▶ $ 671,065,920

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	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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	Yes	
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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		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**	Yes	
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**	474		
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**	4,236			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
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	18		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13		
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		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
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			No
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b			
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			
13	Did the organization have a written whistleblower policy?	13			No
14	Did the organization have a written document retention and destruction policy?	14			No
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			No
b	Other officers or key employees of the organization	15b		Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)				
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b			No

Section C. Disclosure

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

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 ▶

CLINTON YEE
1301 PUNCHBOWL STREET
HONOLULU, HI 96813
(808) 538-9011

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) NALEEN N ANDRADE MD TRUSTEE - PART YEAR	1 0	X								
(2) MAENETTE BENHAM EDD TRUSTEE	1 0	X						0	0	0
(3) DIANE CECCHETTINI RN TRUSTEE	1 0	X						0	0	0
(4) ERNEST FUKEDA JR TRUSTEE	1 0	X						0	0	0
(5) CHRISTINE M GAYAGAS TRUSTEE	1 0	X						0	0	0
(6) PETER HALFORD MD TRUSTEE/COS/ON-CALL PHYSICIAN	1 0	X						132,486	0	0
(7) PETER K HANASHIRO TRUSTEE	1 0	X						0	0	0
(8) NEIL J HANNAHS TRUSTEE	1 0	X						0	0	0
(9) LYLE HARADA TRUSTEE	1 0	X						0	0	0
(10) STANLEY KURIYAMA TRUSTEE	1 0	X						0	0	0
(11) NOREEN MOKUAU DSW TRUSTEE/CHAIR	2 0	X		X				0	0	0
(12) ROBERT K NOBRIGA TRUSTEE	1 0	X						0	0	0
(13) WILLIAM G OBANA MD TRUSTEE/VC/ON-CALL PHYSICIAN	2 0	X		X				118,229	0	0
(14) CAROLINE WARD ODA TRUSTEE	1 0	X						0	0	0
(15) ROBB K OHTANI MD TRUSTEE/ON-CALL PHYSICIAN	2 0	X						50,513	0	0
(16) BARRY M WEINMAN TRUSTEE	1 0	X						0	0	0
(17) JULIA C WO TRUSTEE	1 0	X						0	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) ERIC K YEAMAN TRUSTEE	1.0	X						0	0	0
(19) ARTHUR A USHIJIMA TRUSTEE/PRESIDENT	32.0	X		X				0	835,524	621,099
(20) SUSAN HARAMOTO ASSISTANT SECRETARY	8.0			X				0	56,576	5,874
(21) RICHARD KEENE TREASURER	20.0			X				0	492,932	65,337
(22) SHARLENE TSUDA SECRETARY	2.0			X				0	232,526	54,241
(23) MARK YAMAKAWA VICE PRESIDENT	41.0			X				0	786,934	121,399
(24) PAULA YOSHIOKA VICE PRESIDENT	54.0			X				397,499	0	59,637
(25) CLINTON YEE ASSISTANT TREASURER	40.0			X				164,882	0	31,222
(26) MICHAEL H DANG MD CARDIOVASCULAR SURGEON	50.0					X		702,551	0	24,341
(27) ROBERT A HONG MD CARDIOLOGIST	50.0					X		484,984	0	20,248
(28) DAVID J FERGUSSON MD CARDIOLOGIST	50.0					X		469,823	0	25,067
(29) CORY TAMIKO MIYAMOTO MD GASTROENTEROLOGIST	50.0					X		469,438	0	24,187
(30) CHRISTOPHER AOKI MD GASTROENTEROLOGIST	50.0					X		461,262	0	34,655
1b Sub-Total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶								3,451,667	2,404,492	1,087,307

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 ▶ 676

			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
AFFILIATED COMPUTER SERVICES PO BOX 201322 DALLAS, TX 753201322	INFO/SYSTM OUTSOURCE	11,723,709
WELLSPRING PARTNERS 4795 PAYSHERE CIRCLE CHICAGO, IL 60674	CONSULTING	10,476,993
UCERA 677 ALA MOANA BLVD SUITE 1003 HONOLULU, HI 96813	MEDICAL SERVICES	9,941,763
HAWAII RESIDENCY PROGRAMS INC 1356 LUSITANA ST 510 HONOLULU, HI 96813	MEDICAL SERVICES	8,619,001
SODEXO INC AFFILIATES 1301 PUNCBOWL STREET HONOLULU, HI 96813	MANAGEMENT SERVICE	3,393,561

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 ▶ 107

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	367,138			
	d	Related organizations	1d	29,882,150			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,189,687			
	g	Noncash contributions included in lines 1a-1f $ 38,797					
	h	**Total.** Add lines 1a-1f		31,438,975			
Program Service Revenue			Business Code				
	2a	Net Patient Revenue	622110	675,381,822	675,381,822		
	b	Interco Purchased	561000	8,234,392	5,423,459	2,810,933	
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		683,616,214			
	3	Investment income (including dividends, interest and other similar amounts)		10,101,588		-400,761	10,502,349
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	92,167				
	b	Less rental expenses					
	c	Rental income or (loss)	92,167				
	d	Net rental income or (loss)		92,167			92,167
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	14,046,295 / 27,029				
	b	Less cost or other basis and sales expenses	6,804,854 / 300,277				
	c	Gain or (loss)	7,241,441 / -273,248				
	d	Net gain or (loss)		6,968,193			6,968,193
Other Revenue	8a	Gross income from fundraising events (not including $ 367,138 of contributions reported on line 1c) See Part IV, line 18	a 56,476				
	b	Less direct expenses	b 78,942				
	c	Net income or (loss) from fundraising events		-22,466			-22,466
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	OTHER SERVICES	621500	10,097,398	5,257,381	4,840,017	
	b	RESEARCH	621500	3,258,925	3,258,925		
	c	OTHER OPERATING REVENUE	621500	3,442,693	3,442,693		
	d	All other revenue		2,175,959	911,508	1,264,451	
	e	**Total.** Add lines 11a–11d		18,974,975			
	12	**Total revenue.** See Instructions		751,169,646	693,675,788	8,514,640	17,540,243

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	2,480,742	2,480,742		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	419,256	229,420	189,836	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	278,138,129	270,654,976	7,483,153	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	25,543,043	24,790,687	752,356	
9	Other employee benefits	32,895,981	31,698,223	1,197,758	
10	Payroll taxes	19,365,118	18,819,486	545,632	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	1,062,683	774,211	288,472	
c	Accounting	497,382		497,382	
d	Lobbying	34,224		34,224	
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	87,702,914	77,573,129	10,129,785	
12	Advertising and promotion	877,638	807,448	70,190	
13	Office expenses	3,031,100	2,875,400	150,676	5,024
14	Information technology	261,333	238,706	22,627	
15	Royalties . .	0			
16	Occupancy	18,155,123	17,920,679	234,444	
17	Travel	1,950,075	985,933	964,142	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	30,966	30,966		
20	Interest	9,147,539	9,147,539		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	34,928,636	34,659,149	269,487	
23	Insurance	6,452,867	-54,494	6,507,361	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	106,011,327	105,805,126	206,201	
b	INTERCOMPANY CHARGES	34,362,539	34,362,539		
c	BAD DEBT	25,027,554	25,027,554		
d	EDUCATION	2,609,684	2,598,800	10,884	
e					
f	All other expenses	11,107,438	9,639,701	1,423,018	44,719
25	**Total functional expenses.** Add lines 1 through 24f	702,093,291	671,065,920	30,977,628	49,743
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		28,502	1	31,716
	2	Savings and temporary cash investments		21,679,191	2	20,134,272
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		71,224,222	4	82,911,301
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		8,237,762	8	9,378,099
	9	Prepaid expenses and deferred charges		9,059,438	9	12,981,849
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 657,792,535			
	b	Less accumulated depreciation	10b 423,413,810	236,909,772	10c	234,378,725
	11	Investments—publicly traded securities		440,843,899	11	478,654,707
	12	Investments—other securities See Part IV, line 11		103,142,893	12	90,214,957
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		96,546,490	15	127,834,643
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		987,672,169	16	1,056,520,269
Liabilities	17	Accounts payable and accrued expenses		195,134,390	17	280,390,717
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		274,330,000	20	261,830,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		1,980,444	24	1,077,953
	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		128,757,546	25	144,299,932
	26	**Total liabilities.** Add lines 17 through 25		600,202,380	26	687,598,602
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		368,639,256	27	349,513,521
	28	Temporarily restricted net assets		12,879,719	28	13,457,332
	29	Permanently restricted net assets		5,950,814	29	5,950,814
		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		387,469,789	33	368,921,667
	34	Total liabilities and net assets/fund balances		987,672,169	34	1,056,520,269

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	751,169,646
2	Total expenses (must equal Part IX, column (A), line 25)	2	702,093,291
3	Revenue less expenses Subtract line 2 from line 1	3	49,076,355
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	387,469,789
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-67,624,477
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	368,921,667

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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
THE QUEEN'S MEDICAL CENTER	99-0073524

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

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

A Check ☑ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)	0	0
b Total lobbying expenditures to influence a legislative body (direct lobbying)	34,224	55,188
c Total lobbying expenditures (add lines 1a and 1b)	34,224	55,188
d Other exempt purpose expenditures	693,824,913	780,940,655
e Total exempt purpose expenditures (add lines 1c and 1d)	693,859,137	780,995,843
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	1,000,000
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000	250,000
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☑ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	134,730	31,942	46,088	55,188	267,948
d Grassroots non-taxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures	0	0	0	0	0

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

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

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

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	7,237,856	7,195,561	6,633,812	6,236,306	
b	Contributions	1,125	40,500	852,775	710,304	
c	Investment earnings or losses	119,980	662,352	386,481	42,671	
d	Grants or scholarships	5,543	48,405	32,281	80,428	
e	Other expenditures for facilities and programs	132,017	612,152	645,226	275,040	
f	Administrative expenses					
g	End of year balance	7,221,401	7,237,856	7,195,561	6,633,813	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 82 000 %
- c Term endowment ▶ 18 000 %

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		19,650,003		19,650,003
b Buildings		200,369,902	130,490,758	69,879,144
c Leasehold improvements		12,071,872	7,952,070	4,119,802
d Equipment		413,269,538	284,970,982	128,298,556
e Other		12,431,220		12,431,220
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				234,378,725

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) HAMAMATSU/QUEEN'S PET IMAGING	4,187,568	C
(B) CARERESOURCE HAWAII	1,404,257	C
(C) ALTERNATIVE INVESTMENTS	84,623,132	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	90,214,957	

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) Due from affiliates	111,942,277
(2) ASSETS LIMITED - BOND FUND	12,952,407
(3) OTHER ASSETS RESTRICTED FOR LT	2,939,959
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	127,834,643

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Due to affiliates	98,241,976
Taxable commercial paper	18,378,645
Due to government reimbursement	17,811,694
DUE TO GOVERNMENT	7,624,701
CAPITAL LEASE/OTHER OBLIGATION	2,242,916
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	144,299,932

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

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

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

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

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

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

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE QUEEN'S MEDICAL CENTER USES THE EARNINGS ON PERMANENTLY ENDOWED INVESTMENTS FOR THE PURPOSES INTENDED BY THE DONORS OF THESE FUNDS
ASC 740 FOOTNOTE	SCHEDULE D, PART X, LINE 2	QMC REGULARLY ASSESSES ITS TAX POSITIONS AND DID NOT HAVE MATERIAL UNCERTAIN TAX BENEFITS FOR THE YEAR ENDED JUNE 30, 2012 AND 2011

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

a ☐ Mail solicitations
b ☐ Internet and e-mail solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 Benefit Dinner (event type)	(b) Event #2 (event type)	(c) Other Events 0 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	367,138			367,138
	2 Less Charitable contributions	310,662			310,662
	3 Gross income (line 1 minus line 2)	56,476			56,476
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs	11,552			11,552
	7 Food and beverages	56,709			56,709
	8 Entertainment	6,038			6,038
	9 Other direct expenses	4,643			4,643
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(78,942)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-22,466

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

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)			2,039,000		2,039,000	0 300 %
b Medicaid (from Worksheet 3, column a)			115,438,504	81,741,504	33,697,000	4 980 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			117,477,504	81,741,504	35,736,000	5 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,276,000		3,276,000	0 480 %
f Health professions education (from Worksheet 5)			13,923,301	3,903,301	10,020,000	1 480 %
g Subsidized health services (from Worksheet 6)			32,675,000	11,954,000	20,721,000	3 060 %
h Research (from Worksheet 7)			1,625,000		1,625,000	0 240 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,484,000		2,484,000	0 370 %
j **Total** Other Benefits			53,983,301	15,857,301	38,126,000	5 630 %
k **Total.** Add lines 7d and 7j			171,460,805	97,598,805	73,862,000	10 910 %

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			881,000		881,000	0 130 %
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**			881,000		881,000	0 130 %

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	Yes	
2	Enter the amount of the organization's bad debt expense	2	25,027,554		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	178,600,000
6	Enter Medicare allowable costs of care relating to payments on line 5	6	185,300,000
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-6,700,000
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

	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	THE QUEEN'S MEDICAL CENTER 1301 PUNCHBOWL STREET HONOLULU,HI 96813	X	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)

THE QUEEN'S MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	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 %			
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 250 %			
	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**		No
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**		No
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? _____

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
PART I, LINE 6A		COMMUNITY BENEFITS ARE REPORTED ANNUALLY AS PART OF THE FORM 990 THIS IS NOT SEPARATELY AVAILABLE TO THE PUBLIC A FORMAL REPORT ISSUED BY THE PARENT COMPANY, THE QUEEN'S HEALTH SYSTEMS, INCLUDES THE COMMUNITY BENEFITS OF THE QUEEN'S MEDICAL CENTER THIS REPORT IS PUBLISHED PERIODICALLY AND IS SEPARATELY AVAILABLE TO THE PUBLIC

Identifier	ReturnReference	Explanation
PART I, LINE 7G		THE QUEEN EMMA CLINICS PROVIDE COMPREHENSIVE PATIENT CARE TO INDIGENT PATIENTS AND SERVE A LARGE HOMELESS POPULATION THE NET COSTS ASSOCIATED WITH THESE CLINICS WAS $6,066,000 PART I, LINE 7 THE COSTING METHODOLOGY CONSIDERS ALL PATIENT SEGMENTS AMOUNTS REPRESENT THE NET COSTS FOR THE VARIOUS PROGRAMS AND OPERATIONS, CONSIDERING ACTUAL AMOUNTS INCURRED AND CALCULATED BENEFITS BASED ON COST-TO-CHARGE RATIOS AND AVERAGE RATES (I E WAGE RATES) PART I, LINE 7, COLUMN F BAD DEBT EXPENSE OF $25,027,554 WAS EXCLUDED FOR THE CALCULATION OF THE NET COMMUNITY BENEFIT PERCENTAGE IN PART I, LINE 7, COLUMN F

Identifier	ReturnReference	Explanation
PART II		IN ORDER TO MAINTAIN NECESSARY LIFE SUPPORT, DIAGNOSTIC AND OPERATING SYSTEMS, IN THE EVENT OF AN EMERGENCY, QMC SIGNIFICANTLY UPGRADED ITS POWER PLANT BY ADDING TWO NEW GENERATORS THAT ARE CAPABLE OF PROVIDING ELECTRICAL POWER FOR THE MEDICAL CENTER QMC IS THE ONLY LEVEL II TRAUMA CENTER IN THE STATE OF HAWAII QMC ALLOCATED RESOURCES TO PLAN AND TEST ITS READINESS FOR COMMUNITY EMERGENCIES, INCLUDING TRAUMA, TERRORIST ATTACKS AND CONDITIONS RESULTING FROM HAZARDOUS MATERIAL SPILLS IN ORDER TO IMPROVE ACCESS TO ITS EMERGENCY DEPARTMENT AND HOSPITAL, QMC, IN CONJUNCTION WITH THE STATE DEPARTMENT OF TRANSPORTATION AND CITY DEPARTMENT OF TRANSPORTATION SERVICES, SUPPORTED THE CONSTRUCTION OF THE KINAU STREET OFF-RAMP

Identifier	ReturnReference	Explanation
PART III, LINE 4		QMC PROVIDES MEDICAL SERVICES TO PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY (PATIENTS ARE NOT BILLED - CHARITY CARE) AND PATIENTS WHO REFUSE TO PAY (BAD DEBTS) THE AUDITED FINANCIAL STATEMENTS DO NOT DESCRIBE BAD DEBT EXPENSE THE AUDITED FINANCIAL STATEMENTS DO DESCRIBE THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS "QMC PROVIDES FOR AN ALLOWANCE AGAINST ACCOUNTS RECEIVABLE THAT COULD BECOME UNCOLLECTIBLE BY ESTABLISHING AN ALLOWANCE TO REDUCE THE CARRYING VALUE OF SUCH RECEIVABLES TO THEIR ESTIMATED NET REALIZABLE VALUE QMC ESTIMATES THE ALLOWANCE BASED ON THE AGING OF THE ACCOUNTS RECEIVABLE, HISTORICAL COLLECTION EXPERIENCE BY PAYOR, AND OTHER RELEVANT FACTORS "

