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

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 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 \$	1,557,476,820	including grants of \$	1,842,740)	(Revenue \$	1,765,254,486)
	<p>HOSPITALS, CLINICS, MEDICAL GROUPS, AND LABORATORIES FOUNDED BY THE SISTERS OF ST JOSEPH OF PEACE, PEACEHEALTH HAS PROVIDED EXCEPTIONAL MEDICINE AND COMPASSIONATE CARE TO NORTHWEST COMMUNITIES FOR MORE THAN A CENTURY PEACEHEALTH IS A NOT-FOR-PROFIT HEALTH CARE SYSTEM WITH HOSPITALS, CLINICS, MEDICAL GROUP CLINICS AND LABORATORIES LOCATED IN ALASKA, WASHINGTON AND OREGON RURAL COMMUNITIES RELY ON THEIR HOSPITALS AS CRITICAL COMPONENTS OF THE COMMUNITIES' ECONOMIC AND SOCIAL FABRIC THESE HOSPITALS ARE TYPICALLY THE LARGEST OR SECOND LARGEST EMPLOYER IN THE COMMUNITY, AND OFTEN STAND ALONE IN THEIR ABILITY TO OFFER HIGHLY-SKILLED JOBS CHARITY CARE AND COMMUNITY BENEFITS PEACEHEALTH PROVIDES FINANCIAL ASSISTANCE TO PATIENTS UNABLE TO PAY FOR SERVICE BRIDGE ASSISTANCE PATIENTS RECEIVE CARE AT REDUCED COST OR NO CHARGE WHEN IT IS DETERMINED THAT PAYMENT CANNOT BE OBTAINED THROUGH INSURANCE, OUTSIDE AGENCIES, OR PRIVATE MEANS PEACEHEALTH OFFERS INFORMATION ON AVAILABLE ASSISTANCE PRIOR TO ADMISSION BRIDGE ASSISTANCE IS ALSO AVAILABLE POST-CARE THROUGH FINANCIAL COUNSELING OTHER COMMUNITY BENEFIT COSTS INCLUDE THE UNREIMBURSED COST OF MEDICAID AND GOVERNMENT PROGRAMS, HEALTH EDUCATION, AND COMMUNITY HEALTH IMPROVEMENT INITIATIVES NET COMMUNITY BENEFIT EXPENSE FOR FISCAL YEAR 2013 WAS \$244,340,619</p>						
























[illegible][illegible]

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

4e	Total program service expenses	1,557,476,820
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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 for escrow or custodial account liability, 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, line 10? 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	No
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 and XII 	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 and XII 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 Yes	
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV 	14b Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV 	15 Yes	
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts 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 (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b 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.	1,722	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	12,633	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	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, securities account, or other financial account)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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 as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	14	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	14	
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	Yes
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	OR , WA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	JOHN FINLEY TAX MANAGER 1115 SE 164TH AVENUE VANCOUVER, WA (360) 729-1000

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

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount compensation. 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 organization compensated any current officer, director, or trustee

[illegible]

Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								11,309,007	0	2,340,887

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 **1,102**

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
HURON CONSULTING SERVICES LLC 3005 MOMENTUM PLACE CHICAGO IL 60689	CONSULTING	11,744,125
NURSEFINDERS LLC 524 E LAMAR BLVD SUITE 300 ARLINGTON TX 76011	HEALTH CARE STAFFING SERVICES	3,074,755
ARAMARK MANAGEMENT SERVICES 1101 MARKET ST PHILADELPHIA PA 19107	UNIFORM SERVICE	2,819,830
INPATIENT MANAGEMENT INC 5901-C PEACHTREE DUNWOODY RD SUITE ATLANTA GA 30328	MANAGEMENT SERVICES	2,427,955
OREGON HEALTH AND SCIENCE UNIVERSITY 3181 SW SAM JACKSON PARK ROAD AD20 PORTLAND OR 97201	NEONATAL CARE	2,219,863

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 ►6

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d	4,176,344		
	e	Government grants (contributions)	1e	2,058,987		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	219,606		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		6,454,937		
Program Service Revenue	2a	PROGRAM SERVICE REVENUE	Business Code 621110	1,765,254,486	1,765,254,486	
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		1,765,254,486		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		60,381,313	
4		Income from investment of tax-exempt bond proceeds . .				
5		Royalties				
6a		(i) Real				
		(ii) Personal				
		Gross rents				
		Less rental expenses				
b		8,895,404				
c		Rental income or (loss)				
d		2,965,135				
d		Net rental income or (loss)		2,965,135		2,965,135
7a		(i) Securities				
		(ii) Other				
		Gross amount from sales of assets other than inventory				
		Less cost or other basis and sales expenses				
b		171,883,000				
c		Gain or (loss)				
d		3,615,000				
d		Net gain or (loss)		6,139,000		6,139,000
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
a						
b	Less direct expenses					
c	Net income or (loss) from fundraising events . .					
9a	Gross income from gaming activities See Part IV, line 19					
a						
b	Less direct expenses					
c	Net income or (loss) from gaming activities . .					
10a	Gross sales of inventory, less returns and allowances					
a						
b	Less cost of goods sold					
c	Net income or (loss) from sales of inventory . .					
Miscellaneous Revenue		Business Code				
11a	UNRELATED BUSINESS INC	900099	47,476,758		47,476,758	
b	CAFETERIA	900099	9,839,248		9,839,248	
c						
d	All other revenue					
e	Total. Add lines 11a-11d		57,316,006			
12	Total revenue. See Instructions		1,898,510,877	1,765,254,486	47,476,758	79,324,696

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).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	1,533,426	1,533,426		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	309,314	309,314		
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	12,114,374	3,296,281	8,818,093	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	794,150,171	665,482,608	128,667,563	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	56,449,978	46,331,068	10,118,910	
9	Other employee benefits.	78,897,838	64,460,616	14,437,222	
10	Payroll taxes.	58,832,890	47,796,082	11,036,808	
11	Fees for services (non-employees):				
a	Management.	38,379,298	34,610,956	3,768,342	
b	Legal.	1,885,199		1,885,199	
c	Accounting.	591,285		591,285	
d	Lobbying.	302,817		302,817	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	59,089,195	32,596,561	26,492,634	
12	Advertising and promotion.	2,746,901	2,746,901		
13	Office expenses.	8,190,550	366,253	7,824,297	
14	Information technology.	14,738,646	9,825,764	4,912,882	
15	Royalties.				
16	Occupancy.	30,047,378	27,285,886	2,761,492	
17	Travel.	9,802,209	4,028,788	5,773,421	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	573,953		573,953	
20	Interest.	40,737,209	39,921,631	815,578	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	118,632,369	110,242,303	8,390,066	
23	Insurance.	12,762,344	7,325,070	5,437,274	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	MED SUPPLIES & SERVICES	359,578,274	359,578,274	0	0
b	OTHER OPERATING EXPENSE	106,220,414	81,216,712	25,003,702	
c	OTHER TAX	54,938,771	53,839,264	1,099,507	0
d	INTEREST RATE SWAPS	-35,316,938	-35,316,938		
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	1,826,187,865	1,557,476,820	268,711,045	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		82,020,284	1	70,951,783
	2	Savings and temporary cash investments		296,275,064	2	276,979,091
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		216,872,859	4	301,784,791
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		36,835,942	7	12,068,721
	8	Inventories for sale or use		26,368,680	8	36,580,883
	9	Prepaid expenses and deferred charges		10,085,773	9	18,332,493
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a2,392,757,291			
	b	Less accumulated depreciation	10b1,057,785,468	982,772,607	10c	1,334,971,823
	11	Investments—publicly traded securities		366,047,181	11	708,298,644
	12	Investments—other securities See Part IV, line 11			12	204,241,242
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		500,982,900	14	5,426,517
	15	Other assets See Part IV, line 11		46,021,546	15	88,514,442
	16	Total assets. Add lines 1 through 15 (must equal line 34)		2,564,282,836	16	3,058,150,430
Liabilities	17	Accounts payable and accrued expenses		159,068,201	17	269,662,867
	18	Grants payable			18	
	19	Deferred revenue		209,634,486	19	
	20	Tax-exempt bond liabilities		667,447,492	20	910,333,829
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	11,566,123
	24	Unsecured notes and loans payable to unrelated third parties		4,552,985	24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		54,815,475	25	276,971,631
	26	Total liabilities. Add lines 17 through 25		1,095,518,639	26	1,468,534,450
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		1,409,955,560	27	1,533,358,073
	28	Temporarily restricted net assets		47,654,522	28	32,128,656
	29	Permanently restricted net assets		11,154,115	29	24,129,251
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,468,764,197	33	1,589,615,980
	34	Total liabilities and net assets/fund balances		2,564,282,836	34	3,058,150,430

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,898,510,877
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,826,187,865
3	Revenue less expenses Subtract line 2 from line 1	3	72,323,012
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,468,764,197
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	48,528,771
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,589,615,980

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 91-0939479

Name: PEACEHEALTH

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
SR ANDREA NENZEL CSJP CHAIRMAN	40 00	X		X				0	0	0
SR ANNE HAYES CSJP DIRECTOR	2 00	X		X				0	0	0
RON PRILL DIRECTOR	2 00	X		X				0	0	0
DIETER MORICH MD DIRECTOR	2 00	X						0	0	0
GRETCHEN PIERCE DIRECTOR	2 00	X						0	0	0
ROLAND TRENUTH MD DIRECTOR	2 00	X						0	0	0
LEE KEARNEY DIRECTOR	2 00	X						0	0	0
SR NORAH CLARKE CSJP DIRECTOR	2 00	X						0	0	0
ROBERT DE VITA DIRECTOR	2 00	X						0	0	0
JOE GONYEA II DIRECTOR	2 00	X						0	0	0
CAROL SHERIDAN DIRECTOR	2 00	X						0	0	0
SR MARGARET DIMOND CSJP DIRECTOR	2 00	X						0	0	0
SR KATHLEEN PRUITT CSJP DIRECTOR	2 00	X						0	0	0
SR MARGARET JANE KLING CSJP DIRECTOR	2 00	X						0	0	0
ALAN YORDY PRESIDENT & CEO	40 00			X				1,077,589	0	356,641
STUART P HENNESSEY SENIOR VP	40 00			X				512,982	0	171,578
KEVIN WALSTROM SENIOR VP	40 00				X			565,440	0	172,804
JOHN HAUGHOM SENIOR VP	40 00				X			457,016	0	20,370
PETER ADLER SENIOR VP	40 00				X			469,451	0	186,607
NANCY STEIGER SENIOR VP	40 00				X			463,124	0	175,381
CAROL AARON SENIOR VP	40 00				X			427,293	0	114,860
ELAINE SVIGEL DUNDA SENIOR VP	40 00				X			511,427	0	174,567
HOWARD GRAMAN MD SENIOR VP	40 00				X			639,644	0	65,717
JOSIAH JOHNSON SENIOR VP	40 00				X			401,090	0	133,398
TOD CASEY WOODARD SENIOR VP	40 00				X			221,998	0	115,206

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 (list any hours for related organizations below dotted line)	(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			
JOHN HILL SENIOR VP	40 00				X			379,761	0	15,930
MEL PYNE CEO - EUGENE/SPRINGFIELD, OR	40 00				X			494,502	0	23,286
RAN WHITEHEAD CEO - PEACEHEALTH LABS	40 00				X			283,707	0	64,463
JOSEPH KORTUM SENIOR VP	40 00				X			796,346	0	246,159
DENNIS GORY PHYSICIAN	2 00					X		754,932	0	83,796
JOHN F MACGREGOR PHYSICIAN	2 00					X		729,405	0	29,269
STEPHEN COOK PHYSICIAN	2 00					X		721,509	0	80,904
WILLIAM L LOMBARDI PHYSICIAN	2 00					X		702,254	0	54,031
ANDREW T COLETTI PHYSICIAN	2 00					X		699,537	0	55,920

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

2012

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1

☐

A church, convention of churches, or association of churches described in **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 33¹/₃% 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 33¹/₃% 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 - Non-functionally integrated
- e

☐

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

☐

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

☐

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

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

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

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

h

☐

Provide the following information about the supported organization(s)
- | | Yes | No |
|----------|-----|----|
| 11g(i) | | |
| 11g(ii) | | |
| 11g(iii) | | |
- | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? | | (v) Did you notify the organization in col (i) of your support? | | (vi) Is the organization in col (i) organized in the U S ? | | (vii) Amount of monetary support |
|------------------------------------|----------|---|--|----|---|----|--|----|----------------------------------|
| | | | Yes | No | Yes | No | Yes | No | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

Support Schedule for Organizations Described in Sections 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2012 (line 6, column (f) divided by line 11, column (f))	14		
15 Public support percentage for 2011 Schedule A, Part II, line 14	15		
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization			▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions			▶

Part IIIPart III

Support Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

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, Part V, line 35c (Proxy Tax), then

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

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

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		164,000
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			164,000
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible 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, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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 education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

a Total number of conservation easements

b Total acreage restricted by conservation easements

c Number of conservation easements on a certified historic structure included in (a)

d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, 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 XIII

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 XIII and complete the following table

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

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes☒ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	25,724,507				
b Contributions	15,739,128	26,359,503			
c Net investment earnings, gains, and losses	1,178,809	-301,830			
d Grants or scholarships					
e Other expenditures for facilities and programs	176,156	333,166			
f Administrative expenses					
g End of year balance	42,466,288	25,724,507			

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment
- b Permanent endowment 100 000 %
- c Temporarily restricted endowment 0 %
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

4 Describe in Part XIII 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		120,838,211		120,838,211
b Buildings		1,462,460,435	680,908,669	781,551,766
c Leasehold improvements				
d Equipment		781,843,649	364,019,501	417,824,148
e Other		27,614,996	12,857,298	14,757,698
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,334,971,823

Part XI

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 XIII)	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 XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)		5	

Part XII

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 XIII)	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 XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)		5	

Part XIII

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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE INTENDED USE OF THE ORGANIZATION'S ENDOWMENT FUNDS ARE FOR 1)THE PURCHASE OF PROPERTY, PLANT, AND EQUIPMENT 2)SUPPORT FOR HOSPICE AND INDIGENT CARE 3)PATIENT CARE AND OTHER OPERATING ACTIVITIES
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE THE CORPORATION ADOPTED FASB INTERPRETATION NO. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN INTERPRETATION OF FASB STATEMENT 109 (FIN 48). FIN 48 CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN AN ENTERPRISE'S FINANCIAL STATEMENTS IN ACCORDANCE WITH FASB STATEMENT NO. 109, ACCOUNTING FOR INCOME TAXES. FIN 48 ALSO PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT STANDARD FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF AN INCOME TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. ONLY TAX POSITIONS THAT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD AT THE EFFECTIVE DATE MAY BE RECOGNIZED OR CONTINUE TO BE RECOGNIZED UPON ADOPTION. IN ADDITION, FIN 48 PROVIDES GUIDANCE ON RECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE, AND TRANSITION. THE ADOPTION OF FIN 48 DID NOT HAVE A SIGNIFICANT IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CORPORATION.

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
CENTRAL AMERICA/CARIBBEAN	1		PROGRAM SERVICES	HEALTHCARE	309,314
3a Sub-total	1	0			309,314
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	1	0			309,314

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
			CENTRAL AMERICA AND THE CARIBBEAN	PROGRAM SERVICES	309,314				

2

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

1

3

Enter total number of other organizations or entities

0

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

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

☐ Yes

☒ No
- 4

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

☐ Yes

☒ No
- 5

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

☐ Yes

☒ No
- 6

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

☐ Yes

☒ No

Supplemental Information

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

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

2012

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			112,998,102		112,998,102	6 190 %
b Medicaid (from Worksheet 3, column a)			314,406,421	185,001,248	129,405,173	7 090 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			427,404,523	185,001,248	242,403,275	13 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			28,459	1,104	27,355	0 %
f Health professions education (from Worksheet 5)			552,783		552,783	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,357,206		1,357,206	0 070 %
j Total Other Benefits			1,938,448	1,104	1,937,344	0 100 %
k Total. Add lines 7d and 7j			429,342,971	185,002,352	244,340,619	13 380 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

124,150,978

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

13,601,783

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

382,045,050

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

423,415,321

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-41,370,271

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

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

(owned 10% or more by officers, directors, trustees, key employees, and physicians—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—see instructions)
How many hospital facilities did the organization operate during the tax year?
9

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	PH SACRED HEART MED CTR AT RIVERBEND 3333 RIVERBEND DRIVE SPRINGFIELD, OR 97477	X	X					X			A
2	PH SACRED HEART MED CTR UNIV DISTRICT 1255 HILYARD STREET EUGENE, OR 97401	X	X					X			A
3	PH ST JOSEPH MEDICAL CENTER 2901 SQUALICUM PARKWAY BELLINGHAM, WA 98225	X	X					X			A
4	PH ST JOHN MEDICAL CENTER 1615 DELAWARE STREET LONGVIEW, WA 98632	X	X					X			A
5	PH KETCHIKAN MEDICAL CENTER 3100 TONGASS AVENUE KETCHIKAN, AK 99901	X	X			X		X			A
6	PH PEACE HARBOR MEDICAL CENTER 400 9TH STREET FLORENCE, OR 97439	X	X			X		X			A
7	PH COTTAGE GROVE COMMUNITY MED CTR 1515 VILLAGE DRIVE COTTAGE GROVE, OR 97424	X	X			X		X			A
8	PH SOUTHWEST MEDICAL CENTER 400 NE MOTHER JOSEPH PL VANCOUVER, WA 98683	X	X					X			A
9	PH PEACE ISLAND MEDICAL CENTER 1117 SPRING STREET FRIDAY HARBOR, WA 97401	X	X					X			B

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

FACILITY REPORTING GROUP - A

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j <input type="checkbox"/> Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a <input checked="" type="checkbox"/> Hospital facility's website			
b <input checked="" type="checkbox"/> Available upon request from the hospital facility			
c <input type="checkbox"/> Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b <input checked="" type="checkbox"/> Execution of the implementation strategy			
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan			
d <input type="checkbox"/> Participation in the execution of a community-wide plan			
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans			
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g <input type="checkbox"/> Prioritization of health needs in its community			
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____			

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals 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)

Policy Relating to Emergency Medical Care

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

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

FACILITY REPORTING GROUP - B

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	No
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a <input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals 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)

Policy Relating to Emergency Medical Care

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

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

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

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care 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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHOLODOGY USED TO DETERMINE THE AMOUNTS REPORTED ON PART I, LINE 7 IS A COST TO CHARGE RATIO DETERMINED BY COMPARING TOTAL PATIENT CHARGES TO THE PATIENT CARE EXPENSES (EXCLUSIVE OF NON-OPERATING EXPENSES AND BAD DEBT) THIS RATIO IS THEN APPLIED TO THE TOTAL ACCOUNT, OFFSETTING REVENUE AND ALLOCATING THE REMAINING UNREIMBURSED COST BETWEEN CHARITY AND OTHER PAYERS RELATED TO THE SPECIFIC PATIENT ACCOUNT TO ARRIVE AT THE AMOUNT OF CHARITY CARE REPORTED ON LINE 7 PART III, LINE 3 THE ORGANIZATION USED DEMOGRAPHIC DATA REGARDING POPULATION POVERTY LEVELS IN EACH FACILITY'S SERVICE AREA TO DETERMINE THE AMOUNT OF BAD DEBT REASONABLY ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY QUALIFY FOR THE FACILITY'S FINANCIAL ASSISTANCE POLICY
		PART III, LINE 4 6/30/2013 AUDITED FINANCIAL STATEMENTS - FOOTNOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES THE CORPORATION PROVIDES FOR AN ALLOWANCE AGAINST PATIENT ACCOUNTS RECEIVABLE FOR AMOUNTS THAT COULD BECOME UNCOLLECTIBLE THE CORPORATION ESTIMATES THIS ALLOWANCE BASED ON THE AGING OF ACCOUNTS RECEIVABLE, HISTORICAL COLLECTION EXPERIENCE BY PAYOR, AND OTHER RELEVANT FACTORS THERE ARE VARIOUS FACTORS THAT CAN IMPACT THE COLLECTION TRENDS, SUCH AS CHANGES IN THE ECONOMY, WHICH IN TURN HAVE AN IMPACT ON UNEMPLOYMENT RATES AND THE NUMBER OF UNINSURED AND UNDERINSURED PATIENTS, THE INCREASED BURDEN OF COPAYMENTS TO BE MADE BY PATIENTS WITH INSURANCE COVERAGE AND BUSINESS PRACTICES RELATED TO COLLECTION EFFORTS THESE FACTORS CONTINUOUSLY CHANGE AND CAN HAVE AN IMPACT ON COLLECTION TRENDS AND THE ESTIMATION PROCESS USED BY THE CORPORATION PART II - COMMUNITY BUILDING ACTIVITIES THE ORGANIZATION'S ACCOUNTING SYSTEMS ARE NOT CURRENTLY CAPTURING COMMUNITY BUILDING ACTIVITIES AT THIS TIME