Identifier	ReturnReference	Explanation
PART III, LINE 8		THE MEDICARE AMOUNTS ABOVE ARE CALCULATED WITH DATA FROM JUNE 30, 2012 MEDICARE COST REPORT, USING THE STEP DOWN METHOD CONSISTENT WITH REPORTING REQUIREMENTS, THERE ARE AMOUNTS EXCLUDED FROM THE COSTS LISTED IN LINE 6 WHEN USING THE FULLY ALLOCATED COST CALCULATION, THE MEDICARE SHORTFALL WAS APPROXIMATELY $29,919,000

Identifier	ReturnReference	Explanation
PART III, LINE 9B		EVERY ATTEMPT IS MADE BEFORE DISCHARGE TO SCREEN PATIENTS WHO HAVE NO DOCUMENTATION OF MEDICAL INSURANCE FOR POSSIBLE ELIGIBILITY FOR DISCOUNTED CARE NON-ER OUTPATIENTS WITH NO MEDICAL INSURANCE ARE REFERRED TO THE PATIENT'S PHYSICIAN FOR A DETERMINATION OF URGENT OR EMERGENCY CARE STATUS CHARITY CARE DISCOUNTS ARE BASED ON FINANCIAL NEED WHICH IS DETERMINED BY INCOME AND ASSET THRESHOLDS BASED ON FEDERAL POVERTY LEVELS AND IN COMPLIANCE WITH FEDERAL RULES AND REGULATIONS PATIENTS ARE REQUESTED TO COMPLETE A DISCOUNTED CARE APPLICATION AND MUST SUBMIT INCOME AND ASSET VERIFICATION DOCUMENTS PATIENTS MAY ALSO BE DEEMED ELIGIBLE FOR QMC DISCOUNTED CARE BASED ON PRIOR OR SUBSEQUENT MEDICAID ELIGIBILITY ONCE ELIGIBILITY FOR QMC DISCOUNTED CARE IS CONFIRMED, A PAYMENT PLAN IS DISCUSSED WITH THE PATIENT BILLING STATEMENTS ARE MAILED MONTHLY TO ALL PATIENTS WITH SELF PAY BALANCES, INCLUDING PATIENTS WITH BALANCES AFTER QMC DISCOUNTED CARE IS APPLIED BILLING STATEMENTS FOR PATIENTS WITH NO INSURANCE INCLUDE A STATEMENT ADVISING TO CALL THE NUMBER ON THE STATEMENT TO DISCUSS OPTIONS FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 19D		CHARGES BILLED TO UNINSURED PATIENTS ARE THE SAME AMOUNTS AS CHARGES TO INSURED PATIENTS PER QMC'S DISCOUNTED CARE POLICY, UNINSURED PATIENTS ARE ELIGIBLE FOR A 30% DISCOUNT PROVIDED "PATIENT AGREES TO A PROMPT PAYMENT SCHEDULE ACCEPTABLE TO QMC"

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	QMC'S MISSION IS TO FULFILL THE INTENT OF QUEEN EMMA AND KING KAMEHAMEHA IV TO PROVIDE IN PERPETUITY QUALITY HEALTH CARE SERVICES TO IMPROVE THE WELL-BEING OF NATIVE HAWAIIANS AND ALL OF THE PEOPLE OF HAWAII USING PUBLICLY AVAILABLE REPORTS AND DATA, AND THROUGH DISCUSSIONS WITH STAKEHOLDERS, QMC ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY WE SERVE BY FOCUSING ON FIVE STRATEGIC DIMENSIONS INCLUDING SUPERIOR QUALITY AND PERFORMANCE, BEING THE PROVIDER OF CHOICE, EMPLOYER OF CHOICE, DISPLAYING RESPONSIBLE CITIZENSHIP AND FOCUSING ON FINANCIAL PERFORMANCE CORE STRATEGIES INVOLVING RESPONSIBLE CITIZENSHIP TO THE COMMUNITY INCLUDE HARDWIRING OUR NATIVE HAWAIIAN HEALTH STRATEGIC PLAN THROUGHOUT QUEEN'S ENTITIES, CREATING A SUSTAINABLE INFRASTRUCTURE THAT ALLOWS QUEEN'S TO QUANTIFY AND ARTICULATE COMMUNITY BENEFIT, AND STRENGTHENING GOVERNMENT AND COMMUNITY PARTNERSHIPS TO SUPPORT ACCESS AND AVAILABILITY OF PROGRAMS AND SERVICES THAT HELP ADDRESS UNMET COMMUNITY HEALTH NEEDS THE ORGANIZATION IS IN THE PROCESS OF COLLABORATING WITH OTHER TAX-EXEMPT HOSPITALS IN HAWAI'I TO COMPLETE A COMMUNITY HEALTH NEEDS ASSESSMENT THIS PROCESS WILL BE COMPLETED BY JUNE 30, 2013

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	MEDICAID AND MEDICARE ELIGIBILITY REQUIREMENTS ARE DISCUSSED WITH INPATIENTS AND/OR INPATIENT'S FAMILY MEMBERS QMC HAS A CONTRACTED VENDOR WHO PERFORMS MEDICAID ELIGIBILITY ASSESSMENTS AND WORKS WITH PATIENTS TO SUBMIT AN APPLICATION AND THE REQUIRED DOCUMENTS PATIENTS WHO MAY QUALIFY FOR MEDICARE ARE PROVIDED CONTACT INFORMATION FOR THE SOCIAL SECURITY OFFICE SIGNS ARE POSTED IN REGISTRATION AREAS THROUGHOUT THE HOSPITAL ADVISING THE QMC HAS A DISCOUNTED CARE POLICY

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	QMC IS THE LEADING MEDICAL REFERRAL CENTER IN THE PACIFIC BASIN LOCATED IN DOWNTOWN HONOLULU, IT'S THE LARGEST PRIVATE HOSPITAL IN HAWAII ACCORDING TO RECENT DEMOGRAPHIC CENSUS DATA, THE STATE OF HAWAII IS VERY DIVERSE AND INCLUDES A POPULATION THAT IS APPROXIMATELY 10% NATIVE HAWAIIAN, OTHER PACIFIC ISLANDER, NATIVE ALASKAN AND AMERICAN INDIAN OTHER DEMOGRAPHIC INFORMATION REGARDING HAWAII IS AS FOLLOWS - MEDIAN AGE 38 5 YEARS OLD (1) - 38% ASIAN, 25% WHITE, 9% NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER, 24% TWO OR MORE RACES (1) - MEDIAN HOUSEHOLD INCOME $66,420 (2006-2010) (1) - 9 6% OF HAWAII'S POPULATION LIVES IN POVERTY (1) - OTHER THAN OAHU, THE ENTIRETY OF EACH ISLAND IS CONSIDERED UNDERSERVED (1) - NUMBER OF HOSPITALS (BY COUNTY) HAWAII COUNTY 6 MAUI COUNTY 4 C&C HONOLULU 9 KAUAI COUNTY 3 - 35% OF HOSPITAL INPATIENT DISCHARGES COVERED BY MEDICARE, 25% BY MEDICAID/QUEST (DATA FROM JAN - NOV 2012) (2) (1) HEALTHCARE ASSOCIATION OF HAWAII HAWAII STATE COMMUNITY HEALTH NEEDS ASSESSMENT (FEB 2013 DRAFT) (2) HAWAII HEALTH INFORMATION CORPORATION

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	THE AMOUNTS MENTIONED IN PART II OF SCHEDULE H REPRESENT COSTS INCURRED TO ENSURE CONTINUED OPERATIONS THAT BENEFIT THE COMMUNITY TO SUPPORT THE QUEEN'S MISSION AND TO FULFILL THE TAX-EXEMPT PURPOSE AS A CHARITABLE HOSPITAL, QUEEN'S PROVIDES A NUMBER OF COMMUNITY BENEFITS THIS INCLUDES UNCOMPENSATED CARE, WHERE QMC PROVIDES MEDICAL SERVICES TO PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY (PATIENTS ARE NOT BILLED, CHARITY CARE) AND PATIENTS WHO REFUSE TO PAY (BAD DEBTS) IN BEHAVIORAL HEALTH, QUEEN'S PROVIDES INPATIENT AND OUTPATIENT BEHAVIORAL HEALTH SERVICES THAT ARE NECESSARY AND, IN CERTAIN INSTANCES, NOT GENERALLY AVAILABLE IN THE STATE OF HAWAII QUEEN'S ALSO IS HOME TO QUEEN EMMA CLINICS, WHERE QMC PROVIDES OUTPATIENT SERVICES TO INDIGENT PATIENTS OTHER EXAMPLES INCLUDE EMERGENCY PREPAREDNESS COSTS AND AMOUNTS EXPENDED TO EXPAND AND TEST BACK-UP POWER THAT CAN SERVICE PATIENTS IN TIMES OF EMERGENCY IN ADDITION, QMC PROVIDES MANY FREE INFORMATIONAL SEMINARS AND EDUCATIONAL OPPORTUNITIES TO THE PUBLIC TO PROMOTE THE HEALTH OF COMMUNITY THESE PROGRAMS ARE SPECIFICALLY DIRECTED TO ADDRESS HEALTH ISSUES WITHIN THE COMMUNITY INCLUDING DIABETES, CANCER AND WOMEN'S HEALTH ISSUES A MAJORITY OF QMC'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN QMC'S PRIMARY SERVICE AREA (OAHU) WHO ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF QMC QMC EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR SOME OR ALL OF ITS DEPARTMENTS

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	IN ADDITION THE QUEEN'S MEDICAL CENTER, AFFILIATE ORGANIZATIONS OF THE QUEEN'S HEALTH SYSTEMS OPERATE THE ONLY HOSPITAL ON ISLAND OF MOLOKA'I, PROVIDE DIAGNOSTIC LABORATORY SERVICES, OPERATE PHARMACIES AND PROVIDE THE HOSPITALS WITH GENERAL AND PROFESSIONAL LIABILITY INSURANCE

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

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

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

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 27

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 2

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

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

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

Identifier	Return Reference	Explanation
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	SCHEDULE I, PART I, LINE 2	THE QUEEN'S MEDICAL CENTER MAKES DONATIONS TO VARIOUS TAX-EXEMPT ORGANIZATIONS WITH THE PURPOSE OF PROVIDING OPPORTUNITIES FOR BETTER HEALTH AND WELLNESS TO ALL THE PEOPLE OF HAWAII THERE ARE GENERALLY NO RESTRICTIONS PLACED ON THE USE OF THOSE DONATIONS AND THE RECEIVING ORGANIZATIONS MAY USE THE DONATIONS AT THEIR DISCRETION IN ORDER TO FURTHER THEIR EXEMPT PURPOSE WHERE RESTRICTIONS ARE PLACED ON THE USE OF THOSE DONATIONS, QMC REQUESTS FINANCIAL REPORTS IN ORDER TO MONITOR SUCH USE

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☑ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		No
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
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) ARTHUR A USHIJIMA	(i)	0	0	0	0	0	0	0
	(ii)	631,103	52,045	152,376	608,467	12,632	1,456,623	0
(2) CLINTON YEE	(i)	158,078	0	6,804	12,444	18,778	196,104	0
	(ii)	0	0	0	0	0	0	0
(3) RICHARD KEENE	(i)	0	0	0	0	0	0	0
	(ii)	394,315	26,852	71,765	58,892	6,445	558,269	0
(4) SHARLENE TSUDA	(i)	0	0	0	0	0	0	0
	(ii)	185,832	10,311	36,383	42,834	11,407	286,767	0
(5) MARK YAMAKAWA	(i)	0	0	0	0	0	0	0
	(ii)	444,320	104,890	237,724	105,204	16,195	908,333	0
(6) PAULA YOSHIOKA	(i)	334,153	14,085	49,261	50,931	8,706	457,136	0
	(ii)	0	0	0	0	0	0	0
(7) MICHAEL H DANG MD	(i)	626,507	61,566	14,478	12,369	11,972	726,892	0
	(ii)	0	0	0	0	0	0	0
(8) ROBERT A HONG MD	(i)	419,692	62,970	2,322	18,907	1,341	505,232	0
	(ii)	0	0	0	0	0	0	0
(9) DAVID J FERGUSSON MD	(i)	399,502	70,321	0	14,713	10,354	494,890	0
	(ii)	0	0	0	0	0	0	0
(10) CORY TAMIKO MIYAMOTO MD	(i)	373,801	94,881	756	17,478	6,709	493,625	0
	(ii)	0	0	0	0	0	0	0
(11) CHRISTOPHER AOKI MD	(i)	359,959	100,590	713	16,332	18,323	495,917	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
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 1A	DISCRETIONARY SPENDING ACCOUNT PAYMENTS ARE MADE TO CERTAIN EXECUTIVES OF QMC IN LIEU OF REIMBURSEMENT FOR EXPENSES AND ARE INCLUDED IN TAXABLE INCOME OF THE RECIPIENT
COMPENSATION COMMITTEE	SCHEDULE J, PART I, LINE 3	THE ORGANIZATION RELIED ON THE QUEEN'S HEALTH SYSTEM (QHS) TO DETERMINE COMPENSATION OF THE TOP MANAGEMENT OFFICIAL QHS USED A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, COMPENSATION SURVEY OR STUDY, FORM 990 OF OTHER ORGANIZATIONS, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE
SCHEDULE J, PART I, LINE 4B		THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) PROVIDES FOR AN UMBRELLA BENEFIT EQUAL TO A LIFE ANNUITY OF 60% OF FINAL AVERAGE SALARY AT NORMAL RETIREMENT AGE (WHICH BENEFIT IS OFFSET HOWEVER BY THE BENEFIT PROVIDED TO THE CEO UNDER THE QHS PENSION PLAN, THE QHS 401(K) PLAN FOR MATCHING CONTRIBUTIONS ONLY, THE QHS PENSION RESTORATION PLAN, AND 50% OF ESTIMATED SOCIAL SECURITY RETIREMENT BENEFITS) NORMAL RETIREMENT AGE IS DEFINED AS AGE 65 AND THE BENEFIT VESTS AND IS PAID OUT AS A LUMP SUM AT THAT POINT REGARDLESS IF EMPLOYMENT IS CONTINUED PAST AGE 65 THERE WERE NO PAYOUTS DURING 2011
SCHEDULE J, PART I, LINE 7		RECOGNITION AWARDS WERE PAID TO ALL EMPLOYEES BASED ON ACCOMPLISHMENTS OF PREDETERMINED GOALS AND OBJECTIVES SET FORTH IN THE INCENTIVE AND STRATEGIC PLANS AND DEFINED ELIGIBILITY OF THE EMPLOYEE RECOGNITION AWARDS ARE DISCRETIONARY AND CONSIDER QUALITY THRESHOLDS WHICH INCLUDE ANNUAL ACCREDITATION AND MINIMUM OPERATING INCOME LEVEL CRITERIA IN ADDITION, EXECUTIVE AWARDS ARE WEIGHTED BASED ON INDIVIDUAL GOALS ESTABLISHED FOR EACH EXECUTIVE ALSO, CERTAIN PHYSICIANS RECEIVE INCENTIVE COMPENSATION BASED ON PROFESSIONAL SERVICES COLLECTIONS BY QMC A MAXIMUM ON SUCH INCENTIVE COMPENSATION IS CAPPED ACCORDING TO QMC POLICY
COMPENSATION FOR SERVICES	SCHEDULE J, PART II & FORM 990, PART VII	ARTHUR A USHIJIMA MR USHIJIMA SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER, THE QUEEN'S HEALTH SYSTEMS AND SEVERAL OTHER QUEENS' RELATED AFFILIATES (2 HOURS PER WEEK) HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES MR USHIJIMA ALSO SERVES AS PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE QUEEN'S HEALTH SYSTEMS (PARENT COMPANY) AND AS PRESIDENT OF QMC THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR HIS VARIOUS SERVICES MARK YAMAKAWA MR YAMAKAWA SERVES AS EVP AND COO OF THE QUEEN'S HEALTH SYSTEM (PARENT COMPANY), EVP AND COO OF QMC AND PRESIDENT OF QDC HE IS NOT SEPARATELY COMPENSATED FOR THESE VARIOUS SERVICES THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR ALL SERVICES RICHARD C KEENE MR KEENE SERVES AS QMC TREASURER, SVP/CFO AND TREASURER FOR THE QUEEN'S HEALTH SYSTEMS (PARENT COMPANY), TREASURER OF QEL AND TREASURER OF MGH HE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR ALL SERVICES SHARLENE TSUDA MS TSUDA SERVES AS SECRETARY FOR QMC AND VP/SECRETARY FOR THE QUEEN'S HEALTH SYSTEMS (PARENT COMPANY) SHE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES THE COMPENSATION LISTED IS HER TOTAL COMPENSATION FOR ALL SERVICES PAULA YOSHIOKA MS YOSHIOKA SERVES AS SVP/CAO OF QMC AND A DIRECTOR OF QIE SHE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES THE COMPENSATION LISTED IS HER TOTAL COMPENSATION FOR ALL SERVICES CLINTON YEE MR YEE SERVES AS ASSISTANT TREASURER AND CORPORATE CONTROLLER OF QMC AND ASSISTANT TREASURER OF QMC, QHS AND QDC HE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR ALL SERVICES SUSAN HARAMOTO MS HARAMOTO SERVES AS ASSISTANT SECRETARY OF QMC, QHS AND QDC AND COORDINATOR OF COMMUNITY DEVELOPMENT OF QHS SHE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES THE COMPENSATION LISTED IS HER TOTAL COMPENSATION FOR ALL SERVICES PETER HALFORD MD DR HALFORD SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (1 HOUR PER WEEK) HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES DR HALFORD'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AS WELL AS HIS SERVICES AS CHIEF OF STAFF AT THE QUEEN'S MEDICAL CENTER WILLIAM G OBANA MD DR OBANA SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (2 HOURS PER WEEK) HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES DR OBANA'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AT THE QUEEN'S MEDICAL CENTER ROBB K OHTANI MD DR OHTANI SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (1 HOUR PER WEEK) HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES DR OHTANI'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AT THE QUEEN'S MEDICAL CENTER