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE CALCULATION ABOVE IS COMPLETED USING MEDICARE COST REPORT DATA
		PART VI, LINE 2 THE NEEDS ASSESSMENT IS CUSTOMIZED TO THE LOCAL COMMUNITY TYPICALLY WE ENGAGE COMMITTEES OF STAFF, BOARD MEMBERS AND VOLUNTEERS TO REVIEW AND ACT ON FUNDING REQUESTS FROM COMMUNITY-BASED ORGANIZATIONS IN MAKING THEIR CASE FOR FUNDING, APPLICANTS MUST THOROUGHLY EXPLAIN THE NEED, THE POPULATION SERVED, THE EFFECTIVENESS OF THEIR PROGRAMS, AND THE DESIRED OUTCOME IN ADDITION TO HELPING OUR BOARD COMMITTEES MAKE WISE STRATEGIC INVESTMENT IN PROGRAMS THAT EFFECTIVELY ADDRESS COMMUNITY NEEDS, THIS PROCESS ALSO KEEPS OUR STAFF AND BOARD MEMBERS ATTUNED TO CHANGES IN OUR COMMUNITY WHEN WE EVALUATE THE COMMUNITY'S DEMAND AND DESIRE FOR A PARTICULAR SERVICE, WE ASSESS A WHOLE HOST OF FACTORS, INCLUDING -ALTERNATIVE WAYS TO ACCESS CARE-OUR ABILITY TO PROVIDE THE NECESSARY STAFF, EQUIPMENT AND SPACE-THE EFFECT ON THE COMMUNITY AND PATIENTS IF WE DID NOT PROVIDE THECARE-THE COMMUNITY'S BEST INTEREST-RESULTS OF AN ETHICAL DISCERNMENT PEACEHEALTH PARTNERS WITH A DIVERSE GROUP OF COMMUNITY ORGANIZATIONS, INCLUDING MEDICAL PROFESSIONALS, OTHER NOT-FOR-PROFIT ORGANIZATIONS, AND STATE AND LOCAL GOVERNMENT AGENCIES TO IDENTIFY AND ASSESS THE SPECIFIC NEEDS OF THE COMMUNITIES IN WHICH IT SERVES ADDITIONAL WAYS PEACEHEALTH STAYS IN TOUCH WITH THE COMMUNITY - PATIENT COUNCILS COMMUNITY MEMBERS PROVIDE INPUT AND FEEDBACK ON THE PATIENT EXPERIENCE, ISSUES, CONCERNS AND IDEAS - COMMUNITY INVOLVEMENT HOSPITAL STAFF SERVE ON NUMEROUS BOARDS, COMMITTEES AND TASK FORCES THAT ADDRESS COMMUNITY HEALTH PROBLEMS AND PROMOTE COMMUNITY HEALTH SPEAKERS BUREAU HOSPITAL LEADERS AND EXPERTS ARE CALLED UPON TO ADDRESS COMMUNITY GROUPS ON A VARIETY OF HEALTH CARE TOPICS, TAKING FEEDBACK, ANSWERING QUESTIONS AND LISTENING TO CONCERNS AND NEEDS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 PEACEHEALTH HAS A TIME-HONORED TRADITION OF PROVIDING HEALTH CARE SERVICES TO THE SICK AND AFFLICTED REGARDLESS OF ABILITY TO PAY IT IS CENTRAL TO OUR MISSION AND IS REINFORCED THROUGH OUR NEW EMPLOYEE ORIENTATION, TRAINING AND DEVELOPMENT PROGRAMS, LEADERSHIP MEETINGS, AND SPECIAL PROGRAMS SUCH AS LEADERSHIP IN MINISTRY PEACEHEALTH HAS AN INNOVATIVE "BRIDGE ASSISTANCE" PROGRAM WHICH PROVIDES FREE OR REDUCED-COST CARE TO LOW-INCOME INDIVIDUALS IN THE SPIRIT OF OUR CORE VALUE OF "RESPECTING INDIVIDUAL HUMAN DIGNITY AND WORTH," PEACEHEALTH USES THE NAME "BRIDGE ASSISTANCE" SO THAT PEOPLE USING THIS PROGRAM CAN REFER TO IT WITHOUT ANY DISCOMFORT OR EMBARRASSMENT QUALIFIED INDIVIDUALS RECEIVE A BRIDGE ASSISTANCE CARD WHICH THEY MAY PRESENT JUST AS ONE WOULD AN INSURANCE CARD MANY INDEPENDENT PROVIDERS IN THE COMMUNITY NOW ACCEPT PEACEHEALTH'S BRIDGE PROGRAM AS THEIR BENCHMARK FOR PROVIDING PRO BONO SERVICES THE NAME REFERS TO BRIDGING THE GAP OF FINANCIAL UNCERTAINTY FOR OUR PATIENTS IN NEED BRIDGE ASSISTANCE PROVIDES MEDICALLY NECESSARY AND PREVENTATIVE SERVICES FOR OUR PATIENTS AT PEACEHEALTH FACILITIES AT A REDUCED COST OR WITHOUT CHARGE WHEN PAYMENT CANNOT BE OBTAINED THROUGH ALL OTHER AVAILABLE FINANCIAL RESOURCES IT IS SECONDARY TO RESOURCES SUCH AS INSURANCE, THIRD PARTY LIABILITY PAYERS, GOVERNMENT PROGRAMS, OUTSIDE AGENCY PROGRAM, OR PRIVATE MEANS THE PURPOSE OF THE PROGRAM IS TO HELP MANAGE THE DELICATE BALANCE OF MAINTAINING FINANCIAL HEALTH AND WISE STEWARDSHIP WITH OUR MISSION OF PROVIDING COMMUNITY SERVICES IN ALL OF OUR SERVICE AREAS IT ENSURES THAT PATIENTS RECEIVE FAIR AND EQUAL FINANCIAL TREATMENT ACROSS PEACEHEALTH IT WORKS TOGETHER WITH OUR FINANCIAL COUNSELING SERVICES TO HELP PEACEHEALTH IDENTIFY PATIENTS WHO CAN BENEFIT FROM BRIDGE ASSISTANCE HERE IS AN EXAMPLE OF HOW WE WORK WITH OUR LOCAL COMMUNITIES TO ENROLL PEOPLE IN THE PROGRAM PEACEHEALTH ST JOSEPH MEDICAL CENTER WORKS CLOSELY WITH THE WHATCOM ALLIANCE AND THE AREA FEDERALLY QUALIFIED HEALTH CENTERS(FQHC'S) TO ENSURE THAT ALL ELIGIBLE PATIENTS SEEKING MEDICAL CARE KNOW ABOUT THE PEACEHEALTH BRIDGE ASSISTANCE PROGRAM ALLIANCE STAFF WORK WITH THE MEDICAL CENTER TO FOLLOW UP ON PATIENTS WHO FREQUENT THE EMERGENCY DEPARTMENT FOR CARE AND INFORM THEM OF AVAILABLE RESOURCES, INCLUDING POSSIBLE BRIDGE ASSISTANCE PATIENTS REFERRED FROM COMMUNITY HEALTH CENTERS SEEKING ACCESS TO DONATED SPECIALTY CARE ARE ROUTINELY ENROLLED IN BRIDGE ASSISTANCE AS PART OF THE PROCESS FOR DETERMINING ELIGIBILITY FOR COMMUNITY-WIDE DONATED CARE COMMUNICATION ELIGIBLE PATIENTS ARE MADE AWARE OF THIS PROGRAM THROUGH A VARIETY OF COMMUNICATION CHANNELS, INCLUDING - REFERRALS FROM COMMUNITY PARTNERS, INCLUDING NON-PROFIT COMMUNITY CLINICS THAT ARE FREE OR LOW-COST- INFORMATION POSTED ON OUR WEB SITE AT HTTP://WWW.PEACEHEALTH.ORG/SHARED-PAGES/PAGES/_BRIDGEASSISTANCE-DEFAULT- FROM=/ABOUT-PEACEHEALTH/BRIDGE- ASSISTANCE-SIGNAGE IN OUR WAITING ROOMS*-BROCHURES THROUGHOUT OUR FACILITIES*-FINANCIAL COUNSELING *AS PART OF OUR BASELINE OUTREACH PLAN, PEACEHEALTH POSTS SIGNS IN THE FOLLOWING AREAS -REGISTRATION AREAS-RECEPTION AREA-PAY STATIONS* *BROCHURES ARE MADE AVAILABLE IN THE FOLLOWING AREAS -REGISTRATION BOOTH/DESK-CHECK- IN AREAS (LAB, IMAGING, ETC)-WAITING AREAS-EXISTING BROCHURE DISPLAYS-ADMINISTRATION-PATIENT EXAM ROOMS (PROVIDER OFFICES)-PAY STATIONS FOR FACILITY REPORTING GROUP A AND B PART V, LINE 20 - EXPLANATION OF OTHER METHODS TO DETERMINE AMOUNT BILLED IRS REQUIREMENTS FOR CHARITABLE HOSPITALS 501(R) LIMITATION ON CHARGES AN ELIGIBLE INDIVIDUAL UNDER A HOSPITAL FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERAGE UPON DETERMINATION THAT THE PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE A SLIDING DISCOUNT IS APPLIED THESE DISCOUNTS RANGE FROM 10% - 100% WHILE THE RATE INSURED INDIVIDUALS ARE ULTIMATELY CHARGED VARIES WITH CONTRACT AND BENEFIT TERMS, WE BELIEVE THAT OUR FAP DISCOUNTS PROVIDE ELIGIBLE INDIVIDUALS WITH BETTER OR SIMILAR DISCOUNTS WE DO NOT USE GROSS CHARGES WITHOUT DISCOUNTS FOR INDIVIDUALS ELIGIBLE UNDER OUR FAPS FOR FACILITY REPORTING GROUP A PART V, COMMUNITY HEALTH NEEDS ASSESSMENT, LINE 3 DESCRIPTION DETAIL TO OBTAIN CURRENT DATA OR OTHER INFORMATION RELEVANT TO THE HEALTH NEEDS OF THE COMMUNITY SERVED BY THE PEACEHEALTH MEDICAL CENTERS, THE COMMUNITY HEALTH NEEDS ASSESSMENT TOOK INTO ACCOUNT INFORMATION FROM 1) PERSONS WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH 2) FEDERAL, TRIBAL, REGIONAL, STATE, AND LOCAL HEALTH DEPARTMENTS AND AGENCIES 3) LEADERS, REPRESENTATIVES, AND MEMBERS OF MEDICALLY UNDERSERVED, LOW INCOME, AND MINORITY POPULATIONS, AND POPULATIONS WITH CHRONIC DISEASE NEEDS IN THE COMMUNITY SERVED BY THE HOSPITAL FACILITY 4) REVIEW OF AVAILABLE PUBLISHED COMMUNITY HEALTH DATA 5) MEETINGS WITH COMMUNITY GROUPS AND PUBLIC OFFICIALS, PUBLIC FORUMS, FOCUS GROUPS, AND COMMUNITYWIDE HEALTH ASSET SURVEY AND KEY INFORMANT INTERVIEWS AMONG THE CONSULTED INDIVIDUALS AND GROUPS WERE PUBLIC HEALTH OFFICIALS OF LOCAL COUNTY PUBLIC HEALTH DISTRICTS, PUBLIC HEALTH EXPERTS OF COMMUNITY GROUPS, LOCAL NON-PROFIT ORGANIZATIONS, AND OTHER COMMUNITY HEALTH EXPERTS FOR FACILITY REPORTING GROUP A PART V, COMMUNITY HEALTH NEEDS ASSESSMENT, LINE 7 EXPLANATION FOR OTHER WHILE THE PEACEHEALTH MEDICAL CENTERS STRIVE TO ADDRESS ALL NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT, CONSTRAINTS ON RESOURCES AND TIME PREVENT COMPLETELY ADDRESSING ALL COMMUNITY HEALTH NEEDS</p>
		<p>PART VI, LINE 4 PEACEHEALTH OPERATES NINE HOSPITALS IN THREE STATES IN ALASKA, PEACEHEALTH RUNS THE KETCHIKAN MEDICAL CENTER IN KETCHIKAN IN OREGON, PEACEHEALTH OPERATES SACRED HEART MEDICAL CENTER, UNIVERSITY DISTRICT (EUGENE), SACRED HEART MEDICAL CENTER AT RIVERBEND (SPRINGFIELD), PEACE HARBOR MEDICAL CENTER (FLORENCE), AND COTTAGE GROVE COMMUNITY MEDICAL CENTER (COTTAGE GROVE) IN WASHINGTON, IT OWNS PEACEHEALTH SOUTHWEST WASHINGTON MEDICAL CENTER (VANCOUVER), PEACEHEALTH ST JOHN MEDICAL CENTER (LONGVIEW), PEACEHEALTH ST JOSEPH MEDICAL CENTER (BELLINGHAM), AND PEACEHEALTH PEACE ISLAND MEDICAL CENTER (FRIDAY HARBOR) COMMUNITY INFORMATION FOR KETCHIKAN, ALASKA NEARLY 30% OF THE SERVICE AREAS POPULATION IS AMERICAN INDIAN OR ALASKAN NATIVE WITH 21.5% OF THE MORE POPULOUS KETCHIKAN GATEWAY BOROUGH AND 47.3% OF THE PRINCE OF WALES-HYDER CENSUS AREA BELONGING TO THIS RACE/ETHNICITY GROUP ALMOST 77% OF KETCHIKAN RESIDENTS ARE WHITE COMPARED TO 57.9% OF PRINCE OF WALES-HYDER AND 73.1% OF ALASKANS OVERALL ABOUT 10% OF THE POPULATION IS 65 YEARS OF AGE OR OLDER, COMPARED TO 7.7% OF STATE OF ALASKA RESIDENTS AND 13.0% OF UNITED STATES RESIDENTS COMMUNITY INFORMATION FOR EUGENE, OREGON THE US CENSUS 2010 PLACED THE POPULATION OF LANE COUNTY AT 351,715 RESIDENTS EUGENE, HOME TO THE UNIVERSITY OF OREGON, IS THE LARGEST CITY IN THE COUNTY WITH A 2010 POPULATION OF ABOUT 156,000 RESIDENTS, OR NEARLY 45% OF THE COUNTY'S POPULATION THE EUGENE-SPRINGFIELD METRO AREA CONTAINS OVER 60% OF THE COUNTY'S POPULATION OVER 88% OF THE POPULATION IN LANE COUNTY IS WHITE, IN CONTRAST TO OVER 83% IN THE STATE OF OREGON LANE COUNTY CURRENTLY HAS FEWER RESIDENTS OF HISPANIC ANCESTRY (7.4%) THAN EITHER THE STATE (11.4%) OR THE NATION (16.3%), BUT HISPANICS ARE THE LARGEST AND FASTEST GROWING MINORITY GROUP IN THE COUNTY SPRINGFIELD HAS A SIGNIFICANTLY HIGHER PERCENTAGE OF HISPANIC RESIDENTS (12.1%) THAN ANY OF THE OTHER CITIES IN LANE COUNTY THE AGE DEMOGRAPHICS VARY SIGNIFICANTLY BY COMMUNITY OVERALL, LANE COUNTY HAS A LARGER ELDERLY POPULATION THAN EITHER THE STATE OR NATION (ABOUT 15% VS 14% AND 13%, RESPECTIVELY) THIS FINDING HAS SIGNIFICANT IMPLICATIONS FOR OVERALL HEALTH, AS WELL AS FOR THE NEED FOR HEALTH CARE SERVICES SPRINGFIELD, EUGENE AND CRESWELL HAVE MUCH SMALLER ELDERLY POPULATIONS, BARELY OVER 10% STRIKINGLY, MORE THAN A THIRD OF THE POPULATION OF FLORENCE IS 65 YEARS OF AGE OR OLDER COMMUNITY INFORMATION FOR SPRINGFIELD, OREGON REFER TO THE PREVIOUSLY LISTED INFORMATION FOR EUGENE, OREGON AND LANE COUNTY FOR THE PURPOSE OF THIS COMMUNITY HEALTH NEEDS ASSESSMENT, THE SERVICE AREA FOR PEACEHEALTH SACRED HEART AT RIVERBEND WAS DEFINED AS LANE COUNTY THIS DEFINITION WAS BASED IN PART ON THE FACT THAT MORE THAN 80% OF PEACEHEALTH SACRED HEARTS INPATIENTS IN 2011 WERE RESIDENTS OF LANE COUNTY IN ADDITION, SACRED HEART AT RIVERBEND SERVES AS THE REGIONAL REFERRAL HOSPITAL FOR OTHER PROVIDERS IN LANE COUNTY COMMUNITY INFORMATION FOR FLORENCE, OREGON PEACE HARBORS SERVICE AREA HAS APPROXIMATELY 28,000 RESIDENTS, MOST OF WHOM RESIDE IN FLORENCE REEDSPORT, WALDPORIT AND YACHATS ARE THE ONLY OTHER COMMUNITIES WITH MORE THAN 1,000 RESIDENTS OVERALL, THE SERVICE AREA IS RURAL AND OVERWHELMINGLY WHITE, RANGING FROM 98% IN SWISSHOME TO 94% IN GARDINER THE HISPANIC POPULATION COMPRISES 4% OF THE POPULATION, SIGNIFICANTLY LOWER THAN LANE COUNTY, OF WHICH 7.4% OF THE POPULATION IS OF HISPANIC ANCESTRY THE MOST STRIKING DEMOGRAPHIC FEATURE OF THE SERVICE AREA IS THE LARGE SENIOR CITIZEN POPULATION SENIOR CITIZENS COMPRISE OVER 15% OF THE POPULATION OF LANE COUNTY, BUT OVER 31% OF RESIDENTS OF THE SERVICE AREA RESIDENTS ARE 65 OR OLDER AT LEAST 20% OF THE POPULATION IN EACH COMMUNITY IS AT LEAST 65 YEARS OF AGE, AND IN FLORENCE, FULLY 35% OF RESIDENTS ARE 65 OR OLDER THIS LARGE ELDERLY POPULATION, ALONG WITH TOURISM, HAS BECOME AN IMPORTANT PART OF THE LOCAL ECONOMY AS THE TIMBER AND FISHING INDUSTRIES HAVE DECLINED COMMUNITY INFORMATION FOR COTTAGE GROVE, OREGON COTTAGE GROVE OFFERS PROGRAMS TO THE APPROXIMATELY 40,000 RESIDENTS OF THE SERVICE AREA THE SERVICE AREA IS PREDOMINANTLY WHITE WITH A GROWING HISPANIC POPULATION AT THE 2010 CENSUS, 5% OF THE POPULATION WAS OF HISPANIC ORIGIN IN COMPARISON TO OVER 7% OF LANE COUNTY STRIKINGLY, THE SERVICE AREA HAD A MUCH LARGER SENIOR CITIZEN POPULATION IN COMPARISON TO LANE COUNTY WITH THE EXCEPTION OF CRESWELL AND DEXTER, THE PERCENT OF THE POPULATION THAT IS 65 OR OLDER IS GREATER THAN THAT OF LANE COUNTY AS A WHOLE MOST STRIKING IS ELKTON WHERE 27% OF THE POPULATION WAS AT LEAST 65 YEARS OLD COMMUNITY INFORMATION FOR VANCOUVER, WASHINGTON WITHIN THE FOUR COUNTY PORTLAND METROPOLITAN AREA, CLARK COUNTY IS THE THIRD MOST POPULOUS COUNTY THE SERVICE AREA ENCOMPASSES 629 SQUARE MILES AND ITS MULTIPLE LARGE SUBURBAN COMMUNITIES HAVE A TOTAL POPULATION OF OVER 425,000 BETWEEN 2000 AND 2010, THE POPULATION GREW BY OVER 23% THE LARGEST CITY IN THE COUNTY IS VANCOUVER, WHICH HAS 38% OF THE COUNTY'S POPULATION OTHER LARGER CITIES INCLUDE CAMAS, BATTLE GROUND AND WASHOUGAL AS WITH MANY PRIMARILY SUBURBAN COMMUNITIES, CLARK COUNTY IS FAST-GROWING AND AFFLUENT, COUNTY HEALTH RANKINGS CURRENTLY RANKS CLARK COUNTY THE EIGHTH HEALTHIEST COUNTY IN THE STATE OF WASHINGTON AT 7.8% CLARK COUNTY HAS A SMALLER HISPANIC POPULATION THAN THE REST OF THE STATE OF WASHINGTON AND THE SMALLEST HISPANIC POPULATION IN THE PORTLAND METRO AREA WITHIN CLARK COUNTY, THE CITIES OF VANCOUVER AND WOODLAND HAVE RELATIVELY LARGE HISPANIC POPULATIONS THE PROPORTION OF ELDERLY POPULATION IN CLARK COUNTY (12.0%) IS SIMILAR TO THE STATE OF WASHINGTON (12.7%) AND VARIES BY LOCALE WITHIN CLARK COUNTY IT IS THE SECOND LARGEST IN THE PORTLAND REGION, WITH ONLY CLACKAMAS COUNTY HAVING A LARGER ELDERLY POPULATION COMMUNITY INFORMATION FOR LONGVIEW, WASHINGTON THE US CENSUS 2010 PLACED THE POPULATION OF COWLITZ COUNTY AT 102,410 RESIDENTS THE LARGEST POPULATION CENTER IS LONGVIEW, HOME TO NEARLY HALF OF ALL COWLITZ COUNTY RESIDENTS THIS IS FOLLOWED BY THE GEOGRAPHICALLY ADJACENT CITY OF KELSO, WHICH HAS ABOUT A QUARTER OF THE COUNTY'S RESIDENTS RACIALLY, COWLITZ COUNTY IS PREDOMINANTLY WHITE (92.5% OF RESIDENTS), THE SECOND LARGEST RACIAL GROUP IS NATIVE AMERICAN, AT 3.3% OF THE POPULATION ETHNICALLY, COWLITZ COUNTY IS LESS THAN 8% HISPANIC, WHICH IS SIGNIFICANTLY LOWER THAN THE STATE AVERAGE OF ALMOST 12% OVERALL, COWLITZ COUNTY HAS A LARGER POPULATION OF RESIDENTS AGE 65 AND OLDER (15.4%) COMPARED TO EITHER THE STATE (12.3%) OR THE NATION (13.0%) THE PROPORTION OF THE COMMUNITY IN THIS AGE GROUP VARIES SIGNIFICANTLY ACROSS THE COUNTY, RANGING FROM OVER 68% OF RESIDENTS IN RYDERWOOD, TO ONLY 12% OF RESIDENTS IN TOUTLE COMMUNITY INFORMATION FOR BELLINGHAM, WASHINGTON WHATCOM COUNTY IS THE 12TH LARGEST IN THE STATE OF WASHINGTON IN TERMS OF AREA AND THE NINTH LARGEST IN TERMS OF POPULATION ACCORDING TO THE 2010 CENSUS, 201,140 PEOPLE LIVE IN WHATCOM COUNTY MOST (43%) LIVE IN UNINCORPORATED AREAS, AND 40% (80,885) LIVE IN BELLINGHAM FROM 2000 TO 2010, WHATCOM COUNTY'S POPULATION INCREASED 21%, COMPARED TO THE 14% INCREASE IN POPULATION FOR WASHINGTON STATE AS A WHOLE THE COUNTY'S POPULATION IS GETTING OLDER AS THE MEDIAN AGE GREW FROM 34 IN 2000 TO 36.1 IN 2010 DATA FROM THE CENSUSES THOSE TWO YEARS SHOWS THE PROPORTION OF CHILDREN UNDER 5 YEARS OLD FELL FROM 6.1% IN 2010 TO 5.8% WHILE THE PROPORTION OF ADULTS OVER 65 YEARS OLD INCREASED FROM 11.6% TO 12.8% COMMUNITY INFORMATION FOR FRIDAY HARBOR, WASHINGTON FRIDAY HARBOR IS A TOWN IN SAN JUAN COUNTY, WASHINGTON, UNITED STATES THE POPULATION WAS 2,162 AT 2010 CENSUS LOCATED ON SAN JUAN ISLAND, FRIDAY HARBOR IS THE MAJOR COMMERCIAL CENTER OF THE SAN JUAN ISLANDS ARCHIPELAGO AND IS THE COUNTY SEAT OF SAN JUAN COUNTY AS OF THE CENSUS OF 2010, THERE WERE 2,162 PEOPLE, 1,015 HOUSEHOLDS, AND 481 FAMILIES RESIDING IN THE TOWN THE RACIAL MAKEUP OF THE TOWN WAS 83.1% WHITE, 0.3% AFRICAN AMERICAN, 0.5% NATIVE AMERICAN, 2.0% ASIAN, 0.1% PACIFIC ISLANDER, 10.9% FROM OTHER RACES, AND 3.1% FROM TWO OR MORE RACES HISPANIC OR LATINO OF ANY RACE WERE 15.9% OF THE POPULATION THERE WERE 1,015 HOUSEHOLDS OF WHICH 27.3% HAD CHILDREN UNDER THE AGE OF 18 LIVING WITH THEM, 30.2% WERE MARRIED COUPLES LIVING TOGETHER, 12.0% HAD A FEMALE HOUSEHOLDER WITH NO HUSBAND PRESENT, 5.1% HAD A MALE HOUSEHOLDER WITH NO WIFE PRESENT, AND 52.6% WERE NON-FAMILIES 46.0% OF ALL HOUSEHOLDS WERE MADE UP OF INDIVIDUALS AND 17.7% HAD SOMEONE LIVING ALONE WHO WAS 65 YEARS OF AGE OR OLDER THE AVERAGE HOUSEHOLD SIZE WAS 2.05 AND THE AVERAGE FAMILY SIZE WAS 2.88</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 PEACEHEALTH IS AN INTEGRATED, NOT-FOR-PROFIT HEALTH SYSTEM THAT OFFERS A FULL CONTINUUM OF HEALTH AND WELLNESS SERVICES IN THE NORTHWEST PEACEHEALTHS MISSION IS TO CARRY ON THE HEALING MISSION OF JESUS CHRIST BY PROMOTING PERSONAL AND COMMUNITY HEALTH, RELIEVING PAIN AND SUFFERING, AND TREATING EACH PERSON IN A LOVING AND CARING WAY OUR VISION IS TO ENSURE THAT EVERY PERSON RECEIVES SAFE, COMPASSIONATE CARE, EVERY TIME, EVERY TOUCH PEACEHEALTH PROVIDES EXCEPTIONAL MEDICINE, AND ENDEAVORS TO ALWAYS SERVE THE MOST VULNERABLE AMONG US PEACEHEALTH RECOGNIZES THE NEED FOR INDIVIDUALS WHO ARE UNINSURED OR UNDERINSURED TO ACCESS HEALTH CARE AND PEACEHEALTH PROVIDES THOSE SERVICES EQUALLY TO ALL THESE GOALS ARE BECOMING INCREASINGLY IMPORTANT IN THE CHANGING FACE OF HEALTH CARE OUR BROAD, NEW VISION FOR ACHIEVING POPULATION HEALTH IS CAPTURED IN THE PEACEHEALTH VISTA STRATEGIC PLAN (20132017) THROUGH VISTA, PEACEHEALTH IS MAKING A DELIBERATE SHIFT AWAY FROM FOCUSING ONLY ON ILLNESS AND INDIVIDUAL EPISODES OF CARE WHILE STILL PROVIDING ACUTE CARE, WE ARE ALSO NOW AIMING OUR ATTENTION AND RESOURCES TOWARD SUPPORTING BEHAVIORS AND INITIATIVES THAT IMPROVE OUTCOMES, PROMOTE WELLNESS BEHAVIORS, AND SUPPORT HEALTH MANAGEMENT FOR ENTIRE COMMUNITIES THE PRIORITIES WE IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENTS (CHNA) FOR THE PEACEHEALTH HOSPITAL FACILITIES ARE INTEGRAL TO THIS PROCESS BASED ON THE AFFORDABLE CARE ACTS CHNA GUIDELINES, EVERY 501(C)3 HOSPITAL MUST CONDUCT ITS OWN UNIQUE CHNA AS A LARGE HEALTH SYSTEM, PEACEHEALTH HAS RECENTLY CONDUCTED A CHNA FOR EACH PEACEHEALTH HOSPITAL REQUIRED TO PROVIDE ONE (EIGHT TOTAL) OUR BROAD ANALYSIS OF SECONDARY DATA, COMMUNITY FEEDBACK, AND SYSTEMWIDE PEACEHEALTH INPUT REVEALED A REMARKABLE LEVEL OF COMMONALITY IN THE HEALTH CONCERNS OF OUR VARIOUS COMMUNITIES WITH THIS CHNA PLAN IN HAND AND GUIDED BY VISTA, PEACEHEALTH HAS THE WHEREWITHAL TO IMPROVE POPULATION HEALTH IN ALL REGIONS SERVED BY PEACEHEALTH MEDICAL FACILITIES THROUGH SYSTEMWIDE SHARING OF BEST PRACTICES, PEACEHEALTH IS IMPROVING AND SUPPORTING THE POPULATION HEALTH OF OUR COMMUNITIES ACROSS THE NORTHWEST</p>
PART V, LINE 8 FACILITY REPORTING GROUP A		SEE BELOW

Identifier	ReturnReference	Explanation
	PART V, SECTION B, LINE 11	
	PART V, SECTION B, LINE 20D	

Identifier	ReturnReference	Explanation
	PART V, SECTION B, LINE 20D	

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
PEACEHEALTH

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

2012

Open to Public
Inspection

Employer identification number
91-0939479

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

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

2

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

▶

3

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

▶

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated 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, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 PEACEHEALTH PRE-SCREENS APPLICANTS TO DETERMINE THE NEED OF THE ORGANIZATION RECEIVING THE GRANT GRANTS AND DONTATIONS ARE THEN DETERMINED AND GIVEN TO THOSE ORGANIZATIONS WHOSE MISSION FALLS IN LINE WITH PROMOTING HEALTHCARE OR THE FURTHERANCE OF HEALTHCARE EDUCATION SINCE EACH GRANT IS CAREFULLY EXAMINED BEFORE IT IS GIVEN AND THE PURPOSE OF THE GRANT IS KNOWN BEFORE IT IS GIVEN, NO FOLLOW UP IS PERFORMED TO FIND OUT HOW THE GRANT WAS USED

Software ID:

Software Version:

EIN: 91-0939479

Name: PEACEHEALTH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE COMMUNITY COLLEGE8000 EAST 30TH AVENUE EUGENE,OR 97405	93-0546223	UNIV	375,000				EDUCATION SUPPORT
SISTERS OF ST JOSEPH OF PEACE1663 KILLAMEY WAY PO BOX 248 BELLEVUE,WA 98009	91-0567741	501(C)(3)	222,000				MISSION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WHATCOM ALLIANCE FOR HEALTHCARE ACCESS800 EAST CHESTNUT LL STE 2 BELLINGHAM,WA 98225	81-0677295	501(C)(3)	151,542				COMMUNITY HEALTH NEEDS
CATHOLIC RELIEF SVC USCCB228 W LEXINGTON ST BALTIMORE,MD 21201	13-5563422	501(C)(3)	100,000				MISSION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE COUNTY MEDICAL SOCIETY990 W 7TH EUGENE,OR 97402	93-0562411	501(C)(3)	100,000				COMMUNITY HEALTH NEEDS
THE VOLUNTEERS IN MEDICINE CLINIC3321 W 11TH AVENUE EUGENE,OR 97402	93-1276816	501(C)(3)	85,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE COUNTY OREGON 125 EAST 8TH AVENUE EUGENE,OR 97401	93-6002303	GOVT	71,400				COMMUNITY HEALTH NEEDS
UNITED WAY OF LANE COUNTY3171 GATEWAY LOOP SPRINGFIELD,OR 97477	93-0394142	501(C)(3)	57,500				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ST LUKES FOUNDATION OF BELLINGHAM800 E CHESTNUT SUITE 1B BELLINGHAM, WA 98225	91-1192943	501(C)(3)	50,000				COMMUNITY BENEFIT
HIV ALLIANCE1966 GARDEN AVENUE EUGENE,OR 97403	93-0963546	501(C)(3)	41,312				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COUNTY OF WHATCOM509 GIRARD STREET BELLINGHAM,WA 98225	91-6001383	GOVT	40,000				COMMUNITY BENEFIT
PATHWAYS 20201452 HUDSON ST US BANK STE 209 LONGVIEW,WA 98632	91-1954815		32,100				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BRIGID COLLINS HOUSE 1231 N GARDEN STREET 200 BELLINGHAM,WA 98225	94-3121951		22,600				COMMUNITY HEALTH NEEDS
UNITED WAY OF WHATCOM COUNTY1511 CORNWALL AVENUE BELLINGHAM,WA 98225	91-0570788	501(C)(3)	22,500				COMMUNITY BENEFIT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WILLAMETTE COMMUNITY HEALTH SOLUTIONS DBA CASCADE HEALTH SOLUTIONS2650 SUZANNE WAY SUITE 200 EUGENE,OR 97408	93-0421470	501(C)(3)	21,750				COMMUNITY HEALTH NEEDS
WHITE BIRD CLINIC341 E 12TH AVE EUGENE,CA 97401	93-0585814	501(C)(3)	20,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIGHTHOUSE MISSION MINISTRIES910 W HOLLY STREET BELLINGHAM,OR 98225	91-0659437	501(C)(3)	15,000				MISSION SUPPORT
CITY OF EUGENE99 W 10TH EUGENE,AL 97401	93-6002160	GOVT	13,500				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COMMUNITY HEALTH PARTNERS1452 HUDSON ST US BANK STE 208 LONGVIEW,WA 98632	91-2016542	501(C)(3)	13,160				COMMUNITY HEALTH NEEDS
MARCH OF DIMES1050 SANSOME ST 4TH FLOOR SAN FRANCISCO,WA 94111	13-1846366	501(C)(3)	13,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LONGVIEW EARLY EDITION ROTARY FOUNDATION950 12TH AVE STE 150 LONGVIEW,WA 98632	30-0474480	501(C)(3)	11,500				COMMUNITY HEALTH NEEDS
LANE METRO PARTNERSHIP1401 WILLAMETTE ST 2ND FLOOR EUGENE,WA 97401	93-0883707	501(C)(3)	10,000				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EUGENE SCHOOL DISTRICT 4 J LANE COUNTY2455 WILLAKENZIE RD EUGENE, WA 97401	93-6000566	GOVT	8,000				EDUCATION SUPPORT
ROMAN CATHOLIC ARCHBISHOP OF BOSTON 66 BROOKS DRIVE BRAINTREE,MA 02184	04-2106175	501(C)(3)	8,000				MISSION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COWLITZ COUNTY1952 9TH AVENUE KELSO,WA 98626	91-6001310	GOVT	7,000				COMMUNITY HEALTH NEEDS
LOWER COLUMBIA COLLEGEPO BOX 3010 LONGVIEW,WA 98632	91-0823636	UNIV	7,000				EDUCATION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
KETCHIKAN GATEWAY BOROUGH1900 FIRST AVE KETCHIKAN,AK 99901	92-0084626	GOVT	6,562				COMMUNITY BENEFIT
IDENTITY CLARK COUNTY 915 BROADWAY SUITE 302 VANCOUVER,WA 98660			8,000				COMMUNITY BENEFIT

Schedule J (Form 990) <div>Department of the Treasury Internal Revenue Service</div>	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
		2012
		Open to Public Inspection

Name of the organization PEACEHEALTH	Employer identification number 91-0939479
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	<div><div><input checked="" type="checkbox"/> First-class or charter travel</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input checked="" type="checkbox"/> Housing allowance or residence for personal use</div><div><input checked="" type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a	Yes	
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5b	Yes	
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a	Yes	
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b	Yes	
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations 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 duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINE 1A	THE ORGANIZATION HAS POLICIES REGARDING THE ELIGIBILITY OF EXECUTIVES FOR THESE ITEMS. FOR EXAMPLE, TRAVEL FOR COMPANIONS AND HOUSING ALLOWANCES ARE RELATED TO RELOCATION BENEFITS OR FIRST CLASS TRAVEL FOR FLIGHTS EXCEEDING SIX HOURS IN DURATION.
	PART I, LINES 4A-B	THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER, SENIOR VICE PRESIDENTS, CERTAIN PHYSICIANS, AND OTHER HIGHLY COMPENSATED EMPLOYEES ARE ELIGIBLE TO PARTICIPATE IN VARIOUS NONQUALIFIED RETIREMENT PLANS. CONTRIBUTIONS TO THESE PLANS AND RELATED INVESTMENT RETURNS ARE DISCLOSED ON SCHEDULE J AS DEFERRED COMPENSATION AND AS BONUS COMPENSATION WHEN PAID TO THE INDIVIDUAL. CERTAIN INDIVIDUALS PARTICIPATE IN INCENTIVE COMPENSATION PLANS BASED ON ORGANIZATIONAL OUTCOMES OF QUALITY, SERVICE, CAREGIVER ENGAGEMENT, FINANCIAL PERFORMANCE, REVENUE, AND GROWTH. ANY INCENTIVES PAID ARE INCLUDED IN BONUS COMPENSATION. OTHER REPORTABLE COMPENSATION INCLUDES RELOCATION (MOVING) ALLOWANCES, SEVERANCE, AND OTHER TAXABLE BENEFITS.
SUPPLEMENTAL INFORMATION	PART III	WE ARE COMMITTED TO LIVING OUR CORE VALUES OF RESPECT, STEWARDSHIP, COLLABORATION AND SOCIAL JUSTICE. PEACEHEALTH MINISTRIES COMPETE FOR EXECUTIVE TALENT WITH BOTH FOR-PROFIT AND NON-PROFIT HOSPITALS AND HEALTH CARE SYSTEMS THROUGHOUT THE COUNTRY DUE TO THE COMPLEXITY OF THE JOB. COMPETITIVE COMPENSATION PROGRAMS ARE CRITICAL TO ATTRACT AND RETAIN THE BEST EXECUTIVE TALENT. PEACEHEALTH IS COMMITTED TO COMPENSATION PRACTICES THAT ARE BOTH JUST AND COMPETITIVE. PEACEHEALTH USES A SINGLE PROCESS TO DETERMINE COMPENSATION FOR ALL CAREGIVERS, INCLUDING EXECUTIVES. THIS PROCESS INCLUDES REVIEWING THIRD-PARTY SURVEY DATA TO BENCHMARK SALARIES AGAINST SIMILAR JOBS AT OTHER HEALTH CARE SYSTEMS OF COMPARABLE SIZE AND COMPLEXITY. WE ALSO EVALUATE EXECUTIVE PERFORMANCE ON AN ANNUAL BASIS. THE PEACEHEALTH BOARD HAS AN EXECUTIVE COMMITTEE COMPRISED OF DIVERSE INDIVIDUALS WITH MISSION, INDEPENDENT BUSINESS AND HUMAN RESOURCES EXPERTISE. THE COMMITTEE IS CHARGED WITH SETTING EXECUTIVE COMPENSATION, INCLUDING INCENTIVE PAY, BENEFITS AND RELATED POLICIES. IT ESTABLISHES SALARIES FOR PEACEHEALTH EXECUTIVES BASED ON THE MARKET MEDIAN (50TH PERCENTILE) AS PART OF THE TOTAL COMPENSATION PACKAGE. OTHER BENEFITS ARE PROVIDED CONSISTENT WITH THE MEDIAN (MIDDLE) OF THE HEALTH CARE MARKET. BENEFITS ARE DESIGNED TO SUPPORT OUR CULTURE AND VALUES, AND TO ENCOURAGE COMMITMENT AND RETENTION.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ALAN YORDY	(i) (ii)	915,765 0	0 0	161,824 0	325,941 0	30,700 0	1,434,230 0	0 0
STUART P HENNESSEY	(i) (ii)	401,534 0	39,281 0	72,167 0	147,957 0	23,621 0	684,560 0	0 0
KEVIN WALSTROM	(i) (ii)	489,541 0	72,146 0	3,753 0	145,575 0	27,229 0	738,244 0	0 0
JOHN HAUGHOM	(i) (ii)	0 0	0 0	457,016 0	741 0	19,629 0	477,386 0	0 0
PETER ADLER	(i) (ii)	428,830 0	32,279 0	8,342 0	157,579 0	29,028 0	656,058 0	0 0
NANCY STEIGER	(i) (ii)	459,822 0	0 0	3,302 0	140,845 0	34,536 0	638,505 0	0 0
CAROL AARON	(i) (ii)	357,452 0	50,948 0	18,893 0	92,024 0	22,836 0	542,153 0	0 0
ELAINE SVIGEL DUNDA	(i) (ii)	384,437 0	57,368 0	69,622 0	146,066 0	28,501 0	685,994 0	0 0
HOWARD GRAMAN MD	(i) (ii)	512,648 0	125,000 0	1,996 0	29,835 0	35,882 0	705,361 0	0 0
JOSIAH JOHNSON	(i) (ii)	340,350 0	50,258 0	10,482 0	111,949 0	21,449 0	534,488 0	0 0
TOD CASEY WOODARD	(i) (ii)	221,998 0	0 0	0 0	85,095 0	30,111 0	337,204 0	0 0
JOHN HILL	(i) (ii)	282,046 0	85,000 0	12,715 0	0 0	15,930 0	395,691 0	0 0
MEL PYNE	(i) (ii)	0 0	0 0	494,502 0	9,782 0	13,504 0	517,788 0	0 0
RAN WHITEHEAD	(i) (ii)	276,289 0	0 0	7,418 0	37,093 0	27,370 0	348,170 0	0 0
JOSEPH KORTUM	(i) (ii)	690,887 0	103,275 0	2,184 0	218,643 0	27,516 0	1,042,505 0	0 0
DENNIS GORY	(i) (ii)	750,209 0	113 0	4,610 0	62,380 0	21,416 0	838,728 0	0 0
JOHN F MACGREGOR	(i) (ii)	686,000 0	38,000 0	5,405 0	7,442 0	21,827 0	758,674 0	0 0
STEPHEN COOK	(i) (ii)	719,439 0	101 0	1,969 0	57,465 0	23,439 0	802,413 0	0 0
WILLIAM L LOMBARDI	(i) (ii)	682,254 0	20,000 0	0 0	32,239 0	21,792 0	756,285 0	0 0
ANDREW T COLETTI	(i) (ii)	679,537 0	20,000 0	0 0	29,549 0	26,371 0	755,457 0	0 0

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 Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I Bond Issues

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

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue		15,000,000		80,650,000		95,495,000		99,175,000
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds		388,824		385,500		461,344		447,966
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds		14,611,176		80,264,500		95,033,656		98,727,034
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2006		2008		2008		2008
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

		A		B		C		D	
		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		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X		X	
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X		X	
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 00000%		0 00000%		0 00000%		0 00000%	
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 00000%		0 00000%		0 00000%		0 00000%	
6	Total of lines 4 and 5	0 00000%		0 00000%		0 00000%		0 00000%	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?	X		X		X		X	
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0%		0%		0%		0%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?	X		X		X		X	
c	No rebate due?		X		X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X	X		X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		X

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?	X		X		X		X	

Part VI

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

Identifier	Return Reference	Explanation
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
PEACEHEALTH

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 Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number
91-0939479

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	OR FACILITIES AUTHORITY	93-6001787	68608JKB6	10-15-2009	100,795,000	REFUND PRIOR BOND ISSUE		X		X		X
B	WA HEALTHCARE FACILITIES AUTHORITY	91-1108929	93978E5T5	10-15-2009	94,835,000	REFUND PRIOR BOND ISSUE		X		X		X
C	STATE OF OREGON	93-6001787	68608JPE5	08-11-2011	150,000,000	REFUND PRIOR BOND ISSUE		X		X		X
D	WA HEALTHCARE FACILITIES AUTHORITY	91-1108929	NONEAVAIL	02-27-2013	53,464,898	REFUND PRIOR BOND ISSUE		X		X		X

Part II

Proceeds

				A		B		C		D	
1	Amount of bonds retired										
2	Amount of bonds legally defeased										
3	Total proceeds of issue			104,387,250		99,515,443		150,000,000		53,464,898	
4	Gross proceeds in reserve funds										
5	Capitalized interest from proceeds										
6	Proceeds in refunding escrows										
7	Issuance costs from proceeds			451,417		407,109					
8	Credit enhancement from proceeds										
9	Working capital expenditures from proceeds										
10	Capital expenditures from proceeds			103,935,833		99,108,334		150,000,000			
11	Other spent proceeds										
12	Other unspent proceeds										
13	Year of substantial completion			2008		2008		2011			
				Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?			X		X		X		X	
15	Were the bonds issued as part of an advance refunding issue?				X		X		X		X
16	Has the final allocation of proceeds been made?			X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?			X		X		X		X	

Part III

Private Business Use

				A		B		C		D	
				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		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?				X		X		X		X

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X		X	
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X		X	
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 00000%		0 00000%		0 00000%		0 00000%	
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 00000%		0 00000%		0 00000%		0 00000%	
6	Total of lines 4 and 5	0 00000%		0 00000%		0 00000%		0 00000%	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?	X		X		X		X	
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0%		0%		0%		0%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?	X		X		X		X	
c	No rebate due?		X		X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X	X		X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		X

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?	X		X		X		X	

Part VI

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

Identifier	Return Reference	Explanation
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Schedule 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, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization PEACEHEALTH	Employer identification number 91-0939479
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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) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose 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) JOSEPH KORTUM	KEY EMPLOYEE	203,729	CONTRIBUTION TO SPLIT INTEREST TRUST		No
(2) LEONARD KEARNEY	FORMER DIRECTOR	1,050,000	CONTRIBUTION TO SPLIT INTEREST TRUST		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE L, PART IV	DISCLOSURE	PEACEHEALTH HAS FORMED SEVERAL SPLIT INTEREST TRUSTS. THESE ENTITIES ACQUIRED PROPERTY FROM PEACEHEALTH IN SALE LEASE-BACK TRANSACTIONS, CREATING A CAPITAL LEASE OBLIGATION. DURING THE YEAR, A SERIES OF TRANSACTIONS OCCURRED BETWEEN PEACEHEALTH AND THE SPLIT INTEREST TRUSTS, INCLUDING: 1) PEACEHEALTH SOLD \$26.7 MILLION OF PROPERTY TO THE TRUSTS, 2) \$2.3 MILLION IN RENT PAYMENTS FROM PEACEHEALTH TO THE SPLIT INTEREST TRUSTS, AND 3) SPLIT INTEREST TRUSTS MADE LOAN PAYMENTS OF \$3.97 MILLION AND \$1.03 MILLION IN INTEREST AS PAYMENT ON DEBT TO PEACEHEALTH. AS OF 06/30/13, THE SPLIT INTEREST TRUSTS HAVE A LIABILITY TO THE DONORS OF APPROXIMATELY \$9.5 MILLION. CERTAIN INTERESTED PERSONS AND OTHERS ENGAGED IN TRANSACTIONS WITH THE SPLIT INTEREST TRUSTS DURING THE CURRENT FISCAL YEAR. THESE INDIVIDUALS CONTRIBUTED \$1,330,167 TO THE SPLIT INTEREST TRUSTS. THE SPLIT INTEREST TRUSTS PAID IN AGGREGATE TO THESE INDIVIDUALS APPROXIMATELY \$49,071 UPON THE DEATH OF THE INDIVIDUAL, AND OR THEIR SUCCESSOR, THEIR OWNERSHIP INTERESTS IN THESE SPLIT INTEREST TRUSTS WILL REVERT BACK TO PEACEHEALTH OF THE AMOUNTS DISCLOSED ABOVE. THE FOLLOWING INDIVIDUALS HAD TRANSACTIONS ABOVE THE THRESHOLD OF \$100,000: * JOSEPH KORTUM \$203,729 * LEONARD KEARNEY \$1,050,000