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	DEPARTMENT OF BUDGET & FINANCE STATE OF HAWAII	99-0266961	419800FB8	12-11-2003	114,300,000	SEE PART VI		X		X		X
B	DEPARTMENT OF BUDGET & FINANCE STATE OF HAWAII	99-0266961	419800FR3	03-16-2006	144,875,000	SEE PART VI		X		X		X
C	DEPARTMENT OF BUDGET & FINANCE STATE OF HAWAII	99-0266961	419800HT7	05-06-2009	78,670,000	SEE PART VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	8,825,000	25,750,000	6,440,000	
2	Amount of bonds defeased	0	0	0	
3	Total proceeds of issue	114,300,000	149,237,584	78,670,000	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	1,300,000	0	
6	Proceeds in refunding escrow	0	0	0	
7	Issuance costs from proceeds	1,683,785	1,307,753	1,332,516	
8	Credit enhancement from proceeds	3,276,390	2,193,032	236,880	
9	Working capital expenditures from proceeds	292,217	5,170,428	0	
10	Capital expenditures from proceeds	0	79,023,558	0	
11	Other spent proceeds	0	0	0	
12	Other unspent proceeds	0	1,995,477	0	
13	Year of substantial completion	2003	2012	2009	

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X		X			
15	Were the bonds issued as part of an advance refunding issue?	X			X		X		
16	Has the final allocation of proceeds been made?	X			X	X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X				X			

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X		X		X			
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X		X			
b	Name of provider	BANK OF AMERICA ML		BANK OF AMERICA ML		BANK OF AMERICA ML			
c	Term of hedge		25 6		18 2		22 2		
d	Was the hedge superintegrated?		X		X		X		
e	Was a hedge terminated?		X		X		X		
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
SEE SCHEDULE O FOR MORE INFORMATION	0	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

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) Hawaiian Telecom	Eric Yeaman, Trustee-QMC	1,452,716	See Part V		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
TRANSACTIONS WITH INTERESTED PERSON	SCHEDULE L, PART IV	ERIC YEAMAN IS AN OFFICER OF HAWAIIAN TELCOM, A TELECOMMUNICATIONS COMPANY, THAT PROVIDES SERVICES TO THE ORGANIZATION DURING THE YEAR, THE ORGANIZATION PAID SERVICE FEES IN THE AMOUNT OF $367,759 ALONG WITH $1,084,957 FOR CAPITAL PROJECTS TO IMPROVE THE PHONE SYSTEM, WIRELESS CONNECTIVITY AND MAINTENANCE

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▸Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▸ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art	X	1	16,050	sale of comp prop
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods	X		161	sale of comp prop
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▸ (Audio Visual Equipment)	X	9	20,210	Replacement Cost
26	Other ▸( )				
27	Other ▸( )				
28	Other ▸ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
CONTRIBUTIONS RECIEVED	SCHEDULE M, PART I, COLUMN(B)	COLUMN (B) IS REPORTING THE NUMBER OF CONTRIBUTIONS RECEIVED

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493129028853

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	Employer identification number
THE QUEEN'S MEDICAL CENTER	99-0073524

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	ESTABLISHED IN 1859 BY KING KAMEHAMEHA IV AND QUEEN EMMA, QMC IS THE FIRST HOSPITAL IN THE UNITED STATES FOUNDED BY ROYALTY TODAY, IT IS THE LARGEST PRIVATE HOSPITAL IN HAWAII AND THE PACIFIC BASIN THE QUEEN'S MEDICAL CENTER HAS 505 ACUTE CARE BEDS AND 28 SUB-ACUTE CA RE BEDS WITH OVER 3,000 EMPLOYEES AND OVER 1,200 PHYSICIANS ON STAFF, IT IS ALSO ONE OF T HE STATE OF HAWAII'S LARGEST EMPLOYERS AS THE LEADING MEDICAL REFERRAL CENTER IN HAWAII A ND THE PACIFIC BASIN, QMC IS WIDELY KNOWN FOR ITS PROGRAMS IN CANCER, CARDIOVASCULAR DISEA SE, NEUROSCIENCE, ORTHOPEDICS, SURGERY, TRAUMA, BEHAVIORAL MEDICINE, AND WOMEN'S HEALTH Q MC OFFERS A COMPREHENSIVE RANGE OF SPECIALTIES, INCLUDING CARDIAC DIAGNOSTICS, GASTRONETER OLOGY, GENETICS, GERIATRICS, GYNECOLOGY, NEONATOLOGY, OBSTETRICS, AND PULMONOLOGY QMC SER VES AS THE MAIN TRAUMA CENTER IN THE PACIFIC BASIN, (''TRAUMA'' IS DEFINED AS A LIFE-THREATE NING INJURY OR SHOCK) AND HAS BEEN VERIFIED AS A LEVEL II TRAUMA CENTER BY THE VERIFICATIO N REVIEW COMMITTEE (VRC), AN AD HOC COMMITTEE OF THE COMMITTEE ON TRAUMA (COT) OF THE AMER ICAN COLLEGE OF SURGEONS QMC IS HOME TO A NUMBER OF RESIDENCY PROGRAMS OFFERED IN CONJUNC TION WITH THE JOHN A BURNS SCHOOL OF MEDICINE QMC IS ACCREDITED BY THE JOINT COMMISSION (TJC) QMC IS ALSO APPROVED TO PARTICIPATE IN RESIDENCY TRAINING BY THE ACCREDITATION COUN CIL FOR GRADUATE MEDICAL EDUCATION (ACGME), AND IS A MEMBER OF VHA, A NATIONAL COOPERATIVE OF OVER 1,400 HOSPITALS QMC SUPPORTS NATIVE HAWAIIAN HEALTH INITIATIVES THROUGH MANY OF ITS PROGRAMS AND SERVICES, PARTICULARLY ITS NATIVE HAWAIIAN HEALTH PROGRAM (NHHP) THE FOC US AREAS OF NHHP INCLUDE IMPROVEMENTS IN CLINICAL OUTCOMES, HEALTHCARE TRAINING, RESEARCH, AND ACCESS AND OUTREACH NHHP CONDUCTS ONGOING ASSESSMENT AND DEVELOPMENT OF QMC PROGRAMS AND SERVICES FOCUSED ON NATIVE HAWAIIANS, INCLUDING SPECIFIC CLINICAL PROGRAMS IN AREAS S UCH AS CARDIOLOGY, ONCOLOGY, COMPREHENSIVE WEIGHT MANAGEMENT, MEDICINE, NEUROSCIENCE, AND DIABETES QMC COLLABORATES AND PARTNERS TO PROVIDE HEALTHCARE TRAINING AND EDUCATION OPPOR TUNITIES TO NATIVE HAWAIIAN STUDENTS AND THOSE COMMITTED TO SERVING NATIVE HAWAIIAN COMMUN ITIES FROM ADOLESCENCE TO GRADUATE STUDIES, SUCH AS, THE ULU KUKUI PROJECT, WHICH IS A PRE-COLLEGE SCIENCE EDUCATION PROGRAM AT STEVENSON MIDDLE SCHOOL TO PROMOTE EXCELLENCE IN SCI ENCE EDUCATION AND THE PURSUIT OF BIOMEDICAL CAREERS BY NATIVE HAWAIIANS AND PACIFIC ISLAN DERS IN ADDITION, NHHP PROGRAMS FOCUS ON QUALITY IMPROVEMENT AND INCREASED ACCESS FOR NAT IVE HAWAIIANS TO QMC AND COLLABORATE WITH THE NATIVE HAWAIIAN COMMUNITY IN EDUCATION, RESE ARCH, AND COMMUNITY OUTREACH THROUGH EACH OF THESE AREAS OF FOCUS, NHHP WORKS TO PROVIDE A FRAMEWORK FOR THE DEVELOPMENT, IMPLEMENTATION AND EVALUATION OF CLINICAL INITIATIVES THA T AIM TO ENHANCE THE OLA PONO (WELL BEING) OF NATIVE HAWAIIANS IN ADDITION TO NHHP, MANY OF QMC'S PROGRAM SERVICES DESCRIBED BELOW PROVIDE BENEFITS TO NATIVE HAWAIIANS, INCLUDING COMPONENTS OF CHARITY CARE AND UNCOMPENSATED CARE PROVIDED TO OUR PATIENTS THE QUEEN'S ME DICAL CENTER (''QMC'') PROVIDED APPROXIMATELY $106 5 MILLION OF COMMUNITY BENEFITS, IN SUPPO RT OF ITS MISSION AS A TAX-EXEMPT CHARITABLE HOSPITAL 1 UNCOMPENSATED CARE - QMC PROVIDE S MEDICAL SERVICES TO PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY (CHARITY CARE) AND PATIE NTS WHO REFUSE TO PAY (BAD DEBTS) FOR THE YEAR ENDED JUNE 30, 2012, THE ESTIMATED COST OF PROVIDING CHARITY CARE AND FOR SERVICES THAT WERE BAD DEBTS WAS $2,039,000 AND $25,028,00 0 RESPECTIVELY 2 QUEEN'S TRANSPLANT CENTER - IN JANUARY 2012, QMC OPENED THE ONLY ORGAN TRANSPLANT CENTER IN HAWAII AND THE PACIFIC BASIN THIS NEW CENTER IS HOME TO PHYSICIANS A ND STAFF WITH OVER 20 YEARS OF EXPERIENCE IN TRANSPLANTATION FOR THE YEAR ENDED JUNE 30, 2012, THE ESTIMATED COST OF OPERATIONS OF THE QUEEN'S TRANSPLANT CENTER WAS $1,376,000 AND CAPITAL INVESTMENTS MADE TOTALED $318,000 3 BEHAVIORAL HEALTH - QMC PROVIDES INPATIENT AND OUTPATIENT BEHAVIORAL HEALTH SERVICES THAT ARE NECESSARY AND IN CERTAIN INSTANCES, NOT GENERALLY AVAILABLE IN THE STATE OF HAWAII THE ESTIMATED COST OF OPERATIONS RESULTING FR OM BEHAVIORAL HEALTH SERVICES WAS $3,177,000 FOR THE YEAR ENDED JUNE 30, 2012 4 QUEEN EM MA CLINICS - QMC PROVIDES OUTPATIENT SERVICES TO INDIGENT PATIENTS AND OTHERS THROUGH THE QUEEN EMMA CLINICS THE ESTIMATED COST OF OPERATION OF THE QUEEN EMMA CLINICS WAS APPROXIM ATELY $6,066,000 FOR THE YEAR ENDED JUNE 30, 2012 5 ON CALL PHYSICIAN COMPENSATION - QMC MAINTAINS THE ONLY LEVEL II TRAUMA CENTER IN THE STATE OF HAWAII IN ORDER TO PROVIDE LEV EL II TRAUMA COVERAGE, THE MEDICAL CENTER INCURRED APPROXIMATELY $9,622,000 IN ON CALL PHY SICIAN COVERAGE DURING THE YEAR ENDED JUNE 30, 2012 6 FELLOWSHIP, RESIDENT AND INTERN CO STS - QMC INCURRED COSTS IN EXCESS OF REIMBURSEMENT OF APPROXIMATELY $7,951,000 DURING THE YEAR ENDED JUNE 30, 2012 RELATED TO ITS CARDIAC FELLOWSHIP, RESIDENT AND INTERN PROGRAMS AS A TEACHING FACILITY, THE MEDICAL CENTER PARTIC

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	IPATES IN AND SHARES THE COSTS OF THE HAWAII RESIDENCY PROGRAM 7 HAWAII MEDICAL LIBRARY - QMC MAINTAINS A MEDICAL LIBRARY THAT BENEFITS HEALTHCARE PROFESSIONALS IN THE STATE OF H AWAII THE ESTIMATED COST OF OPERATING THE HAWAII MEDICAL LIBRARY FOR THE YEAR ENDED JUNE 30, 2012 WAS $881,000 8 TRANSFER HOTLINE - QMC MAINTAINS A CARDIAC TRANSFER HOTLINE AND A REFERRAL HOTLINE TO ASSIST PATIENTS AND OTHER HEALTHCARE PROVIDERS WITH THE TRANSFER AND /OR REFERRAL OF PATIENTS TO APPROPRIATE HEALTHCARE SERVICES THE ESTIMATED COST OF PROVIDI NG THESE SERVICES FOR THE YEAR ENDED JUNE 30, 2012 WAS $1,387,000

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENT CONTINUED		9 TRANSPORTATION SERVICES - QMC PROVIDES TRANSPORTATION TO AND FROM THE MEDICAL CENTER TO PATIENTS WHO REQUIRE ASSISTANCE THE COST OF PROVIDING THESE SERVICES WAS $110,000 FOR TH E YEAR ENDED JUNE 30, 2012 10 HEALTH AND WELLNESS EDUCATION - QMC PROVIDES HEALTH AND WE LLNESS EDUCATION TO THE COMMUNITY IN AN EFFORT TO PROMOTE HEALTHY LIFESTYLES FOR THE YEAR ENDED JUNE 30, 2012, THE COST OF PROVIDING HEALTH AND WELLNESS EDUCATION WAS $520,000 11 RESEARCH LOSSES - QMC EMPLOYS STAFF AND INCURS UNFUNDED COSTS FOR MEDICAL RESEARCH FOR THE YEAR ENDED JUNE 30, 2012, RESEARCH COSTS WERE $1,625,000 12 CHARITABLE CONTRIBUTIONS - QMC MAKES CONTRIBUTIONS TO OUTSIDE CHARITABLE ORGANIZATIONS FOR THE YEAR ENDED JUNE 30 , 2012, CONTRIBUTIONS TO OUTSIDE CHARITABLE ORGANIZATIONS WERE $2,121,000 OF THIS AMOUNT, $439,000 WAS FOR FUNDING TO THE DEPARTMENT OF NATIVE HAWAIIAN HEALTH UNDER THE JOHN A BU RNS SCHOOL OF MEDICINE OF THE UNIVERSITY OF HAWAII AND $250,000 WAS DONATED TO THE UNIVERS ITY OF HAWAII CANCER CONSORTIUM 13 EMERGENCY PREPAREDNESS - QMC IS THE ONLY LEVEL II TRA UMA CENTER IN THE STATE OF HAWAII QMC ALLOCATED RESOURCES TO PLAN AND TEST ITS READINESS FOR COMMUNITY EMERGENCIES, INCLUDING TRAUMA, TERRORIST ATTACKS AND CONDITIONS RESULTING FR OM HAZARDOUS MATERIAL SPILLS FOR THE YEAR ENDED JUNE 30, 2012, THE COSTS OF EMERGENCY PRE PAREDNESS WERE $171,000 14 ELECTRICAL GENERATOR PROJECT - IN ORDER TO MAINTAIN NECESSARY LIFE SUPPORT, DIAGNOSTIC AND OPERATING SYSTEMS, IN THE EVENT OF AN EMERGENCY, QMC SIGNIFI CANTLY UPGRADED ITS POWER PLANT BY ADDING TWO NEW GENERATORS THAT ARE CAPABLE OF PROVIDING ELECTRICAL POWER FOR THE MEDICAL CENTER FOR THE YEAR ENDED JUNE 30, 2012, COSTS INCURRED FOR THE ELECTRICAL GENERATOR PROJECT WERE $52,000 TOTAL PROJECT COSTS INCURRED AS OF JUN E 30, 2012 WERE APPROXIMATELY $34,138,000 15 MEDICAID SHORTFALL IN PAYMENTS - QMC PROVID ES INPATIENT AND OUTPATIENT SERVICES TO MEDICAID PATIENTS IN THE STATE OF HAWAII QMC INCU RRED COSTS IN EXCESS OF REIMBURSEMENT OF APPROXIMATELY $33,697,000 DURING THE YEAR ENDED J UNE 30, 2012 16 MEDICARE SHORTFALL IN PAYMENTS - QMC PROVIDES INPATIENT AND OUTPATIENT S ERVICES TO MEDICARE PATIENTS IN THE STATE OF HAWAII QMC INCURRED COSTS IN EXCESS OF REIMB URSEMENT BASED ON MEDICARE COST REPORTS OF APPROXIMATELY $6,700,000 DURING THE YEAR ENDED JUNE 30, 2012 CONSISTENT WITH COST REPORT REQUIREMENTS, THERE ARE AMOUNTS THAT ARE EXCLUD ED FROM THE COSTS ABOVE 17 LEASE PRICING BELOW FAIR MARKET VALUE - QMC EXTENDED LEASE RA TES TO THE UNIVERSITY OF HAWAII THAT ARE BELOW FAIR MARKET VALUE FOR THE YEAR ENDED JUNE 30, 2012, REVENUES FOREGONE FROM LEASE RATES THAT WERE BELOW FAIR MARKET VALUE WERE $63,00 0 18 PROGRAMS THAT IMPROVE ACCESS TO HEALTHCARE - QMC IMPROVES THE COMMUNITY'S ACCESS TO HEALTHCARE BY HELPING PATIENTS QUALIFY FOR MEDICAID AND OTHER TYPES OF INSURANCE FOR THE YEAR ENDED JUNE 30, 2012, THESE PROGRAM COSTS TOTALED $933,000 19 KINAU STREET OFF-RAMP IMPROVEMENT PROJECT - IN ORDER TO IMPROVE ACCESS TO ITS EMERGENCY DEPARTMENT AND HOSPITAL , QMC, IN CONJUNCTION WITH THE STATE DEPARTMENT OF TRANSPORTATION AND CITY DEPARTMENT OF T RANSPORTATION SERVICES, SUPPORTED CONSTRUCTION OF THE KINAU STREET OFF-RAMP FOR THE YEAR ENDED JUNE 30, 2012, COSTS INCURRED FOR THE IMPROVEMENT PROJECT WERE $340,000 20 DENTAL CLINIC - QMC PROVIDES DENTAL SERVICES TO INDIGENT PATIENTS AND OTHERS THROUGH ITS DENTAL C LINIC THE COST OF OPERATIONS FROM THE DENTAL CLINIC WAS APPROXIMATELY $480,000 FOR THE YE AR ENDED JUNE 30, 2012 21 DONATED USE OF CONFERENCE ROOMS - QMC ALLOWS PHYSICIANS AND TE ACHERS FROM THE JOHN A BURNS SCHOOL OF MEDICINE OF THE UNIVERSITY OF HAWAII, VARIOUS GOVE RNMENTAL ENTITIES INCLUDING THE HAWAII DEPARTMENT OF HEALTH AND OTHER NONPROFIT ORGANIZATI ONS THE FREE USE OF ITS FACILITIES AT THE QUEEN'S CONFERENCE CENTER FOR THE YEAR ENDED JU NE 30, 2012, THE VALUE OF THE USE OF THE CENTER WAS $300,000 22 JOB SHADOWING PROGRAM - QMC SPONSORS A JOB SHADOWING PROGRAM FOR STUDENTS IN THE STATE OF HAWAII FOR THE YEAR END ED JUNE 30, 2012, COSTS INCURRED FOR THE PROGRAM WERE $10,000 23 QMC NURSING PROGRAM - Q MC PROVIDES NURSING INTERNSHIPS AND NURSE TRAINING THAT HELP ADDRESS THE CONTINUED NEED FO R SKILLED NURSES IN THE ISLANDS FOR THE YEAR ENDED JUNE 30, 2012, THESE COSTS TOTALED $1, 178,000 24 HOSPITAL MINISTRY - QMC PROVIDES NON-DENOMINATIONAL SPIRITUAL GUIDANCE AND SU PPORT TO ITS PATIENTS AND THEIR FAMILIES THROUGH ITS HOSPITAL MINISTRY PROGRAM QUALIFIED, PROFESSIONAL CHAPLAINS ARE PRESENT TO PROVIDE MINISTRY SERVICES 24-HOURS A DAY, 7-DAYS A WEEK FOR THE YEAR ENDED JUNE 30, 2012, THE COST OF THESE SERVICES TOTALED $326,000 25 C OMMUNITY OUTREACH - QMC EMPLOYEES VOLUNTEER THEIR TIME AND EXPERIENCE PROVIDING FREE LECTU RES TO MEMBERS OF THE COMMUNITY INCLUDING PROFESSIONALS, STUDENTS AND MEMBERS OF THE PUBLI C 26 VOLUNTEER EFFORTS - QMC EMPLOYEES PERIODICALLY VOLUNTEER FOR OTHER CHARITABLE ORGAN IZATIONS FOR THE YEAR ENDED JUNE 30, 2012, THESE