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As Filed Data -

DLN: 93493135073224

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

2012

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 4	
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS PREPARED BY AN EMPLOYEE CPA, WITH CONSULTATION AND REVIEW FROM EXTERNAL ADVISORS, AND FURTHER REVIEWED BY THE CFO AND PRESIDENT & CEO PRIOR TO SIGNATURE. THE FORM IS PROVIDED TO THE BOARD OF DIRECTORS PRIOR TO FILING. IN ADDITION, THE EXECUTIVE AND STEWARDSHIP COMMITTEES REVIEW PART OR ALL OF THE RETURN PRIOR TO FILING.
	FORM 990, PART VI, SECTION B, LINE 12C	REGULARLY SCHEDULED EDUCATION IS PROVIDED TO EMPLOYEES AND BOARD MEMBERS THROUGHOUT THE YEAR AS TO THE REQUIREMENTS OF THE CONFLICT OF INTEREST POLICY. OFFICERS, KEY EMPLOYEES, EMPLOYED PHYSICIANS, AND ALL BOARD MEMBERS ARE REQUIRED TO COMPLETE AN ANNUAL WRITTEN CONFLICT OF INTEREST QUESTIONNAIRE. THEIR RESPONSES TO THE QUESTIONNAIRE ARE ANNUALLY REVIEWED BY THE LEGAL DEPARTMENT AND THE ORGANIZATIONAL INTEGRITY DEPARTMENT. THE LEGAL DEPARTMENT REGULARLY REVIEWS THE MINUTES FROM THE BOARD MEETINGS AND THE MINUTES FROM THE MANAGEMENT EXECUTIVE COMMITTEE MEETINGS TO CHECK VOTING RECORDS AGAINST THE DISCLOSED POTENTIAL CONFLICTS OF INTEREST. CHAIRPERSONS AND THEIR SUPPORTIVE MINUTE TAKERS ARE TRAINED IN THE CORRECT PROCEDURE TO FOLLOW WHENEVER A POTENTIAL CONFLICT OF INTEREST ARISES. IN THE EVENT OF A CONFLICT OF INTEREST, RESTRICTIONS ARE IMPOSED AND APPROPRIATE MEASURES ARE TAKEN TO ADDRESS THE IDENTIFIED ISSUE.
	FORM 990, PART VI, SECTION B, LINE 15	THE INDEPENDENT NATIONAL CONSULTING FIRM OF SULLIVAN AND COTTER IS RETAINED BY THE EXECUTIVE COMMITTEE OF THE PEACEHEALTH BOARD - WHICH ALSO SERVES AS THE COMPENSATION COMMITTEE. ALL COMMITTEE MEMBERS ARE SUBJECT TO THE CONFLICT OF INTEREST POLICIES AND MUST RECUSE THEMSELVES IN THE EVENT OF A POTENTIAL CONFLICT. SULLIVAN COTTER IS REGULARLY AND CONSISTENTLY UTILIZED TO PREPARE AND ANALYZE COMPENSATION COMPARABILITY DATA FOR OFFICERS, KEY EXECUTIVES AND DISQUALIFIED PERSONS DESCRIBED IN THE INTERMEDIATE SANCTION REGULATIONS. THOSE REPORTS ARE PROVIDED TO THE EXECUTIVE COMMITTEE OF THE PEACEHEALTH BOARD OF DIRECTORS FOR COMPENSATION APPROVALS TO DETERMINE THE FAIR MARKET VALUE OF COMPENSATION FOR THESE INDIVIDUALS, AND THESE APPROVALS ARE DOCUMENTED IN COMMITTEE MINUTES. THE PEACEHEALTH BOARD DOCUMENTS THE BASIS FOR ITS DETERMINATION CONCURRENTLY WITH MAKING THE COMPENSATION DETERMINATION. THERE ARE NO EMPLOYEE MEMBERS OF THE PH BOARD OR ITS EXECUTIVE COMMITTEE.
	FORM 990, PART VI, SECTION C, LINE 19	THE ARTICLES OF INCORPORATION AND EXTENSIVE FINANCIAL DATA ARE FILED WITH STATE GOVERNMENTS AND BECOME AVAILABLE TO THE PUBLIC. THE BYLAWS AND CONFLICT OF INTEREST POLICY ARE PROVIDED UPON REQUEST. INDEPENDENT FINANCIAL AUDITS OF THE COMPANY'S FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN PENSION LIABILITY 27,963,579 DONATIONS FOR LAND, BUILDINGS AND EQUIPMENT 9,060,884 CHANGE IN INTEREST IN RELATED FOUNDATIONS 11,504,308
AFFILIATION WITH PEACEHEALTH SOUTHWEST MEDICAL CENTER	FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS	FINAL RETURN WAS FILED FOR PEACEHEALTH SOUTHWEST MEDICAL CENTER [EIN 91-6068143] FOR THE PERIOD ENDED 12/31/2012. THIS ENTITY WAS MERGED INTO PEACEHEALTH EFFECTIVE 1/1/2014. ALL ASSETS AND LIABILITIES OF THE ENTITY WERE INCORPORATED INTO THE PEACEHEALTH FORM 990 FOR THE PERIOD ENDED 6/30/2011 AS PART OF THE AFFILIATION.
PERCENTAGE OF BOND FINANCED PROPERTY USED IN PRIVATE BUSINESS	SCHEDULE K, PART III, LINE 4	A DE MINIS AMOUNT OF PRIVATE USE OCCURS. THE PUBLIC MUNICIPAL AUTHORITY'S BOND COUNSEL HAS REVIEWED AND APPROVED OF PEACEHEALTH'S CONTRACTS AND COMPLIANCE WITH REGARD TO THE PRIVATE BUSINESS USE OF BOND FINANCED PROPERTY.
DISPOSITIONS OF BOND-FINANCED PROPERTY	SCHEDULE K, PART III, LINES 8A, 8B AND 8C	IN THE ORDINARY COURSE OF BUSINESS, PEACEHEALTH ROUTINELY DISPOSES OF PROPERTY. DISPOSALS ARE GENERALLY DUE TO EQUIPMENT OBSOLESCENCE OR A TRADE IN ON NEW EQUIPMENT. IN A DISPOSAL WHERE CASH PROCEEDS ARE RECEIVED, THE PROCEEDS ARE EITHER A) REINVESTED IN QUALIFIED ASSETS AT A LOCATION COVERED BY A TEFRA NOTICE (TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982), OR B) BONDS ARE CALLED AND REDEEMED WITH THE PROCEEDS.

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

2012

Open to Public Inspection

Name of the organization
PEACEHEALTH

Employer identification number
91-0939479

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) WHATCOM HEALTH INFORMATION NETWORK 625 CORNALL AVE BELLINGHAM, WA 98225 91-1993455	INFO NETWORK	WA	1,584,771	2,200,174	PEACEHEALTH
(2) PROPERTY AND BUILDING CO LLC PO BOX 1600 VANCOUVER, WA 98668 91-1230425	PROPERTY MGMT	WA	5,138,804		SWHS

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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 entity?	
						Yes	No
See Additional Data Table							

Part III

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
See Additional Data Table									

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g	Yes	
1h	Yes	
1i		No
1j		No
1k	Yes	
1l	Yes	
1m	Yes	
1n		No
1o	Yes	
1p		No
1q	Yes	
1r	Yes	
1s	Yes	

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Schedule R (Form 990) 2012

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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 section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) ADVANCED MEDICAL IMAGING CTR 16821 SE MCGILLVRAY BLVDVANCOUVER, WA 98663	MEDICAL SERVICES	WA	RELATED	Yes					No			No	50 000 %
(2) SW WA ORTHO AND NEUROSURGICAL 400 NE MOTHER JOSEPH PLACEVANCOUVER, WA 98663	MEDICAL DISCUSSIONS	WA	RELATED	Yes					No			No	50 000 %
(3) RIVERBEND AMBULATORY SURGERY CENTER 3355 RIVERBEND DRIVESPRINGFIELD, OR 97477 20-5575145	MEDICAL	OR	RELATED	Yes		116,500	189,771		No			No	50 000 %
(4) MT BAKER IMAGING PLLC 2930 SQUALICUM PARKWAY SUITE 101BELLINGHAM, WA 98225 35-2252095	MEDICAL	WA	RELATED	Yes		3,239,171	3,175,813		No			No	50 000 %
(5) THE OREGON CANCER CENTERS LTD ONE POST STREET 35TH FLOORSAN FRANCISCO, CA 94104 75-2715208	MEDICAL	TX	RELATED	Yes		2,872,734	7,991,999		No			No	50 000 %
(6) OREGON IMAGING CENTERS LLC 1200 HILYARD ST STE 330EUGENE, OR 97401 93-1054138	MEDICAL	OR	RELATED	Yes		2,439,158	2,178,135		No			No	50 000 %
(7) SW WA REGIONAL SURGERY CNTR LLC 200 NE MOTHER JOSEPH PLACE 200VANCOUVER, WA 98664 91-1959910	MEDICAL	WA	RELATED	Yes		1,324,840	2,624,983		No			No	25 170 %

Software ID:

Software Version:

EIN: 91-0939479

Name: PEACEHEALTH

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation							
Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust									
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
COLUMBIA UNITED PROVIDERS 16701 SW MCGILLVRAY BLVD 200 VANCOUVER, WA 98668 91-1624736	HEALTH PLAN	WA	SWHS	C			92 000 %		No
SW WA MANAGEMENT SVCS ORG 312 SE STONEMILL DRIVE VANCOUVER, WA 98684 26-0656148	MEDICAL SERVICES	WA	N/A	C			100 000 %		No
SW WA MEDICAL GROUP PS 312 SE STONEMILL DRIVE VANCOUVER, WA 98684 26-0656038	MEDICAL SERVICES	WA	N/A	C			100 000 %		No
POOLED INCOME FUND OF PEACEHEALTH #1 1115 SE 164TH AVE VANCOUVER, WA 98683 27-6030191	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
WHATCOM REGION POOLED INCOME FUND 1115 SE 164TH AVE VANCOUVER, WA 98683 46-6129451	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
LOWER COLUMBIA REGION POOLED INCOME FUND 1115 SE 164TH AVE VANCOUVER, WA 98683 46-6157497	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
OREGON REGION POOLED INCOME FUND 1115 SE 164TH AVE VANCOUVER, WA 98683 46-6180599	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
SUISLAW REGION POOLED INCOME FUND 1115 SE 164TH AVE VANCOUVER, WA 98683 46-6221760	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
SOUTHWEST REGION POOLED INCOME FUND 1115 SE 164TH AVE VANCOUVER, WA 98683 46-6168710	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
HEALTH VENTURES	C	11,700,000	CASH
HEALTH VENTURES	L	35,743	CASH
PEACEHEALTH SOUTHWEST MEDICAL CENTER	Q	4,276,851	CASH
SOUTHWEST WASHINGTON HEALTH SYSTEM	K	5,138,804	AT COST
PEACEHEALTH SOUTHWEST MED CNTR FND	P	854,974	AT COST
SOUTHWEST WASHINGTON HEALTH SYSTEM	O	100,000	AT COST
PEACEHEALTH POOLED INCOME FUNDS	R	2,360,538	AT COST
PEACEHEALTH POOLED INCOME FUNDS	S	1,034,222	AT COST
POOLED INCOME FUND OF PEACEHEALTH #1	H	12,562,059	AT COST
WHATCOM REGION POOLED INCOME FUND	G	2,773,172	AT COST
LOWER COLUMBIA REGION POOLED INCOME FUND	G	1,304,322	AT COST
OREGON REGION POOLED INCOME FUND	G	4,568,023	AT COST
SUISLAW REGION POOLED INCOME FUND	G	652,841	AT COST
SOUTHWEST REGION POOLED INCOME FUND	G	4,913,564	AT COST

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2012

Attachment
Sequence No **179**

Name(s) shown on return
PEACEHEALTH

Business or activity to which this form relates

Identifying number

91-0939479

Part I Election To Expense Certain Property Under Section 179

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

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

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6				
7	Listed property Enter the amount from line 29	7		
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9	Tentative deduction Enter the smaller of line 5 or line 8	9		
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10		
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13	Carryover of disallowed deduction to 2013 Add lines 9 and 10, less line 12	13		

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

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

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

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	610,124
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		354,827	3 00	HY		108,419
b 5-year property		165,673	5 00	HY		30,373
c 7-year property						
d 10-year property		156,930	10 00	HY		14,385
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	763,301
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

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

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

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

Section B—Information on Use of Vehicles

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

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

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

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

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

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year (see instructions)					
43 Amortization of costs that began before your 2012 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	



PEACEHEALTH

Consolidated Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

PEACEHEALTH
Consolidated Financial Statements
June 30, 2013 and 2012

Table of Contents

	Page(s)
Independent Auditors' Report	1 – 2
Financial Statements	
Consolidated Balance Sheets	3 – 4
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 – 37
Additional Information	
Consolidating Balance Sheet (2013)	38 – 39
Consolidating Statement of Operations (2013)	40
Consolidating Statement of Changes in Net Assets (2013)	41
Unaudited Information	
Inpatient Statistics	42
Ancillary and Other Statistics	43



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

Independent Auditors' Report

The Board of Directors
PeaceHealth

We have audited the accompanying consolidated financial statements of PeaceHealth (a Washington not-for-profit corporation), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PeaceHealth as of June 30, 2013 and 2012, and the results of its operations, changes in net assets, and its cash flows for the years then ended in accordance with U S generally accepted accounting principles.



Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional information included on pages 38 to 41 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The unaudited information on pages 42 and 43 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Portland, Oregon
October 1, 2013

PEACEHEALTH
Consolidated Balance Sheets
June 30, 2013 and 2012
(In thousands)

Assets	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 92,689	147,179
Short-term investments	276,979	300,926
Accounts receivable, net of allowance for doubtful accounts of \$95,196 and \$82,009	265,512	253,312
Other receivables	38,707	28,127
Inventory of supplies	36,581	33,820
Prepaid expenses and other	18,725	20,912
Assets whose use is limited that are required for current liabilities	29,770	23,258
Total current assets	<u>758,963</u>	<u>807,534</u>
Assets whose use is limited		
Cash and investments	908,423	642,736
Investments in joint ventures and other	34,952	40,838
Total assets whose use is limited	<u>943,375</u>	<u>683,574</u>
Less current portion	<u>(29,770)</u>	<u>(23,258)</u>
Net assets whose use is limited	<u>913,605</u>	<u>660,316</u>
Property, plant, and equipment		
Land and improvements	120,838	118,297
Buildings, fixed equipment, and other	1,612,140	1,565,987
Moveable equipment	640,378	570,371
Construction in progress	27,921	61,236
Total property, plant, and equipment	<u>2,401,277</u>	<u>2,315,891</u>
Less accumulated depreciation	<u>(1,064,262)</u>	<u>(928,722)</u>
Net property, plant, and equipment	<u>1,337,015</u>	<u>1,387,169</u>
Interest in net assets of related foundations	44,439	32,663
Other assets	30,671	38,092
Total assets	<u><u>\$ 3,084,693</u></u>	<u><u>2,925,774</u></u>

See accompanying notes to consolidated financial statements

PEACEHEALTH
Consolidated Balance Sheets
June 30, 2013 and 2012
(In thousands)