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENT CONTINUED		EVENTS INCLUDED THE AMERICAN HEART ASSOCIATION'S "HEART WALK", AMERICAN CANCER SOCIETY'S " RELAY FOR LIFE" AND "HOPE LODGE FUNDRAISER", SUSAN G KOMEN FOUNDATION'S "RACE FOR THE CUR E", WAIKIKI IMPROVEMENT ASSOCIATION'S "BEACH CLEAN UP" AND THE AMERICAN DIABETES ASSOCIATI ON'S "STEP OUT" FUNDRAISER IN ADDITION, QMC OFFICERS DEDICATE MANY HOURS SERVING AS VOLUN TEER BOARD MEMBERS FOR OTHER HAWAII BASED CHARITABLE ORGANIZATIONS

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINE 6	QMC HAS A SOLE MEMBER, WHICH IS THE QUEEN'S HEALTH SYSTEMS, A HAWAII NONPROFIT CORPORATION (''QHS'')

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, LINE 7A	QHS ELECTS ALL OF THE BOARD MEMBERS OF THE QMC BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	FORM 990, PART VI, LINE 7B	CERTAIN MAJOR DECISIONS APPROVED BY THE QMC BOARD OF TRUSTEES MUST ALSO BE APPROVED BY QHS SUCH DECISIONS INCLUDE 1 A CHANGE TO THE PURPOSE OF THE COMPANY, 2 A FINANCING TRANSACTION IN EXCESS OF $500,000, 3 A LEASE TRANSACTION THAT HAS A TERM THAT IS LONGER THAN 3 YEARS OR HAS A RENT OBLIGATION IN EXCESS OF $1,000,000 OVER THE LEASE TERM, 4 A TRANSACTION INVOLVING THE SALE, LEASE, DISPOSITION OR HYPOTHECATION OF REAL PROPERTY, 5 ANNUAL OPERATIONAL AND CAPITAL BUDGETS, 6 STRATEGIC PLANS, 7 MERGER OR MAJOR ACQUISITIONS, 8 CREATION OF A NEW ENTITY OF JOINT VENTURE, 9 SALE OR DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF ITS ASSETS, 10 DISSOLUTION, 11 AMENDMENT OF BYLAWS, 12 ADOPTION, AMENDMENT OR RESCISSION OF A BOARD POLICY, 13 CAPITAL EXPENDITURES IN EXCESS OF $2,000,000 FOR QMC

Identifier	Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, LINE 11B	THE FORM 990 FOR THE QUEEN'S HEALTH SYSTEM ("QHS") AND THE SEPARATE FORMS FOR EACH OF THE NOT-FOR-PROFIT SUBSIDIARIES OF QHS WERE REVIEWED BY THE GOVERNING BODY OF QHS PRIOR TO THE FILING OF THE RETURNS THE QHS FINANCE COMMITTEE, WHICH IS COMPRISED OF MEMBERS OF THE QHS BOARD OF TRUSTEES, WAS DELEGATED THE RESPONSIBILITY TO REVIEW THE RETURNS PRIOR TO THEIR FILING THE RETURNS WERE PRESENTED TO THE COMMITTEE BY MANAGEMENT AND BY THE INDEPENDENT PUBLIC ACCOUNTING FIRM THAT PREPARED THE RETURNS IN ADDITION, COMPENSATION RELATED DISCLOSURES IN THE RETURNS WERE REVIEWED BY THE CHAIRPERSON OF THE QHS COMPENSATION COMMITTEE PRIOR TO FILING THE RETURNS ALSO, A COPY OF THE QMC RETURN WAS MADE AVAILABLE TO EACH OF THE MEMBERS OF THE QMC BOARD OF TRUSTEES PRIOR TO THE RETURNS BEING FILED WITH THE INTERNAL REVENUE SERVICE

Identifier	Return Reference	Explanation
APPROVED POLICIES	FORM 990, PART VI, LINES 12, 13 & 14	THE CONFLICT OF INTEREST, WHISTLEBLOWER AND DOCUMENT RETENTION POLICIES HAVE BEEN APPROVED BY QHS ON BEHALF OF THE QEL BOARD BUT HAVE NOT BEEN SEPARATELY APPROVED BY THE QEL BOARD AS SUCH, LINES 12, 13 AND 14 HAVE BEEN CHECKED 'NO'

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, LINE 12C	ALL QHS COMPANIES ARE SUBJECT TO A WRITTEN CONFLICT OF INTEREST POLICY ALL TRUSTEES, OFFICERS, DESIGNATED EMPLOYEES AND CONTRACTORS ARE REQUIRED TO COMPLETE AN ANNUAL DISCLOSURE FORM THE DESIGNATED EMPLOYEES ARE THOSE SELECTED BY EXECUTIVES IN THE ORGANIZATION WHO IDENTIFY THOSE EMPLOYEES (TYPICALLY MANAGER LEVEL AND ABOVE) WHO MAY BE IN A POSITION TO SELECT OR INFLUENCE THE SELECTION OF A VENDOR DISCLOSURES ARE SUMMARIZED AND MAINTAINED BY EACH COMPANY'S CORPORATE SECRETARY THE CONTRACTS MANAGEMENT DEPARTMENT AND LEGAL DEPARTMENT HAVE THE CONFLICT SUMMARIES AND CHECK FOR CONFLICTS OF INTEREST AT THE BEGINNING OF THE CONTRACT PROCESS ANY CONFLICT OF INTEREST INVOLVING A TRUSTEE IS PRESENTED TO THE BOARD OF TRUSTEES ANY TRANSACTION INVOLVING A DISQUALIFIED PERSON IS SUBJECT TO THE PROCESS OF ESTABLISHING A REBUTTABLE PRESUMPTION OF REASONABLENESS ANY TRUSTEE WITH A CONFLICT OF INTEREST IS EXCUSED FOR THE PORTION OF THE MEETING WHERE THE SUBJECT MATTER IS DISCUSSED AND VOTED ON

Identifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN	FORM 990, PART VI, LINE 15B	A COMMITTEE OF THE BOARD OF TRUSTEES CALLED THE COMPENSATION COMMITTEE MEETS REGULARLY TO REVIEW COMPENSATION OF ALL EXECUTIVES OF ALL COMPANIES WITHIN QHS QMC'S EXECUTIVE COMPENSATION IS REVIEWED ANNUALLY FOR ITS EXECUTIVE VP/COO, VP MEDICAL AFFAIRS, VP CLINICAL INTEGRATION, VP NURSING AND VP PATIENT CARE ALL DECISIONS REGARDING EXECUTIVE COMPENSATION ARE MADE IN CONFORMITY WITH THE PROCEDURES REQUIRED TO ESTABLISH A REBUTTABLE PRESUMPTION OF REASONABLENESS ANY ADJUSTMENT TO COMPENSATION IS SUBJECT TO THE PROCESS OF PERFORMANCE REVIEWS AND COMPARISON TO COMPARABLE COMPENSATION DATA PREPARED BY A NATIONALLY RECOGNIZED INDEPENDENT COMPENSATION CONSULTANT OUTSIDE COUNSEL ASSISTS WITH THE REVIEW PROCESS AND DOCUMENTS THE DECISIONS OF THE COMMITTEE.

Identifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, LINE 19	QMC'S GOVERNING DOCUMENTS ARE AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST AND THE AUDITED FINANCIAL STATEMENTS ARE ATTACHED TO THIS RETURN, AS REQUIRED QMC DOES NOT MAKE ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
RELATED HOURS	FORM 990, PART VII	NALEEN N ANDRADE, MD DEVOTES 3 HOURS PER WEEK TO RELATED ORGANIZATIONS MAENETTE BENHAM, EDD DEVOTES 1 HOUR PER WEEK TO RELATED ORGANIZATIONS DIANE CECCHETTINI, RN DEVOTES 1 HOUR PER WEEK TO RELATED ORGANIZATIONS ERNEST FUKEDA, JR DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS CHRISTINE M GAYAGAS DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS PETER K HANASHIRO DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS NEIL J HANNAHS DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS LYLE HARADA DEVOTES 1 HOUR PER WEEK TO RELATED ORGANIZATIONS STANLEY KURIYAMA DEVOTES 1 HOUR PER WEEK TO RELATED ORGANIZATIONS NOREEN MOKUAU, DSW DEVOTES 3 HOURS PER WEEK TO RELATED ORGANIZATIONS ROBERT K NOBRIGA DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS WILLIAM G OBANA, MD DEVOTES 3 HOURS PER WEEK TO RELATED ORGANIZATIONS CAROLINE WARD ODA DEVOTES 3 HOURS PER WEEK TO RELATED ORGANIZATIONS ROBB K OHTANI, MD DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS BARRY M WEINMAN DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS JULIA C WO DEVOTES 2 HOURS PER WEEK TO RELATED ORGANIZATIONS ERIC K YEAMAN DEVOTES 4 HOURS PER WEEK TO RELATED ORGANIZATIONS SUSAN HARAMOTO DEVOTES 32 HOURS PER WEEK TO RELATED ORGANIZATIONS RICHARD KEENE DEVOTES 35 HOURS PER WEEK TO RELATED ORGANIZATIONS SHARLENE TSUDA DEVOTES 53 HOURS PER WEEK TO RELATED ORGANIZATIONS ARTHUR A USHIJIMA DEVOTES 33 HOURS PER WEEK TO RELATED ORGANIZATIONS MARK YAMAKAWA DEVOTES 14 HOURS PER WEEK TO RELATED ORGANIZATIONS CLINTON YEE DEVOTES 15 HOURS PER WEEK TO RELATED ORGANIZATIONS PAULA YOSHIOKA DEVOTES 1 HOUR PER WEEK TO RELATED ORGANIZATIONS

Identifier	Return Reference	Explanation
OTHER CHANGES TO NET ASSETS/FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAIN(LOSS) ON INVESTMENTS $ (7,023,875) PENSION FAS 87 ADJUSTMENTS $(46,207,603) GAIN ON INTEREST RATE SWAP $(14,832,600) CHANGE IN INTEREST IN SUB $ 731,282 UNREALIZED GAIN ON HEDGING TRANSACTION $ (291,679) ROUNDING (2) ---------- TOTAL ADJUSTMENTS $(67,624,477)

Identifier	Return Reference	Explanation
DESCRIPTION OF PURPOSE	SCHEDULE K, PART I, COLUMN (F)	BOND A) ON DECEMBER 11, 2003, QMC ISSUED SPECIAL PURPOSE REVENUE BONDS (THE QUEEN'S HEALTH SYSTEM) 2003 SERIES A, 2003 SERIES B AND 2003 SERIES C ("THE 2003 ISSUE") THE PURPOSE OF THE 2003 ISSUE WAS TO ADVANCE REFUND A PORTION OF THE 1996 BOND SERIES ISSUED ON JULY 18, 1996 BOND B) ON MARCH 16, 2006, QMC ISSUED SPECIAL PURPOSE REVENUE BONDS (THE QUEEN'S HEALTH SYSTEM) 2006 SERIES A, 2006 SERIES B AND 2006 SERIES C ("THE 2006 ISSUE") THE PURPOSE OF THE 2006 ISSUE WAS TO REFUND A PORTION OF THE 1998 BOND SERIES ISSUED ON JULY 1, 1998 ON A CURRENT BASIS AND TO FINANCE APPROVED CAPITAL PROJECTS BOND C) ON MAY 6, 2009, QMC ISSUED SPECIAL PURPOSE REVENUE BONDS (THE QUEEN'S HEALTH SYSTEM) 2009 SERIES A AND 2009 SERIES B ("THE 2009 ISSUE") THE PURPOSE OF THE 2009 ISSUE WAS TO REFUND THE 2003C AND 2006C BOND SERIES ISSUED DECEMBER 11, 2003 AND MARCH 16, 2006, RESPECTIVELY, ON A CURRENT BASIS THE CUSIP NUMBER FOR 2009 SERIES A IS 419800HT7 AND THE CUSIP NUMBER FOR 2009 SERIES B IS 419800HV2

Identifier	Return Reference	Explanation
TOTAL PROCEEDS OF ISSUE	SCHEDULE K, PART II, LINE 3	BOND B) THE DIFFERENCE BETWEEN THE ISSUE PRICE AND THE TOTAL PROCEEDS IS BECAUSE OF EARNED INTEREST INCOME. FOR PURPOSES OF PART II, QMC ASSUMES THAT AMOUNTS SPENT TO RETIRE PRIOR DEBT ARE NEITHER WORKING CAPITAL NOR CAPITAL EXPENDITURES, AND ARE NOT REPORTED HEREIN

Identifier	Return Reference	Explanation
2009 HEDGING CONTRACT	SCHEDULE K, PART IV, LINE 3	THERE IS MORE THAN ONE HEDGING CONTRACT RELATED TO THE 2009 ISSUE. THE TERM OF THE 2003 HEDGE IS 25 6 YEARS WHILE THE TERM OF THE 2006C HEDGE IS 22 2 YEARS

Identifier	Return Reference	Explanation
SCHEDULE K ADDITIONAL INFORMATION		QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2003 SERIES A BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2003 SERIES B BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13 (D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2006 SERIES A BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2009 SERIES A BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2009 SERIES B BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D)