Liabilities and Net Assets	2013	2012
Current liabilities		
Accounts payable	\$ 79,418	70,644
Accrued payroll, payroll taxes, and employee benefits	150,694	136,200
Accrued interest payable	5,138	4,545
Other current liabilities	26,504	40,745
Medical claims payable	5,986	6,533
Reimbursement settlements payable	9,768	18,596
Current portion of long-term debt	20,683	18,033
Total current liabilities	<u>298,191</u>	<u>295,296</u>
Other long-term liabilities	263,816	324,921
Long-term debt due after one year	905,858	830,381
Net assets		
Unrestricted	1,552,980	1,428,152
Temporarily restricted	37,798	35,644
Permanently restricted	26,050	11,380
Total net assets	<u>1,616,828</u>	<u>1,475,176</u>
Total liabilities and net assets	<u>\$ 3,084,693</u>	<u>2,925,774</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH
Consolidated Statements of Operations
Years ended June 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Revenues		
Net patient service revenue before provision for bad debts	\$ 2,145,535	2,103,580
Provision for bad debts	(161,192)	(133,814)
Net patient service revenue	<u>1,984,343</u>	<u>1,969,766</u>
Premium revenue	92,358	141,598
Other operating revenue	<u>94,056</u>	<u>74,152</u>
Total revenues	<u>2,170,757</u>	<u>2,185,516</u>
Expenses		
Salaries and wages	989,540	975,830
Payroll taxes and benefits	251,407	221,755
Professional fees	36,065	26,274
Medical claims expense	59,126	97,121
Supplies and other expenses	650,211	657,502
Depreciation and amortization of other assets	150,299	146,517
Interest and amortization of deferred financing costs	<u>24,261</u>	<u>25,997</u>
Total expenses	<u>2,160,909</u>	<u>2,150,996</u>
Income from operations	<u>9,848</u>	<u>34,520</u>
Other income (loss)		
Investment income, net	61,538	15,777
(Loss) gain on investments recorded on the equity method	(1,138)	149
Change in valuation of interest rate swaps	35,317	(95,377)
Other	<u>(9,124)</u>	<u>1,628</u>
Excess (deficiency) of revenues over expenses	<u>96,441</u>	<u>(43,303)</u>
Net assets released from restrictions for property, plant and equipment	6,571	23,016
Change in interest in net assets of related foundations	547	653
Change in pension liability	27,964	(57,499)
Other changes in unrestricted net assets	<u>(6,695)</u>	<u>656</u>
Increase (decrease) in unrestricted net assets	<u>\$ 124,828</u>	<u>(76,477)</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH
Consolidated Statements of Changes in Net Assets
Years ended June 30, 2013 and 2012
(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2011	\$ 1,504,629	46,295	11,168	1,562,092
Deficiency of revenues over expenses	(43,303)	—	—	(43,303)
Other restricted contributions	—	8,202	8	8,210
Net assets released from restrictions	23,016	(20,322)	—	2,694
Change in interest in net assets of related foundations	653	1,708	203	2,564
Change in pension liability	(57,499)	—	—	(57,499)
Other changes in net assets	656	(239)	1	418
Change in net assets	(76,477)	(10,651)	212	(86,916)
Net assets at June 30, 2012	1,428,152	35,644	11,380	1,475,176
Excess of revenues over expenses	96,441	—	—	96,441
Other restricted contributions	—	11,070	1,708	12,778
Net assets released from restrictions	6,571	(8,666)	—	(2,095)
Change in interest in net assets of related foundations	547	(463)	11,692	11,776
Change in pension liability	27,964	—	—	27,964
Other changes in net assets	(6,695)	213	1,270	(5,212)
Change in net assets	124,828	2,154	14,670	141,652
Net assets at June 30, 2013	\$ 1,552,980	37,798	26,050	1,616,828

See accompanying notes to consolidated financial statements

PEACEHEALTH

Consolidated Statements of Cash Flows

Years ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 141.652	(86.916)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	151.482	149.648
Gain on sale of land held for sale and property, plant, and equipment	(2.524)	(2.180)
Provision for bad debts	161.192	133.814
Change in pension liability	(27.964)	57.499
Restricted contributions	(12.778)	(10.300)
Net change in unrealized (gains) losses on investments	(32.091)	7.920
Realized gains on investments	(3.615)	(471)
Valuation adjustments on swap arrangements	(50.809)	77.564
Impairment of intangible assets	6.600	—
Equity investment loss (gain)	1.138	(6.474)
Increase in interest in net assets of related foundations	(11.776)	(2.564)
Distributions of earnings from joint ventures	9.405	7.678
Changes in operating assets and liabilities		
Increase in		
Accounts receivable, net	(183.972)	(139.191)
Other assets	(1.598)	(12.629)
Increase in		
Accounts payable	8.774	(17.082)
Accrued payroll, payroll taxes, and employee benefits	14.494	(2.384)
Other liabilities	6.810	22.204
Net cash provided by operating activities	<u>174.420</u>	<u>176.136</u>
Cash flows from investing activities		
Purchase of property, plant, and equipment	(107.490)	(82.257)
Proceeds from sale of land held for sale and property, plant, and equipment	11.262	3.383
Capital contributions to joint ventures	(2.535)	—
Purchase of investments	(383.654)	(303.915)
Sales and maturities of investments	175.498	193.879
Change in securities lending asset	—	23.459
Decrease in assets whose use is limited, other	—	5.186
Net cash used in investing activities	<u>(306.919)</u>	<u>(160.265)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	156.910	213.500
Principal payments on long-term debt	(79.097)	(216.378)
Proceeds from restricted contributions	12.778	10.300
Deferred financing costs expended	(417)	—
Swap contract termination fees expended	(12.165)	—
Change in securities lending liability	—	(23.459)
Net cash provided by (used in) financing activities	<u>78.009</u>	<u>(16.037)</u>
Net decrease in cash and cash equivalents	(54.490)	(166)
Cash and cash equivalents at beginning of year	<u>147.179</u>	<u>147.345</u>
Cash and cash equivalents at end of year	<u>\$ 92.689</u>	<u>147.179</u>

See accompanying notes to consolidated financial statements

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(1) Organization

(a) Corporate Structure

PeaceHealth (the Corporation) is a Washington not-for-profit corporation with its corporate office located in Vancouver, Washington, which is sponsored by the Sisters of St. Joseph of Peace, and is recognized to be a Private Pontifical Juridic Person by the Roman Catholic Church. At June 30, 2013, the following regional healthcare delivery systems and operating divisions were components of the Corporation:

Northwest Network

- PeaceHealth Ketchikan Medical Center
- PeaceHealth St. Joseph Medical Center
- Peace Island Medical Center

Columbia Network

- PeaceHealth St. John Medical Center
- PeaceHealth Southwest Medical Center (Southwest)

Oregon Network

- PeaceHealth Sacred Heart Medical Center at University District
- PeaceHealth Sacred Heart Medical Center at RiverBend
- PeaceHealth Cottage Grove Community Medical Center
- PeaceHealth Peace Harbor Hospital

Systemwide Organizations

- PeaceHealth Medical Group
- PeaceHealth Laboratories
- PeaceHealth Self-insured Trusts
- Columbia United Providers (CUP)

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

The Corporation included the following controlled affiliates at June 30, 2013:

- Southwest Washington Health System
- Property and Buildings, LLC
- Health Ventures
- Pooled Income Funds (including Charitable Life Income Funds)
- PeaceHealth Southwest Medical Center Foundation

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(b) *Future Affiliations*

The Corporation has entered into an agreement to affiliate with United General Hospital in Sedro Wooley, Washington. United General Hospital is a Critical Access Hospital with approximately \$40,000 in net operating revenue annually. Management anticipates this affiliation will be completed during fiscal year 2014.

(2) Summary of Significant Accounting Policies

(a) *Estimates*

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

(b) *Cash and Cash Equivalents*

Cash and cash equivalents consist of petty cash, cash in demand bank accounts, and all highly liquid debt instruments purchased with an original maturity of three months or less other than those amounts included in assets whose use is limited by the board of directors. The Corporation held cash equivalents of approximately \$83,567 and \$117,787 as of June 30, 2013 and 2012, respectively.

The Corporation maintains cash and cash equivalents on deposit at various institutions, which, at times, exceed the insured limits of the Federal Deposit Insurance Corporation. This exposes the Corporation to potential risk of loss in the event the institution becomes insolvent.

(c) *Short-Term Investments*

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

(d) *Inventory of Supplies*

Inventory is valued on weighted average cost.

(e) *Other Receivables*

Other receivables primarily consist of amounts receivable from the federal government related to grants for electronic health record implementation, amounts receivable from the state of Oregon and

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

third-party payors related to Medicaid programs, amounts receivable from excess insurance carriers and other miscellaneous amounts due

(f) *Assets Whose Use is Limited*

The majority of these assets have been set aside by management of the Corporation for future capital improvements and other purposes, over which management retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Corporation have been reclassified as current in the consolidated balance sheets at June 30, 2013 and 2012. These items consist primarily of investments in marketable equity and fixed income securities, mutual funds, and investments in joint ventures. Money market funds and all marketable securities have readily determinable market values and are, therefore, carried at fair value. The investments in joint ventures and other are accounted for using the equity or cost method.

(g) *Property, Plant and Equipment*

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

The Corporation assesses potential impairment of its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the asset's carrying value unlikely. An impairment loss is indicated when the sum of expected undiscounted future net cash flows is less than the carrying amount. The loss recognized is the difference between the fair value and the carrying amount. No impairment losses related to property, plant and equipment were recognized during the years ended June 30, 2013 and 2012.

In addition to consideration of impairment due to the events or changes in circumstances described above, management regularly evaluates the remaining lives of long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over remaining lives.

The Corporation has capitalized salary and wages along with related benefit costs in the amount of \$3,897 during fiscal year 2013 related to the development of software for internal use.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(h) Depreciation

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

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

(i) Other Assets

Other assets include intangible assets, primarily deferred financing costs, trade names and goodwill. The deferred financing costs are amortized over the lives of the related debt issuances using the effective interest method. The intangibles have indefinite useful lives. Intangible assets with indefinite lives are evaluated annually for impairment. Impairment losses of \$6,600 and \$0 were recognized during the years ended June 30, 2013 and 2012, which is included in other income (loss) on the consolidated statements of operations.

(j) Other Long-Term Liabilities

The caption other long-term liabilities on the consolidated balance sheets consists primarily of the estimated fair value associated with the Corporation's interest rate swaps of approximately \$91,617 and \$154,591 at June 30, 2013 and 2012, respectively, the liability for the Southwest pension plan of approximately \$57,620 and \$85,857 at June 30, 2013 and June 30, 2012, respectively, and the long-term portion of the liability for the self-insurance programs of approximately \$51,850 and \$47,746 at June 30, 2013 and 2012, respectively.

(k) Contributions and Grants

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

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

(l) *Interest in Net Assets of Related Foundations*

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

(m) *Net Patient Service Revenues*

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

	<u>2013</u>	<u>2012</u>
Medicare	36%	36%
Medicaid	11	10
Commercial and other	52	52
Private pay	1	2
	<u>100%</u>	<u>100%</u>

There is a corresponding significant concentration of credit risk in net accounts receivable balances at June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Medicare	30%	27%
Medicaid	9	9
Commercial and other	59	63
Private pay	2	1
	<u>100%</u>	<u>100%</u>

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

reimbursement to critical access hospitals is based upon tentative rates and retroactive adjustment is made to actual cost during final settlement by either the Medicare fiscal intermediary or the applicable state's Medicaid agency. Charges made on behalf of providers employed by the medical groups in the Corporation are generally reimbursed on a fee schedule.

The Corporation has estimated payments for services rendered to Medicare and Medicaid patients during the year by applying the payment principles of the applicable governmental agencies and believes that an adequate provision has been made in the accompanying consolidated financial statements for final settlement. Estimates of final settlements due to and due from Medicare, Medicaid, and other third-party payors have been reflected net as reimbursement settlement payable in the accompanying consolidated balance sheets. Differences between the net amounts accrued and subsequent settlements are recorded in operations at the time of settlement. The net amount of adjustments from finalization and adjustment of prior years' cost reports and other third-party settlements resulted in a decrease in net patient service revenue of \$3,500 in 2013 and an increase in net patient service revenue of \$13,700 in 2012.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs will change by a material amount in the near term.

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

The Corporation provides for an allowance against patient accounts receivable for amounts that could become uncollectible. The Corporation estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Corporation. Net bad debt write-offs during fiscal year 2013 were \$148,005.

(n) Premium Revenue and Accrued Healthcare Costs

The Corporation's majority-owned subsidiary, CUP, receives premium revenues that consist of premiums paid by the State of Washington for healthcare services. Premium revenues are received on a prepaid basis and are recognized as revenue during the month with which the premiums are associated. CUP's premium revenues were received under two primary contract sources at the State of Washington (the State), the Basic Health Plan and Healthy Options.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

Under these contracts, the Corporation recognized premium revenues of \$92,358 and \$141,598 for the years ended June 30, 2013 and 2012, respectively, which is included as premium revenue in the accompanying consolidated statements of operations. The related medical expense recognized by CUP was \$59,126 and \$97,121 for the years ended June 30, 2013 and 2012, respectively, and is included in medical claims expense in the consolidated statements of operations.

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

(o) Other Operating Revenue

Other operating revenue includes revenue from nonpatient care services, clinical space rental revenues, and contributions both unrestricted in nature and those released from restriction to support operating activities, grants from the federal government to help fund electronic health record implementation (discussed below in Meaningful Use) and other miscellaneous revenue.

(p) Meaningful Use

The Health Information Technology for Economic and Clinical Health Act, part of the American Recovery and Reinvestment Act of 2009, created an incentive program, beginning in 2011, to promote the "meaningful use" of Electronic Health Records (EHR). To qualify, providers must attest that they are using certified EHR in a "meaningful" way by meeting objectives at established thresholds, as defined by the Centers for Medicare and Medicaid Services. Meaningful use revenues are recognized as grant revenue. Grant revenue is recognized when there is reasonable assurance that the grant will be received and that the organization will comply with the conditions attached to the grant. Meaningful use revenues of \$18,730 and \$7,111 were recognized for the years ended June 30, 2013 and 2012, respectively, and are included in other operating revenue in the accompanying consolidated statements of operations. The amount recognized is based on management's best estimate and is subject to audit and potential retrospective adjustments.

(q) Income from Operations

Income from operations excludes certain items that the Corporation deems outside the scope of its primary business.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(r) *Excess of Revenues over Expenses*

Excess of revenues over expenses includes results from the Corporation's operating and non-operating investing activities. Investment income includes interest income, dividends, realized and unrealized investment gains and losses and equity in earnings from joint ventures. Changes in unrestricted net assets not included in excess of revenues over expenses include net assets released from restriction for the purchase of property, changes in the Corporation's interest in the net assets of noncontrolled foundations, and certain changes in funded status of postretirement benefit plans.

(s) *Federal and State Income Taxes*

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

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

The affiliated entities included in the consolidated financial statements may be subject to taxation. The tax expense and related provision for these entities are not material to the consolidated financial statements.

(t) *Oregon State Provider Tax and Washington State Safety Net Assessment*

Effective July 1, 2004, the State of Oregon instituted a provider tax on certain patient service revenues at qualifying hospitals. The State of Washington enacted the safety net program in 2009 involving Washington State hospitals to increase funding from other sources and obtain additional Federal funds to support increased payments to providers for Medicaid services. These programs resulted in enhanced payments from the states in the way of lump sum payments and per claim increases. PeaceHealth expensed \$47,873 and \$48,593 in provider tax and safety net assessments during the fiscal year ending June 30, 2013 and 2012, respectively, which is included in supplies and other expenses in the accompanying consolidated statements of operations. At June 30, 2013 and 2012, a receivable of \$7,105 and \$5,498, respectively, was included in other receivables on the accompanying consolidated balance sheets for enhanced lump sum payments.

(u) *Recently Adopted or Issued Accounting Standards*

In 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which provides financial statement users with greater transparency about a healthcare entity's net patient service revenue and the related allowance for doubtful accounts. This update provides information to assist financial statement users in assessing an entity's sources of net patient service revenue and related changes in its allowance for doubtful accounts. The amendments require healthcare entities that recognize

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. This standard is effective for the 2013 fiscal year. The adoption of this standard resulted in a change in presentation of balances previously reported as of June 30, 2012.

(v) *Healthcare Reform*

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

(iv) *Reclassifications*

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

(3) **Fair Value of Financial Instruments**

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

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

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

The fair value of long-term debt is based on Level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection. When available, quoted market prices are also used. The carrying value and fair value of debt, was approximately \$910,334 and \$920,679, respectively, as of June 30, 2013, and approximately \$826,216 and \$847,046, respectively, as of June 30, 2012.