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129028853

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

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) THE QUEEN'S HEALTH SYSTEMS 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0238120	ADMIN SERVICE	HI	501(c)(3)	11 Type II	NA		No
(2) QUEEN EMMA LAND COMPANY 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0183769	SUPPORT SVCS	HI	501(c)(3)	11 Type II	QHS	Yes	
(3) MOLOKAI GENERAL HOSPITAL PO BOX 408 KAUNAKAKAI, HI 96748 99-0251372	HEALTH CARE	HI	501(c)(3)	3	QHS	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
(1) HAMQUEEN'S PET 94-3266916	PET IMAGING	HI	QMC	RELATED	745,433	4,202,541		No			No	70 000 %

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) THE QUEEN'S DEVELOPMENT CORPORATION 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0240109	DEVELOPMENT	HI	QMC	C CORP	19,211,672	97,804,082	100 000 %
(2) QUEEN'S INSURANCE EXCHANGE INC 1301 PUNCHBOWL STREET HONOLULU, HI 96813 91-1913839	Insurance	HI	QMC	C CORP	2,336,994	20,492,667	100 000 %
(3) DIAGNOSTIC LABORATORY SERVICES INC 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0240499	MEDICAL LAB SVCS	HI	QDC	C CORP	86,797,810	46,513,276	90 000 %

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
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		No
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	Yes	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
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		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) 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
IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS A PARTNERSHIP	SCHEDULE R, PART III	HAMAMATSU/QUEEN'S PET IMAGING CENTER, LLC EIN 94-3266916 ADDRESS 1301 PUNCHBOWL STREET HONOLULU, HI 96813

Additional Data

Software ID:
Software Version:
EIN: 99-0073524
Name: THE QUEEN'S MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
NALEEN N ANDRADE MD TRUSTEE - PART YEAR	1 0	X								
MAENETTE BENHAM EDD TRUSTEE	1 0	X						0	0	0
DIANE CECCHETTINI RN TRUSTEE	1 0	X						0	0	0
ERNEST FUKEDA JR TRUSTEE	1 0	X						0	0	0
CHRISTINE M GAYAGAS TRUSTEE	1 0	X						0	0	0
PETER HALFORD MD TRUSTEE/COS/ON-CALL PHYSICIAN	1 0	X						132,486	0	0
PETER K HANASHIRO TRUSTEE	1 0	X						0	0	0
NEIL J HANNAHS TRUSTEE	1 0	X						0	0	0
LYLE HARADA TRUSTEE	1 0	X						0	0	0
STANLEY KURIYAMA TRUSTEE	1 0	X						0	0	0
NOREEN MOKUAU DSW TRUSTEE/CHAIR	2 0	X		X				0	0	0
ROBERT K NOBRIGA TRUSTEE	1 0	X						0	0	0
WILLIAM G OBANA MD TRUSTEE/VC/ON-CALL PHYSICIAN	2 0	X		X				118,229	0	0
CAROLINE WARD ODA TRUSTEE	1 0	X						0	0	0
ROBB K OHTANI MD TRUSTEE/ON-CALL PHYSICIAN	2 0	X						50,513	0	0
BARRY M WEINMAN TRUSTEE	1 0	X						0	0	0
JULIA C WO TRUSTEE	1 0	X						0	0	0
ERIC K YEAMAN TRUSTEE	1 0	X						0	0	0
ARTHUR A USHIJIMA TRUSTEE/PRESIDENT	32 0	X		X				0	835,524	621,099
SUSAN HARAMOTO ASSISTANT SECRETARY	8 0			X				0	56,576	5,874
RICHARD KEENE TREASURER	20 0			X				0	492,932	65,337
SHARLENE TSUDA SECRETARY	2 0			X				0	232,526	54,241
MARK YAMAKAWA VICE PRESIDENT	41 0			X				0	786,934	121,399
PAULA YOSHIOKA VICE PRESIDENT	54 0			X				397,499	0	59,637
CLINTON YEE ASSISTANT TREASURER	40 0			X				164,882	0	31,222

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MICHAEL H DANG MD CARDIOVASCULAR SURGEON	50 0					X		702,551	0	24,341
ROBERT A HONG MD CARDIOLOGIST	50 0					X		484,984	0	20,248
DAVID J FERGUSSON MD CARDIOLOGIST	50 0					X		469,823	0	25,067
CORY TAMIKO MIYAMOTO MD GASTROENTEROLOGIST	50 0					X		469,438	0	24,187
CHRISTOPHER AOKI MD GASTROENTEROLOGIST	50 0					X		461,262	0	34,655

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 99-0073524
Name: THE QUEEN'S MEDICAL CENTER

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Aha KanePO Box 31303 Honolulu, HI 968201303	27-0502942	501(c)(3)	10,000				Contribution for Scholarship Awards and Health Screening Supplies
Aloha Council Boy Scouts of America 42 Puiwa Road Honolulu, HI 96817	99-0073482	501(c)(3)	5,500				Sponsor "Hawaii's Distinguished Citizen 2012"

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Aloha United Way 200 North Vineyard Blvd Honolulu, HI 96817	99-0073494	501(c)(3)	10,000				Contribution for Golf Tournament and General Support
Alzheimer's Association1050 Ala Moana Boulevard Suite 2610 Honolulu, HI 96814	99-0212360	501(c)(3)	12,500				Sponsor Alzheimer's Walk and "Lunch with the Stars"

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Cancer Society2370 Nuuanu Avenue Honolulu, HI 96817	99-0073489	501(c)(3)	27,500				Sponsor "Diamonds are Forever" Benefit and "2012 Relay for Life"
American Diabetes Association875 Waimanu Street Suite 601 Honolulu, HI 96813	13-1623888	501(c)(3)	13,500				Sponsor Diabetes Walk and Contribution

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Heart Association677 Ala Moana Boulevard Honolulu, HI 96813	13-5613797	501(c)(3)	25,000				Sponsor Heart Ball, Golf Classic and Heart Walk
American Red Cross4155 Diamond Head Road Honolulu, HI 96816	53-0196605	501(c)(3)	25,000				Contribution 2012 Gold Corporate Partner

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Arthritis Foundation 615 Piikoi Street Suite 1109 Honolulu, HI 96814	95-1885447	501(c)(3)	25,000				Sponsor Arthritis Walk
Domestic Violence Action CenterPO Box 3198 Honolulu, HI 968013198	99-0290389	501(c)(3)	10,500				Contribution for Scholarship Fund

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Friends of the University of Hawaii Cancer Center677 Ala Moana Boulevard Suite 901 Honolulu, HI 96813	99-0207313	501(c)(3)	10,000				Sponsor "Gala Italia"
Girl Scouts of Hawaii410 Atkinson Drive Suite 2E1 Box 3 Honolulu, HI 96814	99-0073488	501(c)(3)	6,500				Sponsor Woman of Distinction and Contribution

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Hawaii 3R's735 Bishop Street Suite 336 Honolulu, HI 96813	43-1990722	501(c)(3)	150,000				Donation "Wahiawa Elementary School Wellness Center Project"
Hawaii Academy of Science1776 University Avenue UA4 Rm 4 Honolulu, HI 96822	99-6006863	501(c)(3)	10,000				Sponsor Science & Engineering Fair

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Hawaii Children's Cancer Foundation 1814 Liliha Street Honolulu, HI 96817	99-0299937	501(c)(3)	7,500				Sponsor "All You Need is Love" Event and Donation
Hawaii Foodbank Inc2611 Kilihau Street Honolulu, HI 96819	99-0220699	501(c)(3)	6,000				Contribution Golf Classic and "2012 Patriots Celebration"

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Hawaii MaoliPO Box 1135 Honolulu, HI 96807	94-3274865	501(c)(3)	9,500				Sponsor Annual Fundraiser and Contributions
Hospice Hawaii 860 Iwilei Road Honolulu, HI 96817	99-0203930	501(c)(3)	7,500				Sponsor "Na Hoa Malama" and "3rd Annual Hot Pursuit"

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Lunalilo Home501 Kekauluohi Street Honolulu, HI 96825	99-0075244	501(c)(3)	153,000				Restoration of King Lunalilo Tomb and Sponsor of Benefit Concert
March of Dimes 1451 South King Street Suite 504 Honolulu, HI 96814	13-1846366	501(c)(3)	10,500				Sponsor Governors' Ball and March for Babies

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
National Kidney Foundation1314 South King Street Honolulu, HI 96814	13-1673104	501(c)(3)	7,500				Sponsor Renal Nutrition Week
Public Schools of Hawaii Foundation PO Box 4148 Honolulu, HI 96812	88-0243449	501(c)(3)	7,500				Sponsor "Kulia I Ka Nu'u" Awards Banquet

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Queens Health Systems1301 Punchbowl Street Honolulu, HI 96813	99-0238120	501(c)(3)	798,542				DONATIONS
St Francis Healthcare Foundation of Hawaii2228 Liliha Street Suite 205 Honolulu, HI 96817	99-0240060	501(c)(3)	6,000				Contribution to St Francis Hospice and Golf Tournament

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
University of Hawaii Foundation 2444 Dole Street Bachman Hall 105 Honolulu, HI 96822	99-0085260	501(c)(3)	656,650				Funding for Scholarship Fund and Contributions
Waikiki Community Center310 Paoakalani Avenue Honolulu, HI 96815	99-0179392	501(c)(3)	10,000				Sponsor "Na Mea Makamae O Waikiki"

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Hawaii Cancer Consortium55 Merchant Street Suite 2700 Honolulu, HI 96813	45-2280259	501(c)(3)	250,000				Contribution Hawaii Cancer Consortium
Healthcare Association of Hawaii707 Richards Street Honolulu, HI 96813	99-0105817	501(c)(6)	7,500				Sponsor Awards & Scholarship Dinner

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Waikiki Improvement Association2250 Kalakaua Avenue Suite 405-2 Honolulu,HI 96815	99-0118423	501(c)(4)	10,000				Sponsor Waikiki 20/20 Conference

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 99-0073524
Name: THE QUEEN'S MEDICAL CENTER

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)	QUEEN EMMA LAND COMPANY	C	29,882,150	
(2)	DIAGNOSTIC LABORATORY SERVICES INC	O	13,086,098	
(3)	THE QUEEN'S DEVELOPMENT CORPORATION	J	2,966,434	
(4)	THE QUEEN'S DEVELOPMENT CORPORATION	P	2,179,225	
(5)	THE QUEEN'S DEVELOPMENT CORPORATION	I	2,021,101	
(6)	DIAGNOSTIC LABORATORY SERVICES INC	I	762,728	
(7)	QUEEN EMMA LAND COMPANY	J	491,890	
(8)	MOLOKAI GENERAL HOSPITAL	K	326,363	

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493129028853

TY 2011 AffiliatedGroupAttachment

Name: THE QUEEN'S MEDICAL CENTER

EIN: 99-0073524

Explanation: Name: Queen Emma Land Company Address: 1301 Punchbowl Street Honolulu, HI 96813 EIN: 99-0183769 Expenses: $66,083,431 Share of excess Lobbying Expenditures: $0 Name: The Queen's Health Systems Address: 1301 Punchbowl Street Honolulu, HI 96813 EIN: 99-0238120 Expenses: 23,818,992 Share of excess Lobbying Expenditures: $0 Name: The Queen's Medical Center Address: 1301 Punchbowl Street Honolulu, HI 96813 EIN: 99-0073524 Expenses: $702,093,291 Share of excess Lobbying Expenditures: $0 Name: Molokai General Hospital Address: P.O. Box 408 Kaunakakai, HI 96748 EIN: 99-0251372 Expenses: $12,242,382 Share of excess Lobbying Expenditures: $0

KPMG

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Table of Contents

KPMG LLP
PO Box 4150
Honolulu, HI 96812-4150

Independent Auditors' Report

The Board of Trustees
The Queen's Medical Center

We have audited the accompanying consolidated balance sheet of The Queen's Medical Center and subsidiary (QMC) as of June 30, 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of QMC's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The accompanying consolidated financial statements of QMC as of June 30, 2011 and the year then ended, were audited by other auditors whose report thereon dated October 7, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 QMC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

KPMG LLP

October 5, 2012

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Balance Sheets

June 30, 2012 and 2011

(In thousands)

Assets		2012	2011
Current assets			
Cash and cash equivalents	$	24,287	24,444
Receivables – less allowances for uncollectible accounts of $43,950 in 2012 and $41,221 in 2011		83,016	71,296
Inventories		9,378	8,238
Interest in pooled investment fund and other – current		490,666	459,866
Prepaid expenses and other current assets		8,307	9,074
Due from affiliates		600	598
Assets whose use is limited or restricted – current		12,952	12,742
Total current assets		629,206	586,258
Interest in pooled investment fund and other – less current portion		55,422	61,388
Assets whose use is limited or restricted – less current portion		20,130	19,794
Land, buildings, and equipment, net		235,821	238,869
Deferred financing fees, net		4,663	6,386
Due from affiliates – noncurrent		18,612	—
Other assets		1,432	1,481
Total	$	965,286	914,176
Liabilities and Net Assets			
Current liabilities			
Accrued salaries and benefits	$	35,610	34,749
Accounts payable and other accrued liabilities		40,978	36,679
Due to government reimbursement programs – current		7,625	6,769
Due to affiliates		5,382	6,899
Long-term debt – current		15,495	15,342
Total current liabilities		105,090	100,438
Long-term debt – less current portion		268,034	283,580
Due to government reimbursement programs – less current portion		17,812	17,659
Pension and postretirement liabilities		142,900	95,688
Other long-term liabilities		62,528	29,342
Total liabilities		596,364	526,707
Net assets			
Unrestricted		349,513	368,637
Temporarily restricted		13,458	12,881
Permanently restricted		5,951	5,951
Total net assets		368,922	387,469
Total	$	965,286	914,176

See accompanying notes to consolidated financial statements

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2012 and 2011

(In thousands)

	2012	2011
Unrestricted operating revenues		
Net patient service revenues	$ 675,382	622,478
Other	22,345	23,015
Total unrestricted operating revenues	697,727	645,493
Net assets released from restrictions	11,872	12,683
Total operating revenues and other support	709,599	658,176
Unrestricted operating expenses		
Salaries, wages, and employee benefits	356,361	339,011
Supplies	108,666	105,229
Purchased services	90,941	79,954
Depreciation and amortization	35,490	35,996
Professional fees	29,777	25,942
Provision for bad debts	25,028	30,096
Rent and utilities	18,155	15,318
Interest	9,148	9,903
Insurance and other allocated costs from affiliates	6,470	8,469
Other	18,039	15,699
Total unrestricted operating expenses	698,075	665,617
Operating income (loss)	11,524	(7,441)
Nonoperating income (expense)		
Investment income, net	18,357	36,696
Net assets released from restrictions	439	351
(Loss) gain on interest rate swap	(14,833)	4,679
Other expense	(2,361)	(1,560)
Total nonoperating income, net	1,602	40,166
Excess of revenues over expenses, carried forward	13,126	32,725

(Continued)

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2012 and 2011

(In thousands)

	2012	2011
Excess of revenues over expenses, brought forward	$ 13,126	32,725
Other changes		
Net assets released from restrictions used for capital expenditures	326	294
Net unrealized (loss) gain on investments	(8,608)	30,229
Pension related changes other than net periodic pension cost	(46,208)	16,982
Transfers from affiliates, net	22,240	25,564
Total other changes	(32,250)	73,069
(Decrease) increase in unrestricted net assets	(19,124)	105,794
Temporarily restricted net assets		
Restricted gifts and grants	5,648	4,938
Investment income, net	283	2,172
Net assets released from restrictions used for operating expenses	(11,872)	(12,683)
Net assets released from restrictions used for nonoperating expenses	(439)	(351)
Net assets released from restrictions used for capital expenditures	(326)	(294)
Transfers from affiliates, net	7,283	7,624
Increase in temporarily restricted net assets	577	1,406
(Decrease) increase in net assets	(18,547)	107,200
Net assets – beginning of year	387,469	280,269
Net assets – end of year	$ 368,922	387,469

See accompanying notes to consolidated financial statements

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended June 30, 2012 and 2011

(In thousands)

		2012	2011
Operating activities			
(Decrease) increase in net assets	$	(18,547)	107,200
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities			
Net realized and unrealized investment gains and income		(9,764)	(68,866)
Loss (gain) on interest rate swap		14,833	(4,679)
Pension related changes other than net periodic pension cost		46,208	(16,982)
Depreciation and amortization		35,490	35,996
Provision for bad debts		25,028	30,096
Transfer of equipment to (from) The Queen's Health Systems		359	(1,805)
Loss on disposition of land, buildings, and equipment		276	442
Changes in operating assets and liabilities			
Receivables		(36,748)	(20,743)
Due to government reimbursement programs		1,009	6,491
Due to/from affiliates		(20,131)	2,000
Accounts payable and accrued salaries, benefits, and other liabilities		6,995	5,502
Other		19,359	1,138
Net cash provided by operating activities		64,367	75,790
Investing activities			
Purchases of land, buildings, and equipment		(33,522)	(22,401)
Proceeds from sale of land, buildings, and equipment		8	276
Proceeds from sale of investments		547	8,219
Purchases of investments and assets whose use is limited or restricted		(15,954)	(59,471)
Proceeds from assets whose use is limited or restricted, net		(210)	1,600
Other		—	(688)
Net cash used in investing activities		(49,131)	(72,465)
Financing activities			
Repayment of long-term debt		(15,393)	(13,299)
Dividend distribution to minority interest holder		—	(1,950)
Payment of deferred financing costs		—	(118)
Net cash used in financing activities		(15,393)	(15,367)
Net decrease in cash and cash equivalents		(157)	(12,042)
Cash and cash equivalents – beginning of year		24,444	36,486
Cash and cash equivalents – end of year	$	24,287	24,444
Supplemental cash flow information			
Interest paid – net of amounts capitalized	$	9,352	10,544
Supplemental disclosures of noncash investing and financing activities			
Purchase of buildings and equipment included in accounts payable and accrued liabilities at year-end	$	4,027	5,862
Transfers of land, buildings, and equipment from (to) affiliate		(359)	1,805
Debt and capital lease obligations assumed in exchange for equipment and leasehold improvements		—	3,769