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(4) Investments

The composition of cash and investments carried at fair value on a recurring basis at June 30, 2013 is set forth in the following table

	June 30, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short-term investments				
Cash and money market funds	\$ 2.663	2.663	—	—
Fixed income				
Government obligations	48.130	—	48.130	—
Corporate obligations	39.428	—	39.428	—
Mortgage-backed securities				
Commercial	9.391	—	9.391	—
Residential	42.692	—	42.692	—
Municipal, foreign, and other fixed income	6.223	—	6.223	—
Mutual funds				
Domestic debt securities	118.883	118.883	—	—
International debt securities	8.768	8.768	—	—
Other short-term investments	801	—	801	—
Total	276.979	130.314	146.665	—
Designated for capital acquisition				
Cash and money market funds	11.978	7.468	4.510	—
Fixed income				
Government obligations	44.919	—	44.919	—
Corporate obligations	68.273	—	68.273	—
Mortgage-backed securities				
Commercial	10.139	—	10.139	—
Residential	53.612	—	53.612	—
Municipal, foreign, and other fixed income	16.521	—	16.521	—
Mutual funds				
Fixed income	80.804	80.804	—	—
Domestic equities				
Large capitalization	177.227	177.227	—	—
Medium-small capitalization	75.077	75.077	—	—

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

	June 30, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 94.188	94.188	—	—
Emerging markets	32.639	32.639	—	—
Real estate trusts	21.180	21.180	—	—
Commodities	31.859	6.264	25.595	—
Total	718.416	494.847	223.569	—
Funds designated for 457 plans				
Cash and short term	601	601	—	—
Mutual funds				
Equity	12.720	12.720	—	—
Fixed income	5.449	5.449	—	—
Target/blended/other	13.337	13.337	—	—
Total	32.107	32.107	—	—
Trustee-held funds				
Cash and money market funds	25.103	25.103	—	—
Fixed income				
Government obligations and other	3.461	—	3.461	—
Mortgage-backed securities				
Residential	5.764	—	5.764	—
Mutual funds				
Domestic equities				
Large capitalization	30.610	30.610	—	—
Medium-small capitalization	12.773	12.773	—	—
International equities				
Foreign stock and emerging markets	21.388	21.388	—	—
Domestic debt securities	34.170	34.170	—	—
International debt securities	3.377	3.377	—	—
Real estate	4.238	4.238	—	—
Total	140.884	131.659	9.225	—
Total assets	\$ 1,168.386	788.927	379.459	—
Liabilities				
Interest rate swaps	\$ 91.617	—	91.617	—
Total liabilities	\$ 91.617	—	91.617	—

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

The composition of cash and investments carried at fair value on a recurring basis at June 30, 2012 is set forth in the following table

	June 30, 2012	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short-term investments				
Cash and money market funds	\$ 4.152	—	4.152	—
Fixed income				
Government obligations	59.564	—	59.564	—
Corporate obligations	43.281	—	43.281	—
Mortgage-backed securities				
Commercial	9.343	—	9.343	—
Residential	53.434	—	53.434	—
Municipal, foreign, and other fixed income	10.902	—	10.902	—
Mutual funds				
Domestic debt securities	112.122	112.122	—	—
International debt securities	7.327	7.327	—	—
Other short-term investments	801	—	801	—
Total	300.926	119.449	181.477	—
Designated for capital acquisition				
Cash and money market funds	11.595	6.426	5.169	—
Fixed income				
Government obligations	59.329	—	59.329	—
Corporate obligations	57.621	—	57.621	—
Mortgage-backed securities				
Commercial	10.383	—	10.383	—
Residential	55.153	—	55.153	—
Municipal, foreign, and other fixed income	9.091	—	9.091	—
Mutual funds				
Fixed income	48.646	48.646	—	—
Domestic equities				
Large capitalization	99.975	99.975	—	—
Medium-small capitalization	38.935	38.935	—	—

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

	June 30, 2012	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 64.474	64.474	—	—
Emerging markets	18.796	18.796	—	—
Real estate trusts	12.573	12.573	—	—
Real estate	423	—	423	—
Commodities	20.784	—	20.784	—
Total	507.778	289.825	217.953	—
Funds designated for 457 plans				
Cash and short term	572	572	—	—
Mutual funds				
Equity	8.070	8.070	—	—
Fixed income	5.092	5.092	—	—
Target/blended/other	10.863	10.863	—	—
Total	24.597	24.597	—	—
Trustee-held funds				
Cash and money market funds	27.729	27.424	305	—
Fixed income				
Government obligations and other	3.725	—	3.725	—
Mortgage-backed securities				
Residential	6.042	—	6.042	—
Mutual funds				
Domestic equities				
Large capitalization	11.177	11.177	—	—
Medium-small capitalization	6.244	6.244	—	—
International equities				
Foreign stock and emerging markets	10.682	10.682	—	—
Domestic debt securities	19.467	19.467	—	—
International debt securities	2.038	2.038	—	—
Real estate	960	960	—	—
Total	88.064	77.992	10.072	—
Total assets	\$ 921.365	511.863	409.502	—
Liabilities				
Interest rate swaps	\$ 154.591	—	154.591	—
Total liabilities	\$ 154.591	—	154.591	—

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

The Corporation holds alternative investments, as defined by the American Institute of Certified Public Accountants, in two limited partnerships of \$25,220 and \$20,423 at June 30, 2013 and 2012 respectively, which are not publicly traded. These amounts are included as a part of commodities in the tables above. The underlying assets in the limited partnerships are based on fair market values, and the redemption period related to these investments is between 3 to 30 days.

At June 30, 2013 and 2012, the Corporation had \$17,016 and \$22,297, respectively, in alternative investments, referred to as Private Equity, Real Estate Trusts and Distressed Debt, accounted for using the equity method, which are not publicly traded. These amounts are not included in the tables above. These investment instruments contain elements of both credit and market risk. Such risks may include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (nonmarketable investments), and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for such investments existed. These investments represented 1.4% and 2.3% of total investments and 1.1% and 1.5% of total net assets of the Corporation at June 30, 2013 and 2012, respectively.

Investment income is comprised of the following for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 25,832	23,141
Net realized gains (losses) on sales of investments	3,615	2,371
Change in net unrealized gains (losses) on investments	<u>32,091</u>	<u>(9,735)</u>
Investment income, net	<u>\$ 61,538</u>	<u>15,777</u>

Other Investments

Health Ventures is a not-for-profit corporation that has entered into joint ventures to provide radiology, oncology, and surgery services. The Corporation is the sole member of Health Ventures. Health Ventures is included in the consolidated financial statements but is not part of the obligated group. The Corporation accounts for these joint ventures on the equity method. As of June 30, 2013 and 2012, the carrying value of the joint ventures was approximately \$14,823 and \$11,378, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Investment income from the joint ventures of \$7,586 and \$6,704 for the years ended June 30, 2013 and June 30, 2012, respectively, is included in other operating revenue. The assets, liabilities and equity of these joint ventures at June 30, 2013 were \$41,007, \$10,372 and \$30,635, respectively.

The Corporation is a minority investor in Premier Purchasing Partners (Premier). The Corporation has invested in Premier with other healthcare providers for the purpose of lowering costs through group purchasing. The Corporation accounts for its interest in Premier on the cost method.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(5) Charity Care

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

The Corporation maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies under its charity care policy. Estimated costs (based on the proportion of overall costs to charges foregone for charity care) for services and supplies furnished under the charity care policy for the years ended June 30, 2013 and 2012 were approximately \$68,050 and \$72,158, respectively.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(6) Long-Term Debt

Long-term debt at June 30 consisted of the following

	<u>2013</u>	<u>2012</u>
Series 1995 (PeaceHealth) Oregon Bonds, variable interest rate (0.04% at June 30, 2013) payable each December 1, due in annual installments through December 2015	\$ 3,675	4,770
Series 1999 (Southwest) Washington bonds, 3.00% to 5.00% payable annually through September 2028	46,025	47,885
Series 2001 (PeaceHealth) Oregon Bonds, 5.00% to 5.25%, interest payable each May 15 and November 15, due in annual installments from 2016 through November 2032	70,000	70,000
Series 2004 (PeaceHealth) Oregon Bonds, Series A, 3.00% to 5.00%, interest payable each February 1 and August 1, due in annual installments from 2010 through August 2014, called during fiscal year 2013	—	9,280
Series 2008 (PeaceHealth) Washington Bonds, Series A, fixed interest rate of 5% payable on each May 1 and November 1, through November 2018	80,650	80,650
Series 2008 (PeaceHealth) Oregon Bonds, Series A-B, variable interest rate (0.05% at June 30, 2013), principal payable each August, due in annual installments from 2030 to 2034 for Series A and B	145,975	145,975
Series 2008 (Southwest) Washington Bonds, Series A, variable interest rate, principal payable each September, due in annual installments through 2034, called during fiscal year 2013	—	54,500
Series 2009 (PeaceHealth) Oregon Bonds, Series A, fixed interest rates of 3.25% to 5.00% payable each May and November, due in installments from 2013 to 2039	100,795	100,795
Series 2009 (PeaceHealth) Washington Bonds, Series A, fixed interest rates of 3.0% to 5.0% payable each in May and November, due in installments through 2028	83,245	87,550
Series 2011 (PeaceHealth) Oregon Bonds, Series A-B, variable interest rates (0.83% at June 30, 2013) principal payable each May, due in installments from 2036 to 2047	150,000	150,000
2011 (PeaceHealth) Direct Note Obligation to Union Bank 2.46% payable monthly based on a ten-year amortization with remaining amount due November 2016	8,500	9,500

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

	<u>2013</u>	<u>2012</u>
2012 (Southwest) Bridge Loan Obligation to Bank of America, variable interest rate (0.84% at June 30, 2013) due on July 31, 2014	\$ 54,000	54,000
2012 (PeaceHealth) Direct Note Obligation to US Bank, variable interest rate (0.90% at June 30, 2013), due on February 28, 2015	50,000	—
2012 Direct Note Obligation to Bank of America, fixed interest rate of 2.2%, due on December 1, 2022	53,445	—
2013 Washington Bonds, Series A, variable interest rate (0.83% at June 30, 2013), principal payable each September, in annual installments from 2013 to 2034	53,465	—
Long-term debt at par value	899,775	814,905
Premium and other on long-term debt	10,559	8,927
Other long-term debt	16,207	24,582
Total long-term debt	926,541	848,414
Less amounts due within one year	(20,683)	(18,033)
Total long-term debt due after one year	\$ <u>905,858</u>	<u>830,381</u>

On January 1, 2013, the legal entity formerly known as Southwest Washington Medical Center was merged into the Corporation. The Corporation became liable for all outstanding debts of Southwest Washington Medical Center on the date of the merger.

The Corporation is the sole member of the PeaceHealth Obligated Group. The assets of the Obligated Group are available for the satisfaction of debts of the Corporation under the terms of its Master Trust Indenture. The controlled affiliates of PeaceHealth are not members of the Obligated Group.

The Series 1995 Oregon Variable Rate Demand Bonds, the Series 2008 Oregon Series A-B Variable Rate Demand Bonds, the Series 2011 Oregon Series A-B Direct Placement Bonds, and the Washington 2013(A) Direct Placement Bonds have variable interest rates that may bear interest at a daily, weekly, 28-day, monthly, semiannual, or annual rates. The rate determination mode may be changed upon request of the Corporation. The bonds are subject to optional redemption by PeaceHealth, in whole or in part at 100% of the principal amount plus accrued interest. The Variable Rate Demand Bonds are backed by letters of credit in the amount of approximately \$147,600 for the 2008 Oregon bonds and \$3,700 for the 1995 Oregon bonds. The letter of credit for Series A-B of the 2008 Oregon bonds will expire in June 2017. The letter of credit for the 1995 Oregon bonds will expire in January 2017. The 2011 Oregon bonds are held directly by two financial institutions subject to continuing covenant agreements, which contain substantially the same credit terms as the letters of credit, but which are not subject to the same

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

remarketing and put risk as the 1995 and 2008 bonds. The 2011 Oregon bonds and Washington 2013(A) bonds can be converted to publicly held variable rate demand bonds if the Corporation chooses. The continuing covenant agreements for the Oregon 2011 Direct Placement Bonds expire in August 2015 for Series (A) and August 2017 for Series (B). The continuing covenant agreement for the Washington 2013(A) bonds expires February 2016. The letters of credit and the continuing covenant agreements are extendable annually at the option of the bank upon request from the Corporation for an additional year. The 2008, 2011 and 2013(A) bonds are matched to fixed payor swaps ranging between 3.60% and 4.10% for approximately their par value, the notional amounts of swaps amortizing proportionately to the bonds.

The Series 1995 Oregon and Series 2008 Oregon variable rate demand bonds, which have long-term amortization periods, may be put back to the letter of credit bank on any interest rate reset date if the bonds fail to be remarketed. In the event of a failed remarketing, the letter of credit bank is obligated under the terms of the letter of credit agreement to buy the bonds. If the bonds continue to fail to be remarketed, and become a term loan from the letter of credit bank to the Corporation, the payments commence not less than 367 days after the purchase of the bonds by the letter of credit bank, and are payable in equal quarterly installments thereafter. The Series 1999 Washington bonds are currently redeemable at par.

The Series 2008 Washington bonds Series A were redeemed during the 2013 fiscal year with proceeds from the WHCFA 2013 bonds, which is matched to a fixed payor swap bearing a rate of 3.60%.

Other long-term debt primarily includes an \$11,000 note payable paying interest of 6% with principal due and payable through 2017, as well as amounts related to capital lease obligations.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

	Long-term debt	Capitalized Leases	Other	Total
Year ending June 30				
2014	\$ 18,754	1,412	695	20,861
2015	123,520	1,042	771	125,333
2016	18,921	922	610	20,453
2017	23,310	492	634	24,436
2018	19,144	507	8,855	28,506
Thereafter	696,126	837	-	696,963
Total	\$ 899,775	5,212	11,565	916,552
Less amounts representing interest		(570)		(570)
Present value of net minimum				
capital lease payments		4,642		
Less current installments of				
obligations under capital leases		(1,234)		
Obligations under capital leases,				
excluding current installments		3,408		
Total long-term debt				915,982

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

Cash paid for interest totaled approximately \$24,261 and \$23,447 for the years ended June 30, 2013 and 2012, respectively. Interest totaling approximately \$1,347 and \$663 was capitalized in connection with construction projects during the years ended June 30, 2013 and 2012, respectively

(7) Accounting for Derivative Instruments and Hedging Activities

In accordance with the policy adopted by the Board of Directors, the Corporation may use interest rate swap contracts to manage its net exposure to interest rate changes in attempting to reduce its overall cost of borrowing over time. Interest rate swap contracts generally involve the exchange of fixed and floating interest rate payments without the exchange of underlying principal (the swap of fixed or floating rates are on a notional amount). The Corporation accounts for its interest rate hedging transactions in accordance with FASB ASC 815 – *Derivatives and Hedging*. That standard requires that every derivative instrument be recorded on the balance sheet as either an asset or a liability measured at its estimated fair value. The

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

interest rate swaps do not meet the criteria for hedge accounting and all changes in the valuation of the interest rate swaps are recognized in the consolidated statements of operations

The Corporation had the following interest rate swap contracts outstanding as of June 30, 2013 with a total current notional amount of approximately \$434,200 a \$40,000 basis swap where the Corporation receives 81.9% of 30 day LIBOR and pays a 30 day tax-exempt index rate, and approximately \$394,200 (fixed payer swaps) which the Corporation uses to convert a portion of the outstanding variable rate bonds to fixed rates ranging from 3.5% to 4.1%. The fixed payer interest rate swaps are associated with the variable rate bonds, but have not been integrated to any of the underlying debt for the purpose of hedge accounting.

Change in valuation of interest rate swaps consists of the non-cash change in the liability and the cash payments and receipts associated with the swaps. The non-cash change in the fair value of the interest rate swaps, was a decrease of \$50,809 and an increase of \$77,564 in the liability for the years ended June 30, 2013 and 2012, respectively. Net cash settlement cost for the interest rate swaps was \$15,492 and \$17,813, for the years ended June 30, 2013 and 2012, respectively.

Derivative instruments are recorded at fair value taking into consideration the Corporation's nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. The impact of taking into account the nonperformance risk on the estimated fair value of the interest rate swaps was a benefit of approximately \$13,399 and \$19,644, as of June 30, 2013 and June 30, 2012, respectively. Recording the interest rate swaps at fair value results in a total liability of \$91,617 and \$154,591 as of June 30, 2013 and June 30, 2012, respectively, in other long-term liabilities in the accompanying consolidated balance sheets rather than the \$105,016 and \$174,235 that would be paid if all of the swaps were terminated as of June 30, 2013 and June 30, 2012, respectively. The inputs used to determine the impact of the counterparty nonperformance risk are Level 2 inputs, as such derivative liabilities have been recorded as Level 2 in the Corporation's disclosure of fair value instruments, see note 4.

The Corporation currently has five swap counterparties which minimize counterparty risk and collateral posting requirements. These swap agreements contain various credit thresholds that if breached by the Corporation would constitute an additional termination event whereby the swap counterparties could terminate the swap by either making a payment to, or receiving a payment from the Corporation, depending upon the termination value of the swaps as of the date of termination. PeaceHealth retains the right to terminate the swaps at any point, which would also require either making or receiving a payment depending on the termination value of the swap as of the termination date.

(8) Benefit Plans

Defined Benefit Pension Plan

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

paid as participants qualify to receive benefits. All related charges related to this event were recorded prior to the affiliation of Southwest with PeaceHealth.

The following table sets forth disclosures related to the Plan in accordance with FASB ASC 715-20-65, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of June 30, 2013 and 2012.