See accompanying notes to consolidated financial statements

(1) Organization and Summary of Significant Accounting Policies

Organization and Mission

The Queen's Medical Center (QMC) is a 505-bed acute care and 28-bed subacute care hospital located in Honolulu, Hawaii QMC provides services to patients, substantially all of whom are Hawaii residents, under unsecured credit terms QMC is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code and related sections of the Hawaii Revised Statutes, respectively QMC is subject to federal and state income taxes solely on its unrelated business taxable income

The Queen's Health Systems (QHS), a tax-exempt support organization as described in Sections 501(c)(3) and 509(a)(3) of the Code, is the sole member of QMC QHS is the sole member of two additional not-for-profit corporations, Queen Emma Land Company (QEL) and Molokai General Hospital (MGH) QHS is also the parent of Queen's Development Corporation (QDC) and Queen's Insurance Exchange, Inc (QIE) QDC owns and manages income-producing, healthcare-related real estate and is engaged in other health-related business activities QIE is a Hawaii-domiciled pure captive insurance company

QMC, QHS, and QDC are members of The Queen's Health Systems Obligated Group (the Obligated Group) Diagnostic Laboratory Services, Inc (DLS), a 90% owned QDC subsidiary, is also a member of the Obligated Group

QMC has a 70% interest in Hamamatsu/Queen's PET Imaging Center, LLC (LLC) The LLC was formed to build, maintain, and operate a positron emission tomography research and diagnostic imaging center in the State of Hawaii The LLC is included in the consolidated financial statements of QMC The 30% noncontrolling interest was $1,600 and $1,299 at June 30, 2012 and 2011, respectively

QMC's mission is to serve the health needs of the people of Hawaii As such, revenues from services provided to support the activities of affiliates and from rental income, all of which are used exclusively for health-related services provided by QMC, are considered operating activities and are included in unrestricted revenue Investment earnings on unrestricted cash and investments, which are also used exclusively for health-related services provided by QMC, are included in nonoperating income

Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of QMC and the LLC, which is more than 50% owned and over which QMC exercises control These consolidated financial statements conform to accounting principles generally accepted in the United States of America (generally accepted accounting principles) Intercompany balances and transactions have been eliminated in the consolidated financial statements

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions based on available

information 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

(c) Cash and Cash Equivalents

Cash equivalents include money market funds and short-term, highly liquid investments with maturities of three months or less at the date of purchase, and are stated at cost, which approximates fair value Excluded are amounts whose use is limited or restricted by board designations or other arrangements under trust agreements

(d) Allowance for Uncollectible Accounts

QMC provides for accounts receivable that could become uncollectible by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value QMC estimates the allowance based on the aging of the accounts receivable, historical collection experience by payor, and other relevant factors

(e) Inventories

Inventories, consisting principally of medical drugs and supplies, are valued at the lower of cost (average cost method) or market

(f) Interest in Pooled Investment Fund and Other

QMC, QEL, MGH, and QHS combine their investments in a pooled investment fund, which is managed by QHS The pooled investment fund invests in money market funds, U S government obligations, corporate debt securities, equity securities, mutual funds, common trust funds, and limited liability entities (hedge funds, equity funds, real estate investments, and private equities) Other investments are primarily money market funds and U S government obligations that are accounted for as other-than-trading securities Investments classified as trading securities are recorded at fair value and changes in value are recorded within the performance indicator Investments classified as other-than-trading securities are also recorded at fair value, with realized gains and losses reported within the performance indicator, including other-than-temporary impairments, and unrealized gains and losses reported below the performance indicator

QHS values the investments in the fund as follows investments in money market funds, debt and equity securities, and mutual funds with readily determinable market values are measured at fair value based on quoted market prices and investments in limited liability entities are accounted for under the equity method of accounting QHS determines the appropriate classification of all investments at the date of purchase and evaluates such designations at each balance sheet date QHS classifies its investments in debt and equity securities that are managed in "separate accounts" by fund managers as trading securities Investments that are available for current operations are classified as current assets Investments that cannot be sold within a year due to restrictions contained in the agreements are classified as noncurrent assets

Investment income, which is presented within the performance indicator, includes all dividends and interest, unrestricted realized gains and losses, other-than-temporary impairment (OTTI), unrealized gains and losses on trading securities, and equity in earnings and losses of limited liability entities Investment management fees are netted against investment income QHS allocates net investment income on investments to QMC based on its proportionate interest in the pooled investment fund, and QMC reports the investment returns in the consolidated statements of operations and changes in net assets in the same categories as reported by QHS

QMC assesses whether OTTI has occurred based upon a case-by-case evaluation of the underlying reasons for the decline in estimated fair value of its investment All securities with a gross unrealized loss at each reporting period are subjected to a process for identifying OTTI QMC considers a wide range of factors, as described below, about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery Inherent in the evaluation of each security are assumptions and estimates about the operations of the issuer and its future earnings potential

Considerations used in the impairment evaluation process include, but are not limited to, the following

- Duration and extent that the estimated fair value has been below net carrying amount
- Ability and intent to hold the investment for a period of time to allow for a recovery of value
- Fundamental analysis of the liquidity and financial condition of the specific issues
- Industry factors or conditions related to a geographic area that are negatively affecting the security
- Underlying valuation of assets specifically pledged to support the credit
- Past due interest or principal payments or other violations of covenants
- Deterioration of the overall financial condition of the specific issuer
- Downgrades by a rating agency

The cost basis of securities that are deemed to be other-than-temporarily impaired is written down to estimated fair value in the period the other-than-temporary impairment is deemed to have occurred

(g) Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets restricted by the donors and assets held by trustees for the repayment of bonds and purchase of capital assets Amounts required to meet current liabilities of QMC have been reflected as current assets in the consolidated balance sheets as of June 30, 2012 and 2011

(h) Investments in Affiliates

Investments in which QMC owns 20% or more and exercises significant influence, but which QMC does not control, are accounted for using the equity method

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded on the basis of cost or fair market value at the date of acquisition or donation, respectively Buildings and equipment, including amounts recorded under capital lease obligations, are depreciated by the straight-line method over their estimated useful lives ranging from 3 to 40 years

(j) Deferred Financing Fees

Costs of issuing long-term debt are deferred and amortized to expense using the straight-line method, which approximates the effective interest method, over the term of the debt

(k) Long-Lived Assets

Long-lived assets held and used by QMC are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable When such events or changes occur, an estimate of the future cash flows expected to result from the use of the assets and their eventual disposition is made If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the assets, an impairment loss is recognized in an amount by which the assets' net book values exceed fair values

(l) Insurance Claims and Related Insurance Recoveries

Effective June 30, 2012 and consistent with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries – a consensus of the FASB Emerging Issues Task Force* (ASU 2010-24), QMC estimates its insurance reserves without consideration of insurance recoveries and therefore records estimated recoveries separately As of June 30, 2012, QMC recorded $18,612 of insurance reserves and related insurance recoveries

(m) Derivative Financial Instruments

QMC periodically uses derivative financial instruments, such as interest rate hedging products to mitigate risk The use of derivative instruments is limited to reducing its risk exposure by utilizing interest rate swap agreements The swaps are not designated as hedges for accounting purposes Accordingly, QMC records the value of its swaps as other assets or long-term liabilities in its consolidated balance sheets and records the change in the fair value of the swaps as nonoperating income or expense

(n) Temporarily and Permanently Restricted Net Assets

Restricted net assets consist of donations and other funds where restrictions have been imposed by donors as to the use of the funds Temporarily restricted net assets consist of those net assets whose

(Dollars in thousands)

use by QMC has been limited by donors to a specific purpose or time period When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions Permanently restricted net assets consist of the principal of net assets whose use by QMC has been restricted in perpetuity by the donors Earnings on restricted net assets are considered unrestricted, unless otherwise restricted by the donor

(o) Net Patient Service Revenue

Net patient service revenue is recognized and patient accounts receivable is recorded as services are provided and are 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

Significant concentrations of patient accounts receivable at June 30, 2012 and 2011, included the following

	2012	2011
Medicare	30%	25%
Medicaid	18	15
Hawaii Medical Service Association	11	13

(p) Government Reimbursement Programs

QMC renders services to patients under contractual agreements with the Medicare and Medicaid programs The percentage of patient service revenue attributable to the Medicare and Medicaid programs, respectively, approximated 40% and 19% in 2012 and 40% and 18% in 2011 Medicare acute inpatient services are reimbursed based on clinical, diagnostic, and other factors, and for Medicaid, a per diem rate for routine services and a per discharge rate for ancillary services Outpatient services related to Medicare and Medicaid beneficiaries are paid based upon a prospective payment system, fee schedules, percentage of charges, or a cost reimbursement method Prospectively determined reimbursements are paid to QMC based on claims submitted, however, certain items, such as medical education costs, capital costs, bad debts, and disproportionate share hospital (DSH) payment adjustments, are reimbursed based upon estimated interim rates, with final settlement determined after annual cost reports submitted by QMC are audited by the fiscal intermediary Estimation differences between final settlements and amounts accrued in previous years due to audit adjustments recorded by the fiscal intermediary are reported as current year increases to revenues and excess of revenues over expenses and amounted to $2,197 and $1,470 for the years ended June 30, 2012 and 2011, respectively QMC has the ability to appeal the adjustments based on a process established by Medicare and Medicaid

QMC recognized $3,905 and $7,244 relating to DSH payments received from the State of Hawaii Department of Human Services for the years ended June 30, 2012 and 2011, respectively Amounts received from the State of Hawaii under this program are subject to annual determination

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is a reasonable probability that recorded estimates will change by a material amount in the near term QMC believes that it is in compliance with applicable laws and regulations and actively resolves issues as identified Compliance with such laws and regulations can be subject to future government review and interpretation, and noncompliance could result in significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs

(q) Charity Care

QMC provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates Because QMC does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenue

The estimated cost of these charity care services was determined using a ratio of cost to gross charges and applying that ratio to the gross charges forgone associated with providing care to charity patients for the period Gross charges associated with providing care to charity patients includes only the related charges for those patients who are financially unable to pay and qualify under QMC's charity care policy and that do not otherwise qualify for reimbursement from a governmental program The estimated costs and expenses incurred to provide charity care were $2,039 and $2,382 for the years ended June 30, 2012 and 2011, respectively

(r) Contributions

Unconditional promises by donors of cash and other assets are reported at fair value at the date the promise is received The gifts are reported either as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions

(s) Income Taxes

QMC is subject to federal and state income taxes solely on its unrelated business taxable income (UBTI) The income tax expense recognized was not material for the years ended June 30, 2012 and 2011, and there were no significant differences between UBTI for financial statement and tax purposes QMC regularly assesses its tax positions and did not have material uncertain tax benefits for the years ended June 30, 2012 and 2011

(Dollars in thousands)

(t) *Expenses by Functional Classification*

Expenses incurred during the years ended June 30, 2012 and 2011, were for the following programs and support services

		2012	2011
Patient services	$	590,040	570,669
Administrative and general		108,035	94,948
Total	$	698,075	665,617

(u) *Performance Indicator*

QMC's performance indicator is the excess of revenues over expenses The indicator excludes equity transfers to or from related entities under common control, net unrealized gains (losses) on other-than-trading securities, net assets released from restrictions used for capital expenditures, and pension related changes other than net periodic pension cost

(v) *Recent Accounting Pronouncements*

In January 2010, the FASB issued ASU No 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06), which amended Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, to require new disclosures related to transfers in and out of Level 1 and Level 2 fair value measurements including reasons for the transfers, and to require new disclosures related to activity in Level 3 fair value measurements In addition, ASU 2010-06 clarifies existing disclosure requirements related to the level of disaggregation of classes of assets and liabilities and provides further detail about inputs and valuation techniques used for fair value measurement The adoption of ASU 2010-06 resulted in additional disclosures to the notes to the consolidated financial statements

In May 2011, the FASB issued ASU No 2011-04, *Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)* (ASU 2011-04) The amendments in this ASU result in common fair value measurement and disclosure requirements in GAAP and IFRS ASU 2011-04 also provides for certain changes in current GAAP disclosure requirements, for example with respect to the measurement of Level 3 assets and for measuring the fair value of an instrument classified in a reporting entity's net assets The amendments in ASU 2011-04 are to be applied prospectively, and are effective for the fiscal years beginning after December 15, 2011 Management is evaluating the effect that this guidance will have on the consolidated financial statements

In July 2011, the FASB issued ASU No 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07) ASU 2011-07 requires QMC to present its provision for bad debts related to patient service revenue as a deduction from revenue, similar to

(Dollars in thousands)

contractual discounts Accordingly, QMC's revenues will be required to be reported net of both contractual discounts as well as its provision for bad debts related to patient service revenues Additionally, ASU 2011-07 will require QMC to make certain additional disclosures designed to help users understand how contractual discounts and bad debts affect recorded revenue in consolidated financial statements For public companies, the amendments in ASU 2011-07 are to be applied retrospectively and are effective for fiscal years beginning after December 15, 2011, with early adoption permitted The adoption of this guidance will not have an impact to the consolidated financial statements' performance indicator

(2) Investments and Assets Whose Use Is Limited or Restricted and Fair Value Measurements

QMC's investments and assets whose use is limited or restricted as of June 30, 2012 and 2011, consisted of the following

		2012	2011
Proportionate interest in the QHS pooled investment fund	$	563,278	539,053
Money market funds		15,892	14,512
U S government obligations		—	225
Total	$	579,170	553,790

The classifications of investments in the consolidated balance sheets as of June 30, 2012 and 2011, were as follows

		2012	2011
Interest in pooled investment fund and other			
Current	$	490,666	459,866
Noncurrent		55,422	61,388
Assets whose use is limited or restricted			
Current		12,952	12,742
Noncurrent		20,130	19,794
Total	$	579,170	553,790

QMC, QEL, MGH, and QHS combine their investments in a pooled investment fund, which is managed by QHS The pooled investment fund invests in money market funds, U S government obligations, corporate debt securities, equity securities, mutual funds, common trust funds, and limited liability entities QHS allocates the investment income and unrealized gains and losses on investments to QMC based on its proportionate interest in the pooled investment fund (70% and 71% at June 30, 2012 and 2011, respectively)

(Continued)

(Dollars in thousands)

Investments in the QHS pooled investment fund as of June 30, 2012 and 2011, were as follows

		2012	2011
Investments at fair value			
Money market funds	$	31,614	43,273
U S government obligations and corporate debt securities		6,329	5,801
Equity securities		74,117	68,410
Mutual funds		506,232	456,747
Common trust funds		35,752	20,590
Total investments at fair value		654,044	594,821
Investments using equity method			
Equity funds		30,647	29,826
Hedge funds		72,234	87,973
Private equities		32,853	37,158
Real estate		15,962	14,024
Total investments using equity method		151,696	168,981
Total investments	$	805,740	763,802

Hedge funds may include investments in equities, equity-related instruments, fixed income/structured credit, and other debt-related instruments, private investments, distressed public investments, and asset-based lending businesses (ownership percentages range from less than 1% to 3%) Private equities include, but are not limited to, investments in undervalued debt, real estate-related equity securities, and investments in energy, telecommunications, media, and health care industries (ownership percentages range from less than 1% to 7%)

At June 30, 2012, QHS was committed to invest approximately $2,266 of additional capital in various private equity investments

QMC maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value QMC's hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and assigns the lowest priority to unobservable inputs (Level 3 measurements) The three levels of inputs within the hierarchy are defined as follows

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2 – Other observable inputs, either directly or indirectly, including

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc)

(Continued)

- Inputs other-than-quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Fair values of other-than-trading and trading securities are based on quoted market prices, where available The Bank of New York Mellon, as custodian for QHS, obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses Level 1 or Level 2 inputs for the determination of fair value The pricing service normally derives the security prices from recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information In the absence of a vendor, system trade/cost or broker price for debt instruments the pricing staff will price the security using the investment manager's price or last known price As QHS is responsible for the determination of fair value, it performs periodic analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value As a result of the reviews, QHS has not historically adjusted the prices obtained from the pricing service

In the instances in which the inputs used to measure the fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety The QHS assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset

QHS permits investments in cash and cash equivalents, fixed income securities, equity securities, real return assets, tactical assets, hedge funds, and private equities The QHS investment strategy is to generate a return that is sufficient to meet its current and expected future financial requirements, with an acceptable level of risk QHS has engaged a number of investment managers to implement various investment strategies to achieve the desired asset class mix, liquidity, and risk diversification objectives

(Dollars in thousands)

The following tables present information about the QHS pooled investment fund and QMC's financial assets and liabilities measured at fair value at June 30, 2012 and 2011. There were no significant reclassifications between Level 1 and Level 2 investments in 2012 and 2011. QMC classifies its interest in the pooled investment fund as Level 2. Assets included in the pooled investment fund are presented according to the valuation techniques QHS used to determine their fair values.

	Fair value measurements at June 30, 2012			
QHS Pooled investment fund	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Pooled investments and assets whose use is limited or restricted				
Trading securities				
Money market funds	$ —	30,844	—	30,844
Foreign currency	—	770	—	770
U.S. government obligations	270	4,705	—	4,975
Corporate debt securities	—	1,354	—	1,354
Equity securities				
Domestic large-cap	45,288	—	—	45,288
Global	28,829	—	—	28,829
Total trading securities	74,387	37,673	—	112,060
Other-than-trading securities				
Mutual funds				
Fixed income	205,120	—	—	205,120
Global equities	126,620	—	—	126,620
Mid-cap equities	25,046	—	—	25,046
Real return	82,978	—	—	82,978
Tactical	66,468	—	—	66,468
Common trust funds	—	35,752	—	35,752
Total other-than-trading securities	506,232	35,752	—	541,984
Total pooled investments and assets whose use is limited or restricted	$ 580,619	73,425	—	654,044

(Continued)

(Dollars in thousands)

QHS Pooled investment fund	Fair value measurements at June 30, 2012 Level 1	Level 2	Level 3	Total
Assets				
Investments and assets whose use is limited or restricted – other-than-trading securities				
Money market funds	$ 15,173	719	—	15,892
Liabilities – other long-term liabilities				
– interest rate swap liabilities	$ —	38,158	—	38,158

QHS Pooled investment fund	Fair value measurements at June 30, 2011 Level 1	Level 2	Level 3	Total
Assets				
Pooled investments and assets whose use is limited or restricted				
Trading securities				
Money market funds	$ 138	30,054	—	30,192
Foreign currency	3,075	—	—	3,075
U S government obligations	185	2,621	—	2,806
Corporate debt securities	—	2,995	—	2,995
Equity securities				
Domestic large-cap	41,709	—	—	41,709
Domestic mid-cap	26,623	—	—	26,623
Global	78	—	—	78
Total trading securities	71,808	35,670	—	107,478
Other-than-trading securities				
Money market funds	10,006	—	—	10,006
Mutual funds				
Fixed income	167,752	—	—	167,752
Global equities	128,782	—	—	128,782
Mid-cap equities	24,430	—	—	24,430
Real return	68,486	—	—	68,486

(Continued)

(Dollars in thousands)

QHS Pooled investment fund	Fair value measurements at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Tactical	$ 67,297	—	—	67,297
Common trust funds	—	20,590	—	20,590
Total other-than-trading securities	466,753	20,590	—	487,343
Total pooled investments and assets whose use is limited or restricted	$ 538,561	56,260	—	594,821
Investments and assets whose use is limited or restricted – other-than-trading securities				
Money market funds	$ 14,512	—	—	14,512
U S government obligations and corporate debt securities	—	225	—	225
Total investments and assets whose use is limited or restricted	$ 14,512	225	—	14,737
Liabilities – other long-term liabilities – interest rate swap liabilities	$ —	23,325	—	23,325

The following methods and assumptions were used to estimate the fair value of each class of financial instrument

Money Market Funds – Fair value estimates for money market funds are based on quoted market prices and/or other market data for comparable funds in establishing the prices

U S Government Obligations and Corporate Debt Securities – This category includes investments in U S government and corporate bond securities, U S dollar- and non-U S dollar-denominated securities, and money market instruments The estimated fair values of U S government obligations and corporate debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing prices Due to the nature of pricing fixed income securities, management has classified the debt securities as Level 2

Equity Securities – This category includes both domestic equity securities of large-cap and mid-cap companies, as well as domestic and foreign equities in developed and developing countries Fair value estimates for publicly traded securities are based on quoted market prices

(Dollars in thousands)

Mutual Funds – This category includes investments in real estate, inflation-protected bonds, global equities, and commodities The estimated fair value of mutual funds is based on quoted market prices

Common Trust Funds – This category includes both taxable and tax-exempt assets The investments reported as common trust funds consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable The net asset value reported by each fund is used as a practical expedient to estimate the fair value of the QHS interest therein The fund has a monthly redemption frequency with a redemption notice required by the 22nd calendar day of the preceding month

Interest Rate Swap Liabilities – The fair value of the interest rate swaps is estimated using the terms of the swaps and publicly available market yield curves Because the swaps are unique and are not actively traded, the fair values are classified as Level 2 estimates

Investments within the QHS pooled investment fund classified as other-than-trading securities at June 30, 2012 and 2011, consisted of the following

	2012			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Mutual funds	$ 469,427	36,805	—	506,232
Common trust funds	35,860	—	(108)	35,752
Total investments	$ 505,287	36,805	(108)	541,984

	2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Money market funds	$ 10,006	—	—	10,006
Mutual funds	412,523	44,224	—	456,747
Common trust funds	15,560	5,030	—	20,590
Total investments	$ 438,089	49,254	—	487,343

The cost basis of QMC's investments in money market funds of $15,892 and $14,512 approximated fair value at June 30, 2012 and 2011, respectively

There were no sales of other-than-trading investments for the year ended June 30, 2012 Gross proceeds from sales of other-than-trading securities, excluded from the QHS pooled investment fund, were $7,509 in 2011 There were no significant gross realized gains or losses as a result of those sales QMC uses the average cost method to determine the cost basis for securities sold

(Continued)

(Dollars in thousands)

QMC's allocated share of return on investments in the QHS investment pool for the years ended June 30, 2012 and 2011, presented as if QMC held the underlying assets directly, consisted of the following

		2012	2011
Total investment income, net			
Interest and dividend income	$	10,594	7,412
Realized gain – net of expenses		2,535	7,671
Unrealized (loss) gain on trading securities		(128)	7,345
Equity in earnings of limited liability entities		5,356	14,268
Total unrestricted investment income, net	$	18,357	36,696
Other changes in unrestricted net assets – net unrealized (loss) gain on unrestricted investments	$	(8,608)	30,229
Other changes in temporarily restricted net assets			
Investment gain	$	410	190
Net unrealized (loss) gain on investments		(127)	1,982
Total temporarily restricted investment gain, net	$	283	2,172

(3) Land, Buildings, and Equipment

Property at June 30, 2012 and 2011, consisted of the following

		2012	2011
Land and land improvements	$	31,042	30,893
Buildings		201,257	196,005
Equipment and furnishings		411,576	385,799
Equipment under capital leases		8,070	8,070
Construction in progress		12,431	16,034
Total		664,376	636,801
Less accumulated depreciation and amortization		(428,555)	(397,932)
Land, buildings, and equipment, net	$	235,821	238,869

Depreciation expense was $33,766 and $35,506 for the years ended June 30, 2012 and 2011, respectively

(Continued)

(Dollars in thousands)

(4) Long-Term Debt

Long-term debt at June 30, 2012 and 2011, consisted of the following

		2012	2011
Special Purpose Revenue Refunding Bonds 2009 Series A, variable interest rates (average interest rate of 0 2%), with final maturity in July 2029	$	36,115	37,640
Special Purpose Revenue Refunding Bonds 2009 Series B, variable interest rates (average interest rate of 0 2%), with final maturity in July 2029		36,115	37,640
Special Purpose Revenue Refunding Bonds 2006 Series A, variable interest rates (average interest rate of 0 4%), with final maturity in July 2025		47,950	50,225
Special Purpose Revenue Refunding Bonds 2006 Series B, variable interest rates (average interest rate of 0 4%), with final maturity in July 2024		71,175	75,750
Special Purpose Revenue Refunding Bonds 2003 Series A, variable interest rates (average interest rate of 0 5%), with final maturity in July 2029		35,600	36,900
Special Purpose Revenue Refunding Bonds 2003 Series B, variable interest rates (average interest rate of 0 5%), with final maturity in July 2029		34,875	36,175
QMC's share of commercial paper		18,379	18,379
Capital leases and other obligations		3,320	6,213
Total		283,529	298,922
Less current portion		(15,495)	(15,342)
Total noncurrent portion	$	268,034	283,580

The Series 2009A and 2009B Bonds are variable rate demand obligations issued by the Obligated Group Principal is due in annual installments ranging from $1,840 to $5,130 The Series 2009A and 2009B Bonds are supported by a letter of credit agreement that provides financing in the event that remarketing efforts fail for bonds tendered The letter of credit agreement expires in 2015, thus, the Series 2009A and 2009B Bonds are classified as noncurrent as of June 30, 2012

The Series 2006A and 2006B Bonds are auction rate securities, which bear a variable rate of interest Principal on the Series 2006A and 2006B Bonds is due in annual installments ranging from $7,000 to $10,425 The Obligated Group entered into interest rate swap agreements to pay a fixed interest rate of 3 453% on the Series 2006B Bonds and a fixed interest rate of 3 58% on the previously extinguished Series 2006C Bonds The interest rate differential paid or received is recognized during the term of the agreements The interest rate swap agreements for the Series 2006B Bonds expire in 2024 and for the previously extinguished Series 2006C Bonds expire in 2028 or earlier if the Obligated Group exercises

early termination provisions The notional amount of $111,000 at June 30, 2012 decreases annually based on the originally scheduled principal payments of the Series 2006B and previously extinguished 2006C Bonds

The Series 2003A and 2003B Bonds are auction rate securities, which bear a variable rate of interest Principal on the Series 2003A and 2003B Bonds is due in annual installments ranging from $2,675 to $5,050 The Obligated Group entered into an interest rate swap agreement to pay a fixed interest rate of 3 521% on all of its Series 2003A, 2003B, and previously extinguished 2003C Bonds The interest rate differential paid or received is recognized during the term of the agreements The interest rate swap agreement expires in 2029 or earlier if the Obligated Group exercises early termination provisions The notional amount of $101,540 at June 30, 2012 decreases annually based on the originally scheduled principal payments of the 2003A, 2003B, and previously extinguished 2003C Bonds

The 2003 and 2006 swaps are separate contracts between QHS and the swap counterparties They were not terminated as part of the Series 2003C and Series 2006C bond refunding that occurred in prior years due to unfavorable market conditions As such, QHS is still required to fulfill its contractual obligations under these agreements by paying the preestablished fixed interest rates to the respective swap counterparties

During the years ended June 30, 2012 and 2011, the change in the market value of the liabilities associated with the swap agreements discussed above, resulted in (losses) and gains of $(14,833) and $4,679, respectively, which were recognized in total nonoperating expense The market value of liabilities associated with the swaps as of June 30, 2012 and 2011, was $38,158 and $23,325, respectively, and was included in other long-term liabilities

During fiscal years 2012 and 2011, QMC experienced failed auctions related to its auction rate securities In the event of failed auctions, QMC is required to pay interest at a preestablished rate that is a multiple of London InterBank Offered Rate (LIBOR) At June 30, 2012, the rate being paid on these securities was 175% of LIBOR

The Obligated Group has commercial paper outstanding of $75,130 at June 30, 2012, under its $90,000 loan agreement Each member of the Obligated Group is jointly and severally liable for this debt Of the proceeds received on this debt, QMC recorded $18,379, QDC recorded $53,810, and QHS recorded $2,941 Management believes QDC and QHS have the ability and intent to repay their share of the commercial paper, and that it is remote that QMC will need to pay any amount in excess of the proceeds that have been recorded by QMC The loan agreement expires on January 24, 2014, however, it allows for their financing of the commercial paper outstanding to a term loan with a maturity period of up to one year after 2014 Accordingly, amounts outstanding have been classified as noncurrent liabilities as of June 30, 2012

The terms of the Series 2003A, 2003B, 2006A, 2006B, 2009A, and 2009B Bonds Master Trust Indenture (MTI) require the Obligated Group to make payments solely from amounts held in funds and accounts established pursuant to the indenture, which are pledged to secure payment of the principal and interest on the Series 2003A, 2003B, 2006A, 2006B, 2009A, and 2009B Bonds The commercial paper is also secured under the MTI The MTI also limits the ability of the Obligated Group to incur additional indebtedness, make certain other commitments, or dispose of certain assets The Obligated Group is subject to various

(Dollars in thousands)

financial ratio covenants Management is not aware of any instances of noncompliance with such financial covenants

QMC leases equipment under lease agreements accounted for as capital leases The cost of such equipment was $8,070 and accumulated depreciation was $4,130 and $2,127 at June 30, 2012 and 2011, respectively

QMC incurred total interest costs of $9,358 and $10,040 during 2012 and 2011, respectively, of which $210 and $137 were capitalized in construction in progress in 2012 and 2011, respectively

At June 30, 2012, long-term debt matures as follows

	Revenue bonds and commercial paper	Capital leases and other obligations	Less capital lease interest	Total
Year ending June 30				
2013	$ 12,935	2,663	(103)	15,495
2014	33,148	772	(12)	33,908
2015	74,901	—	—	74,901
2016	10,850	—	—	10,850
2017	11,225	—	—	11,225
Thereafter	137,150	—	—	137,150
	$ 280,209	3,435	(115)	283,529

QMC calculated the above maturities of long-term debt as if the Series 2009A and 2009B variable rate demand obligations were put by the holders and not successfully remarketed or refinanced and were required to be repaid under an accelerated schedule in accordance with the terms of the related bank letter of credit agreement If the bonds are put by the investors, the bonds are immediately redeemed by the bank for the benefit of the investors, and if the remarketing agent is unable to remarket the bonds, or if Obligated Group is unable to refinance the bonds, then Obligated Group is required to repay the bank under the terms of the letter of credit agreement

The carrying values of the bonds, commercial paper, and capital leases approximated their fair values at June 30, 2012 and 2011

(Continued)

(Dollars in thousands)

(5) Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011, were available only for the following purposes

		2012	2011
Education and research	$	9,300	9,545
Indigent care and other		2,134	1,555
Facility replacement and expansion		2,024	1,781
Total	$	13,458	12,881

Permanently restricted net assets at June 30, 2012 and 2011, were restricted to investment in perpetuity, the income from which is expendable to support the following purposes

		2012	2011
Indigent care	$	3,787	3,787
Education and research		1,334	1,334
Other		830	830
Total	$	5,951	5,951

In accordance with the Uniform Prudent Management Institutional Funds Act (UPMIFA), QMC considers only permanently restricted net assets as donor-restricted endowment funds In accordance with UPMIFA and when applicable, QMC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds a) the duration and preservation of the fund, b) the purposes of QMC and the endowment fund, c) general economic conditions, d) the possible effect of inflation and deflation, e) the expected total return from income and the appreciation of investments, f) other resources of QMC, and g) the investment policies of QMC QMC's investment and long-term rate of return objectives follow the policies of its parent, QHS Amounts relating to investment income, net appreciation/depreciation and amounts appropriated for expenditure were not material during 2012 and 2011

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires QMC to retain as a fund of perpetual duration Deficiencies of this nature are reported as adjustments in unrestricted net assets Unfavorable market fluctuations were not material as of June 30, 2012

(6) Employee Benefit Plans

Eligible employees of QMC are covered by The Queen's Health Systems Pension Plan (the Plan), which is a noncontributory defined benefit pension plan Pension benefits are provided to participants under several types of retirement options based upon years of continuous service, age, and compensation Retirement benefits are paid to pensioners or beneficiaries in various forms of joint and survivor annuities, including a

(Dollars in thousands)

lump-sum payment option The funding policy is to contribute amounts as deemed necessary on an actuarial basis to provide assets sufficient to meet the benefits to be paid to Plan members

QMC participates in the QHS three unfunded, postretirement welfare plans, covering substantially all of its employees, that provide medical benefits (until age 65), drug and vision benefits, and life insurance benefits The postretirement medical and drug and vision plans are contributory and also contain other cost-sharing features, such as deductibles and coinsurance

The following compares the changes in benefit obligations, changes in plan assets, and funded status of the pension and postretirement plans with the amounts recognized in the QHS consolidated balance sheets as of June 30, 2012 and 2011, and QMC's allocated interest

	Pension benefits		Other postretirement benefits	
	2012	2011	2012	2011
Change in benefit obligations				
Benefit obligations – beginning of year	$ 287,126	266,681	27,712	25,926
Service cost	12,900	12,228	850	851
Interest cost	16,132	14,438	1,564	1,415
Actuarial loss	39,420	3,708	3,187	58
Benefits paid	(10,969)	(9,929)	(539)	(538)
Benefit obligation – end of year	344,609	287,126	32,774	27,712
Change in plan assets				
Fair value of plan assets – beginning of year	206,974	165,110	—	—
Actual return on plan assets	2,374	29,625	—	—
Employer contributions	18,362	22,168	539	538
Benefits paid	(10,969)	(9,929)	(539)	(538)
Fair value of plan assets – end of year	216,741	206,974	—	—
Funded status	$ (127,868)	(80,152)	(32,774)	(27,712)
Amounts recognized in the balance sheets consisted of				
Other current liabilities	$ —	—	(758)	(771)
Pension and other postretirement benefits	(127,868)	(80,152)	(32,016)	(26,941)
Net amounts recognized	$ (127,868)	(80,152)	(32,774)	(27,712)
QMC's allocated interest	$ (113,833)	(70,978)	(29,067)	(24,710)

(Continued)

(Dollars in thousands)

Amounts recognized in unrestricted net assets in the QHS consolidated balance sheets at June 30, 2012 and 2011, and QMC's allocated interest were as follows

	Pension benefits		Other postretirement benefits	
	2012	2011	2012	2011
Net transition asset	$ —	—	33	55
Prior service cost	45	(61)	1,891	2,384
Net loss	132,632	83,680	6,116	2,952
Total	$ 132,677	83,619	8,040	5,391
QMC's allocated interest	$ 117,204	73,374	7,163	4,785

Amounts recognized in unrestricted net assets in the QHS consolidated balance sheet at June 30, 2012, that are expected to be recognized as components of benefit cost in the year ending June 30, 2013, were as follows

	Pension benefits	Other postretirement benefits
Net transition obligation	$ —	22
Prior service cost	(64)	484
Net loss	9,341	225
Total	$ 9,277	731

(Continued)

(Dollars in thousands)

Components of net periodic pension cost and amounts recognized in other changes in unrestricted net assets, in the QHS consolidated balance sheets, but not yet included in net periodic benefit costs and QMC's allocated amounts, were as follows

	Pension benefits		Other postretirement benefits	
	2012	2011	2012	2011
Net periodic pension costs				
Service cost	$ 12,900	12,227	850	851
Interest cost	16,132	14,438	1,564	1,415
Expected return on plan assets	(17,515)	(14,963)	—	—
Amortization of obligation	—	—	22	22
Amortization of prior service cost	(106)	(106)	493	493
Recognized net actuarial loss	5,609	7,612	23	43
Net periodic pension costs	$ 17,020	19,208	2,952	2,824
QMC's allocated interest	$ 15,110	17,025	2,502	2,330
Other changes in plan assets and benefit obligations recognized in other changes in unrestricted net assets				
Net actuarial loss (gain)	$ 54,561	(10,953)	3,187	58
Prior service cost (credit)	106	106	(493)	(493)
Recognized gain	(5,609)	(7,612)	(23)	(43)
Recognized obligation	—	—	(22)	(22)
Total recognized in other changes in unrestricted net assets	$ 49,058	(18,459)	2,649	(500)
QMC's allocated interest	$ 43,830	(16,581)	2,378	(401)

(Continued)

(Dollars in thousands)

Weighted average assumptions used to determine benefit obligations and net periodic benefit cost at June 30, 2012 and 2011, were as follows

	Pension benefits		Other postretirement benefits	
	2012	2011	2012	2011
Benefit obligation				
Discount rate	4 68%	5 68%	4 68%	5 68%
Rate of compensation increase	4 00	4 00	—	—
Net periodic benefit cost				
Discount rate	5 68	5 47	5 68	5 47
Expected return on plan assets	8 25	8 50	—	—
Rate of compensation increase	4 00	4 00	—	—

The accumulated benefit obligation for the Plan was $296,946 and $257,047 at June 30, 2012 and 2011, respectively

The long-term rate of return of the Plan is management's estimate of the return on the plan assets over a long-time horizon Based upon the current policy allocations and historical returns, expected long-term rate of return for fiscal year 2012 was projected to be 8 25%

The annual rate of increase in the per capita cost of medical benefits (i e , health care cost trend rate) was assumed to be 7 75% in 2012, declining by 0 25% per year through 2016, declining by 0 5% per year through 2019, and then remaining at 5% thereafter A one-percentage point increase or decrease in this rate would increase or decrease the Plan's accumulated postretirement benefit obligation by $366 and $323, respectively, as of June 30, 2012, and the Plan's service cost and interest cost component of net periodic postretirement benefit cost for the year ended June 30, 2012, by $31 and $26, respectively

(Continued)

(Dollars in thousands)

QHS anticipates making contributions of $18,700 to the pension plan and $776 to the postretirement benefit plan during fiscal year 2013 The future estimated benefit payments for each plan are as follows

	Pension benefits	Other postretirement benefits
Year ending June 30		
2013	$ 13,758	776
2014	17,645	902
2015	19,732	1,026
2016	20,392	1,151
2017	20,495	1,276
2018 – 2022	112,023	8,371

The primary objective of the Plan investments is to prudently fund the liabilities for benefits under the Plan The Plan's investment strategy is to structure an investment program that most efficiently matches investment risks and return characteristics with the Plan's objectives Volatility and uncertainty of investment results are managed through asset allocation and diversification The Plan expects its investment fund managers to outperform their assigned benchmark indices and rank in the top one-third of all investment managers using a similar style over a three-year period The Plan's investment policy permits investments in cash and cash equivalents, fixed income securities, equity securities, real return assets, tactical assets, hedge funds, and private equities The Plan's asset allocation at June 30, 2012 and 2011, and the target allocations were as follows

	Target range	2012 actual	2011 actual
Cash and cash equivalents	—%	2 9%	2 0%
Fixed income securities (a)	17 – 33	25 4	23 3
Domestic equities (b)	10 – 20	18 4	18 8
Global equities (c)	15 – 30	18 7	21 1
Real return investments (d)	10 – 20	16 4	14 1
Hedge fund investments (e)	10 – 20	10 3	12 0
Private equity investments (f)	0 – 10	2 5	3 2
Tactical investments (g)	0 – 10	5 4	5 5
		100 0%	100 0%

(a) This category includes investments in U S government and corporate bond securities, mortgage and other asset-backed securities, U S dollar-and non-U S dollar-denominated securities, and money market instruments

(b) This category includes investments primarily in domestic equity securities of large-cap and mid-cap companies

(Continued)

(Dollars in thousands)

(c) This category includes investments in domestic and foreign equities in developed and developing countries

(d) This category includes investments in real estate, inflation protected bonds, global equities, and commodities

(e) This category includes investments in direct hedge funds or hedge funds of funds that employ various strategies, consisting of, but not limited to, long/short equity, opportunistic/macro, distressed securities, merger arbitrage/event driven, short selling, credit investing, real estate, restructuring, and value strategies

(f) This category includes, but is not limited to, equity securities and equity-related investments, purchase or provision of subordinated debt securities/loans, and mezzanine investments

(g) This category includes investments in cash, fixed income, and global equity securities

The following tables present information about the fair value of the QHS pension plan assets as of June 30, 2012 and 2011, according to the valuation techniques QHS used to determine their fair values

Asset category	Fair value measurements at June 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, primarily money market funds	$ —	7,897	—	7,897
Mutual funds				
Fixed income	55,068	—	—	55,068
Domestic equities	8,819	—	—	8,819
Global equities	40,613	—	—	40,613
Real return	16,604	—	—	16,604
Tactical	11,613	—	—	11,613
Domestic equity securities	29,569	—	—	29,569
Real return, hedge funds, and private equity investments	—	6,460	40,098	46,558
Total	$ 162,286	14,357	40,098	216,741

(Continued)

(Dollars in thousands)

Asset category	Fair value measurements at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, primarily money market funds	$ 5,461	69	—	5,530
Mutual funds				
Fixed income	48,198	—	—	48,198
Domestic equities	9,339	—	—	9,339
Global equities	43,342	—	—	43,342
Real return	13,275	—	—	13,275
Tactical	11,754	—	—	11,754
Domestic equity securities	28,141	—	—	28,141
Real return, hedge funds, and private equity investments	—	4,847	42,548	47,395
Total	$ 159,510	4,916	42,548	206,974

There were no significant reclassifications between Level 1 and Level 2 investments in 2012 and 2011

See note 2 for the definition of the three levels within the fair value hierarchy and the methods and assumptions used to estimate the fair value of cash and cash equivalents, money market funds, mutual funds, and equity securities Real return, hedge funds, and private equity investments are valued at estimated fair values based on their proportionate share of the respective entities' fair value as recorded in the respective entities' financial statements

The table below presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the years ended June 30, 2012 and 2011, respectively

Beginning balance – July 1, 2010	$	43,329
Realized gains		2,115
Unrealized gains		2,418
Purchases, sales, and settlements		(5,314)
Balance – June 30, 2011		42,548
Realized gains		1,246
Unrealized gains		1,299
Purchases		300
Sales		(5,295)
Ending balance – June 30, 2012	$	40,098

QMC participates in the QHS defined contribution retirement plans (the Retirement Plans) that cover substantially all employees and provide participants the ability to make pretax deduction contributions for deposit into retirement savings accounts The participants' contributions are matched at a percentage of

(Dollars in thousands)

their total contributions and up to annual dollar limits per participant as defined by the Retirement Plans QMC's expense relating to the above Retirement Plans was approximately $8,087 and $7,685 for the years ended June 30, 2012 and 2011, respectively

(7) Computer Operations Outsourcing

QHS has a contract with Xerox Business Services (Xerox) to outsource a substantial portion of its computer operations, which includes providing services to QHS and certain affiliates, as well as providing QMC with implementation services, hardware, software, and application support Under this agreement, Xerox provides services as specified in the contract and the payments to Xerox are expensed in purchased services In fiscal year 2012, QHS and Xerox extended the service agreement to expire on December 31, 2015 Total QMC expenses under the contract in 2012 and 2011 were $10,336 and $10,007, respectively The contract provides for termination of the entire contract or portions of the contract under certain circumstances Should QHS terminate the agreement, QHS may be liable for early termination charges as calculated in the contract and such costs may be allocated to QMC

QMC's allocated share of future payments at June 30, 2012, under the contract are as follows

Year ending June 30		
2013	$	8,636
2014		8,489
2015		8,489
2016		4,244
Total	$	29,858

(8) Related-Party Transactions

(a) Salaries, Wages, and Employee Benefits

QMC participates in a QHS-sponsored self-funded medical benefits plan covering substantially all of its employees QMC pays a monthly premium to QHS for its covered employees During the years ended June 30, 2012 and 2011, QMC expensed $28,747 and $29,718, respectively, related to this plan Outstanding receivables from QHS related to this plan were $986 and $1,036 as of June 30, 2012 and 2011, respectively Net patient revenues related to the plan were $11,978 and $11,209 for the years ended June 30, 2012 and 2011, respectively

QMC is a participant in a QHS-sponsored self-insured workers' compensation program Such expenses totaled $2,385 and $1,704 in the years ended June 30, 2012 and 2011, respectively Participants in the program are self-insured for losses up to $400 per occurrence Losses above this limit are insured with an independent excess carrier Actuarially determined estimates of incurred and incurred-but-not-reported losses have been accrued by QHS Participants in the plan are billed premiums by QHS for participation in the plan as determined by the actuary

(Continued)

(b) Insurance and Other Allocated Costs from Affiliates

QMC participates in the QHS self-insured program for its general and professional liability exposure This self-insured program is funded through QIE QMC's premium paid to QIE is based upon its proportionate share of the cost of the program Such expenses totaled $6,012 and $7,445 in the years ended June 30, 2012 and 2011, respectively QHS has excess general and professional insurance coverage through reinsurance agreements with unrelated insurers for amounts exceeding $2,000 per occurrence The reinsurance agreements do not relieve QHS from its obligations should the third-party reinsurers not be able to meet the obligations assumed under the reinsurance agreements

As described in note 1, effective June 30, 2012, QMC estimates its insurance reserves without consideration of insurance recoveries and therefore records estimated recoveries separately As of June 30, 2012, QMC recorded $18,612 of insurance reserves and related insurance recoveries in Other long-term liabilities and Due from affiliates – noncurrent, respectively

(c) Other Revenue

QMC leases certain land to QDC under leases that expire in 2042 Under the terms of the lease agreements, QDC paid QMC lease rent of $1,987 per year in each of the years ended June 30, 2012 and 2011 QDC also reserves for QMC certain portions of a parking garage for use by employees and pays all real property taxes

QDC purchases utilities, security, maintenance, and other administrative services from QMC Amounts received from QDC related to these services were $2,213 and $1,663 in the years ended June 30, 2012 and 2011, respectively

MGH purchased pharmacy-related services, other services, and supplies from QMC Amounts received from MGH related to these services were $326 and $648 in the years ended June 30, 2012 and 2011, respectively

QMC received from DLS, a 90% owned subsidiary of QDC, $763 and $777 for rent and other services provided in the years ended June 30, 2012 and 2011, respectively

(d) Purchased Services

QHS allocates its general and administrative expenses to the affiliates QMC's portion of such expenses totaled $14,480 and $13,304 in the years ended June 30, 2012 and 2011, respectively

QMC leases office space and parking in three physicians' office buildings and a clinic owned by QDC Rents charged to QMC were $2,966 and $2,235 in the years ended June 30, 2012 and 2011, respectively

QMC and DLS have a laboratory service agreement under which QMC purchased $13,086 and $12,049 of clinical lab services in the years ended June 30, 2012 and 2011, respectively

QMC leases office space in a building owned by QEL Rents charged to QMC were $492 and $429 in the years ended June 30, 2012 and 2011, respectively

(e) Queen Emma Land Company

QEL provided financial support towards QMC's operations for the years ended June 30, 2012 and 2011 QEL also agreed to fund a portion of the operating expenses of the Queen Emma Clinic, the Behavioral Health program, the Nurse Education/Training program, the Queen's Conference Center, the Queen Emma Nursing Institute, and the Medical Residency Program

QMC recognized net assets released from restrictions on temporarily restricted net asset transfers from QEL, offsetting portions of the operating expenses of the Queen Emma Clinic, the Behavioral Health program, the Nurse Education/Training program, the Queen's Conference Center, the Queen Emma Nursing Institute, and the Medical Residency Program as actual expenditures are incurred Net assets released from restrictions recognized from QEL amounted to $7,316 and $7,273 for the years ended June 30, 2012 and 2011, respectively

Total unspecified funding from QEL was $22,602 and $24,000 for the years ended June 30, 2012 and 2011, respectively, which was included in transfers from affiliates in other changes in unrestricted net assets

QEL transferred a $1,343 parcel of land and a $540 building to QMC in the year ended June 30, 2011 The assets were recorded at values that approximated fair value

Due from affiliates includes intercompany receivables, primarily for contributions payable by QMC to be funded by QEL

(f) Queen's Development Corporation

Effective May 2011, QMC entered into an asset purchase agreement (purchase agreement) with QDC, Radiology Associates, Inc (RAI) and various Hawaii limited liability companies associated with AccuImaging (AI), an imaging center located in Hawaii QDC and RAI were sole, equal partners in AI In connection with that purchase agreement, QMC acquired certain assets and assumed certain obligations, both with fair values of $3,769

(9) Commitments and Contingencies

As of June 30, 2012, there were several legal actions pending against QMC that arose in the normal course of business The ultimate resolution of such actions cannot presently be determined In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the consolidated financial statements There were also certain actions alleging malpractice These actions were covered under the QHS self-insurance program for general and professional liability exposure

In April 2009, QMC entered into a settlement agreement with various governmental agencies As part of the settlement agreement, QMC and the Office of the Inspector General (OIG) of the U S Department of Health and Human Services entered into a Corporate Integrity Agreement (CIA) to promote compliance

(Dollars in thousands)

with the statutes, regulations, and written directives of Medicare, Medicaid, and all other federal health care programs The CIA imposes a number of obligations on QMC, including additional compliance training, auditing, and periodic reporting to the OIG The term of the CIA is five years

QMC entered into a consortium membership agreement with the University of Hawaii (UH) and two other Hawaii hospital members to maintain and expand the level of cancer research and care in Hawaii The agreement's total remaining commitment was $2,800 as of June 30, 2012 The agreement expires on January 31, 2015 and is renewable for additional five-year terms by written agreement of UH and at least two hospital members

QHS entered into an agreement with UH to help support the university's Department of Native Hawaiian Health QMC, with QHS as its parent company, will participate in the funding of research, medical education, and community engagement initiates The agreement expires on June 30, 2015 and its total remaining commitment was $1,400 as of June 30, 2012

As of June 30, 2012, QMC had commitments to expand or renovate its facilities and for equipment purchases for approximately $21,826 QMC has a commitment to improve traffic congestion around the QMC facility based on conditions imposed by the City and County of Honolulu for their approval of the Plan Review Use and Special District Permits As of June 30, 2012, QMC had a standby letter of credit in the amount of $1,200 related to the aforementioned obligation that expires on June 30, 2013 Future minimum rental payments due under noncancelable operating leases not previously mentioned at June 30, 2012, were as follows

		Affiliates	Nonaffiliates	Total
Year ending June 30				
2013	$	1,211	1,167	2,378
2014		1,163	736	1,899
2015		1,006	752	1,758
2016		598	605	1,203
2017		372	377	749
Thereafter		3,837	—	3,837
Total	$	8,187	3,637	11,824

Rent expense for the years ended June 30, 2012 and 2011, under leases with nonaffiliates, was approximately $1,265 and $969, respectively

QMC has collective bargaining agreements with the Hawaii Nurses Association and the Teamsters Union The Hawaii Nurses Association agreement expires in November 2014 and the Teamsters Union agreement expires in June 2013

(Continued)

In August 2012, QMC entered into a definitive agreement to purchase land and buildings associated with a nonoperating hospital located in Ewa Beach, Hawaii. The transaction is expected to close in October 2012. The project cost is anticipated to be approximately $73,000, including an expansion and modernization of emergency, surgical and imaging services.