	Years ended June 30	
	2013	2012
Change in projected benefit obligation		
Projected benefit obligation (PBO) at beginning of period	\$ 218,246	168,844
Service cost	572	—
Interest cost	8,615	9,150
Actuarial (gain) loss on PBO	(20,009)	44,484
Benefits and administrative expenses paid	(5,732)	(4,232)
Projected benefit obligation at June 30	<u>\$ 201,692</u>	<u>218,246</u>
Change in fair value of plan assets		
Fair value of assets at beginning of period	\$ 132,389	127,743
Actual return on plan assets	14,069	(2,966)
Employer contribution	3,346	11,844
Benefits paid	(5,033)	(4,232)
Administrative expenses	(699)	—
Fair value of assets at June 30	<u>\$ 144,072</u>	<u>132,389</u>
Reconciliation of funded status		
Funded status	<u>\$ (57,620)</u>	<u>(85,857)</u>
Net amount recognized	<u>\$ (57,620)</u>	<u>(85,857)</u>
Amounts recognized in the consolidated balance sheets consist of		
Accrued pension liability	\$ 57,620	85,857
Accumulated change in net assets	(30,961)	(59,198)

The accumulated benefit obligation for the Plan was \$201,692 and \$218,246 at June 30, 2013 and 2012, respectively.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

Net periodic benefit cost for the years ended June 30, 2013 and 2012 included the following components and is included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets

	<u>2013</u>	<u>2012</u>
Service cost	\$ 572	—
Interest cost	8,615	9,150
Expected return on plan assets	(10,702)	(10,837)
Amortization of loss	4,588	788
Net periodic pension cost (benefit)	<u>\$ 3,073</u>	<u>(899)</u>

(a) Assumptions

The Corporation used the following actuarial assumptions to determine its benefit obligations at June 30, 2013 and 2012, with measurement dates of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Discount rate	4.65%	4.0%

The Corporation used the following actuarial assumptions to determine its net periodic benefit cost for the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Discount rate	4.0%	5.5%
Expected long-term rate of return on plan assets	7.5%	8.5%

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

The expected long-term rate of return on plan assets was based on the asset allocation mix and the long-term historical return for each asset class, taking into account current and expected market conditions. The actual return (loss) on pension plan assets was approximately 10.9% and (1.8)% during the years ended June 30, 2013 and 2012, respectively. In the calculation of pension plan expense, the expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a four-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns and expected returns based on the long-term rate of return assumptions.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

(b) *Pension Plan Assets*

The asset allocation of the Corporation's pension plan at June 30, 2013 and 2012 is as follows

		2013	2012
Equity securities	\$	82,725	76,763
Debt securities		59,192	46,931
Other		2,155	8,695
Total	\$	<u>144,072</u>	<u>132,389</u>

Pension plan assets are managed according to an investment policy adopted by the Plan's trustees. Professional investment managers are retained to manage specific asset classes and professional consulting is utilized for investment performance reporting. The primary objective of the Plan's trustees is to achieve the highest possible total return commensurate with safety and preservation of capital in real, inflation-adjusted terms. The objective includes having funds invested in the long term, which protect the principal and produce returns sufficient to meet future benefit obligations. The investment policy includes an asset allocation that includes equity securities, debt securities, and cash/other investments. The target allocations are 7% cash and bonds, 19% low volatility hedge, 54% global equity, and 20% long-short hedge. Assets are rebalanced quarterly when balances fall outside of the approved range for each asset class.

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

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

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

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2013

Assets	Total fair value	Level 1	Level 2	Level 3
Cash and money markets	\$ 2,155	2,155	—	—
Mutual funds				
Fixed income	34,833	34,833	—	—
Large cap	28,098	9,761	—	18,337
Mid cap	7,782	7,782	—	—
Small cap	4,991	4,991	—	—
Foreign stock and emerging markets	31,142	25,757	—	5,385
Hedge capital appreciation fund	24,359	—	—	24,359
Long-short hedge	9,205	—	—	9,205
Private equity	1,507	—	—	1,507
Total plan assets at fair value	\$ 144,072	85,279	—	58,793

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

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

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

		Fair value measurements Level 3
Fair value June 30, 2011	\$	42,610
Realized and unrealized gains, net		2,052
Purchases, issuances, and settlements, net		<u>13,859</u>
Fair value June 30, 2012		58,521
Realized and unrealized gains, net		6,880
Purchases, issuances, and settlements, net		<u>(6,608)</u>
Fair value June 30, 2013	\$	<u><u>58,793</u></u>

At June 30, 2013 and 2012, the Plan held \$58,793 and \$58,521, respectively, in alternative investments, reflected as Level 3 assets in the above table, which are not publicly traded. These investment instruments contain elements of both credit and market risk. Such risks may include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (nonmarketable investments), and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for such investments existed. These investments represented 40.8% and 44.2% of Plan assets at June 30, 2013 and 2012, respectively.

(c) *Cash Flows*

The Corporation's policy with respect to funding the Plan is to fund at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended, plus such additional amounts deemed appropriate. In fiscal year 2014, Southwest expects to contribute approximately \$6,300 to the Plan.

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

		Pension benefits
2014	\$	6,645
2015		7,265
2016		8,097
2017		8,789
2018		9,620
2019 – 2023		58,138

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

Management is not aware of any settlements or curtailments that would require additional recognition during 2013.

(9) Defined Contribution Retirement Plans

The Corporation sponsors two defined contribution retirement plans for the employees of PeaceHealth and Southwest. At June 30, 2013, employees of Southwest are eligible for the Southwest Plan and employees of the PeaceHealth operating divisions are eligible for the PeaceHealth Plan. There had not been an integration of the plans as of June 30, 2013 or 2012. These plans cover substantially all employees of PeaceHealth meeting certain age and length of service requirements. Total defined contribution retirement plan costs charged to operations were approximately \$66,912 and \$65,221 for the years ended June 30, 2013 and 2012, respectively, and are included in payroll taxes and benefits in the accompanying consolidated statements of operations.

PeaceHealth Deferred Compensation Plans

The estimated fair value associated with the plan assets of the Corporation's 457(b) and 457(f) postretirement savings plans, in the amount of approximately \$32,107 and \$24,597 at June 30, 2013 and 2012, respectively, is included in assets whose use is limited, cash and investments, with a corresponding amount included in other long-term liabilities.

(10) Restricted Net Assets

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

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

	2013	2012
Purchase of property, plant, and equipment	\$ 16,986	14,015
Hospice and indigent care	3,430	2,946
Patient care	12,846	13,993
Other	4,536	4,690
	<u>\$ 37,798</u>	<u>35,644</u>

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

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

	<u>2013</u>	<u>2012</u>
Purchase of property, plant, and equipment	\$ 699	545
Hospice and indigent care	8,085	7,322
Patient care operating activities	16,476	2,543
Other	790	970
	<u>\$ 26,050</u>	<u>11,380</u>

Approximately \$6,571 and \$23,016 were released from restriction for capital expenditures made during 2013 and 2012, respectively

Charitable Gift Annuities

The Corporation has been granted a license by the State of Washington, Office of Insurance Commissioner, to issue Charitable Gift Annuities in support of its charitable activities. The Corporation has delegated all its charitable fund raising activities to several fund raising foundations whose net assets, held for the beneficial interest of the Corporation, are shown on the consolidated balance sheets of the Corporation. In fiscal 2013, the liability for annuity contracts issued under the PeaceHealth license and the separately maintained reserve accounts are recorded on the books of PeaceHealth. In fiscal 2012 the liability for annuity contracts and the separately maintained reserve accounts were recorded by the foundations which support the hospitals that the donors designated to benefit from their charitable gift annuity contributions. As of June 30, 2013 and 2012, the following liabilities for annuity contracts issued under the Corporation license and reserve account investments were recorded:

	<u>2013</u>	<u>2012</u>
State of Washington gift annuity liabilities (other long-term liabilities)	\$ 887	597
Gift annuity reserve accounts (other assets whose use is limited, cash and investments)	1,089	702

During the fiscal 2013 the gift annuities issued under the license held by PeaceHealth Southwest Medical Center Foundation were transferred to the PeaceHealth license and are included in the above table

(11) Commitments and Contingent Liabilities

(a) *Litigation*

Various laws and regulations of federal, state, and local governments govern the healthcare industry. These laws and regulations are subject to ongoing government review and interpretation, as well as regulatory actions unknown or unasserted at this time. The Corporation is also involved in litigation

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

(b) *Operating Leases*

The Corporation leases, for a nominal amount, the buildings and certain equipment for Ketchikan General Hospital from the City of Ketchikan, Alaska under a 10-year lease that expires in 2023.

Rent and lease expense. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2013 are as follows:

	<u>Operating leases</u>
Year ending June 30	
2014	\$ 18,758
2015	17,404
2016	16,020
2017	14,683
2018	11,384
Later years, 2019 through 2023	<u>50,290</u>
Total minimum lease payments	<u>\$ 128,539</u>

Rent expense related to all operating leases was \$35,119 and \$34,482 during the years ended June 30, 2013 and June 30, 2012, respectively, and was included in supplies and other expenses in the consolidated statements of operations.

(c) *Collective Bargaining Agreements*

Approximately 26% and 27% of the Corporation's employees are covered under collective bargaining agreements, including nurses, professional employees, and service employees as of June 30, 2013 and 2012, respectively. The Corporation's various collective bargaining agreements expire between September 2013 and March 2016.

(12) Insurance Coverages

The Corporation has a self-insurance program for hospital and physician professional and general liability claims under which the Corporation contributes actuarially determined amounts to a trust to fund estimated ultimate losses. In connection with the self-insurance program, the Corporation has accrued estimates for asserted and incurred but not reported claims, including both the expected liability under each claim and the cost to administer the claim. Self-insured professional and general liability retention in 2013 and 2012 was \$5,000 per occurrence and \$20,000 in aggregate. Individual general and professional liability claims in excess of the above self-insured retention levels are insured through a claims-made excess insurance policy.

PEACEHEALTH

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands of dollars)

The Corporation also self-insures all or a portion of liabilities for medical and dental benefit plans, unemployment, and workers' compensation claims. Funding levels and liabilities are determined based on actuarial studies.

Based on the actuarial studies, the Corporation has recorded a liability for all of the self-insurance programs of approximately \$74,006 and \$68,671 at June 30, 2013 and 2012, respectively. The liabilities are classified within other current liabilities and other long-term liabilities based on the historical amounts paid within one year. Total current amounts included in other current liabilities were approximately \$22,156 and \$20,925 at June 30, 2013 and 2012, respectively. In accordance with the adoption of ASU No. 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, management has recorded amounts receivable from excess insurance carriers totaling \$5,384 and \$5,587 as of June 30, 2013 and June 30, 2012, respectively, which is included in other receivables in the accompanying consolidated balance sheets.

The Corporation is a minority investor in American Excess Insurance Exchange (AEIX). AEIX is a risk retention group owned by a group of healthcare providers and provides them with excess professional liability insurance coverage. The Corporation accounts for its interest in AEIX on the equity method of accounting less mandatory withdrawal penalties and an estimated discount to present value. As of June 30, 2013 and 2012, the carrying value of AEIX was approximately \$10,673 and \$14,868, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Investment income from AEIX is recorded as an adjustment to supplies and other operating expenses in the accompanying consolidated statements of operations.

(13) Functional Expenses

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

	2013	2012
Healthcare services	\$ 1,878,664	1,877,186
General and administrative	282,245	273,810
	<u>\$ 2,160,909</u>	<u>2,150,996</u>

(14) Subsequent Events

In connection with the preparation of the consolidated financial statements in accordance with FASB ASC Topic 855, *Subsequent Events*, the Corporation has evaluated subsequent events through October 1, 2013, which is the date the consolidated financial statements were issued.

ADDITIONAL INFORMATION

PEACEHEALTH
Consolidating Balance Sheet
June 30, 2013
(In thousands)

Assets	Obligated Group	PeaceHealth Southwest Foundation	Other Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2013 Consolidated
Current assets					
Cash and cash equivalents	\$ 70.952	2,057	19,680	—	92,689
Short-term investments	276,979	—	—	—	276,979
Accounts receivable, net	264,803	—	4,321	(3,612)	265,512
Other receivables	36,982	(230)	2,092	(137)	38,707
Inventory of supplies	36,581	—	—	—	36,581
Prepaid expenses and other	18,332	—	393	—	18,725
Assets whose use is limited that are required for current liabilities	29,770	—	—	—	29,770
Total current assets	734,399	1,827	26,486	(3,749)	758,963
Assets whose use is limited by board designation and indenture agreements					
Cash and investments	882,395	13,047	12,981	—	908,423
Investment in affiliates	17,852	—	—	(17,852)	—
Investments in joint ventures and other	24,362	6,971	14,824	(11,205)	34,952
Total assets whose use is limited	924,609	20,018	27,805	(29,057)	943,375
Less current portion	(29,770)	—	—	—	(29,770)
Net assets whose use is limited	894,839	20,018	27,805	(29,057)	913,605
Property, plant, and equipment					
Land and improvements	120,838	—	—	—	120,838
Buildings, fixed equipment, and other	1,606,677	—	26,904	(21,441)	1,612,140
Moveable equipment	637,629	—	2,749	—	640,378
Construction in progress	27,615	—	306	—	27,921
Total property, plant, and equipment	2,392,759	—	29,959	(21,441)	2,401,277
Less accumulated depreciation	(1,057,785)	—	(8,750)	2,273	(1,064,262)
Net property, plant, and equipment	1,334,974	—	21,209	(19,168)	1,337,015
Interest in net assets of related foundations	63,547	105	—	(19,213)	44,439
Other assets	30,393	35	243	—	30,671
Total assets	\$ 3,058,152	21,985	75,743	(71,187)	3,084,693

See accompanying independent auditors' report

PEACEHEALTH
Consolidating Balance Sheet
June 30, 2013
(In thousands)

Liabilities and Net Assets	Obligated Group	PeaceHealth Southwest Foundation	Other Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2013 Consolidated
Current liabilities					
Accounts payable	\$ 79,134	—	495	(211)	79,418
Accrued payroll, payroll taxes, and employee benefits	150,037	—	657	—	150,694
Accrued interest payable	5,138	—	—	—	5,138
Other current liabilities	25,588	—	917	(1)	26,504
Medical claims payable	—	—	9,597	(3,611)	5,986
Reimbursement settlements payable	9,768	—	—	—	9,768
Current portion of long-term debt	21,858	—	—	(1,175)	20,683
Total current liabilities	291,523	—	11,666	(4,998)	298,191
Other long-term liabilities	254,314	—	9,502	—	263,816
Long-term debt due after one year	922,699	—	11,205	(28,046)	905,858
Net assets					
Unrestricted	1,533,358	1,854	43,370	(25,602)	1,552,980
Temporarily restricted	32,129	9,722	—	(4,053)	37,798
Permanently restricted	24,129	10,409	—	(8,488)	26,050
Total net assets	1,589,616	21,985	43,370	(38,143)	1,616,828
Total liabilities and net assets	\$ 3,058,152	21,985	75,743	(71,187)	3,084,693

See accompanying independent auditors' report

PEACEHEALTH
Consolidating Statement of Operations
Year ended June 30, 2013
(In thousands)

	Obligated Group	PeaceHealth Southwest Foundation	Other Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2013 Consolidated
Revenues					
Net patient service revenue before provision for bad debts	\$ 2,168,873	—	—	(23,338)	2,145,535
Provision for bad debts	(161,192)	—	—	—	(161,192)
Net patient service revenue	2,007,681	—	—	(23,338)	1,984,343
Premium revenue	—	—	92,358	—	92,358
Other operating revenue	94,242	403	12,873	(13,462)	94,056
Total revenues	2,101,923	403	105,231	(36,800)	2,170,757
Expenses					
Salaries and wages	983,952	—	5,588	—	989,540
Payroll taxes and benefits	249,884	—	1,523	—	251,407
Professional fees	34,984	—	1,081	—	36,065
Medical claims expense	—	—	82,464	(23,338)	59,126
Supplies and other expenses	646,908	789	3,886	(1,372)	650,211
Depreciation and amortization of other assets	149,761	—	1,242	(704)	150,299
Interest and amortization of deferred financing costs	24,850	—	1,034	(1,623)	24,261
Total expenses	2,090,339	789	96,818	(27,037)	2,160,909
Income from operations	11,584	(386)	8,413	(9,763)	9,848
Other income (loss)					
Investment income, net	61,518	912	142	(1,034)	61,538
Loss on investments recorded on the equity method	(1,138)	—	—	—	(1,138)
Change in valuation of interest rate swaps	35,317	—	—	—	35,317
Other	(9,124)	—	—	—	(9,124)
Total other income (loss), net	86,573	912	142	(1,034)	86,593
Excess (deficiency) of revenues over expenses	98,157	526	8,555	(10,797)	96,441
Net assets released from restrictions for property, plant and equipment	9,044	—	—	(2,473)	6,571
Transfer (to) from related division	697	—	(7,132)	6,435	—
Change in interest in net assets of related foundations	287	—	—	260	547
Change in pension liability	27,964	—	—	—	27,964
Other changes in net assets	(900)	—	(6,046)	251	(6,695)
Increase (decrease) in unrestricted net assets	\$ 135,249	526	(4,623)	(6,324)	124,828

See accompanying independent auditors' report

PEACEHEALTH
Consolidating Statement of Changes in Net Assets
Year ended June 30, 2013
(In thousands)

	Obligated Group	PeaceHealth Southwest Foundation	Other Nonobligated group	Eliminating or consolidating adjustments	PeaceHealth 2013 Consolidated
Net assets at June 30, 2012	\$ 1,442,007	22,083	48,095	(37,009)	1,475,176
Excess (deficiency) of revenues over expenses	98,157	526	8,555	(10,797)	96,441
Other restricted contributions	9,312	3,466	—	—	12,778
Net assets released from restrictions	(275)	(3,932)	—	2,112	(2,095)
Transfer (to) from related division	697	—	(7,132)	6,435	—
Change in interest in net assets of related foundations	11,505	—	—	271	11,776
Change in pension liability	27,964	—	—	—	27,964
Other changes in net assets	249	(158)	(6,148)	845	(5,212)
Net assets at June 30, 2013	\$ 1,589,616	21,985	43,370	(38,143)	1,616,828

See accompanying independent auditors' report

PEACEHEALTH
Inpatient Statistics
Years ended June 30, 2013 and 2012
(Unaudited)

	Alaska Region		Whatcom Region		Lower Columbia Region		Oregon Region		Siuslaw Region		Southwest		PeaceHealth total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Adult and pediatric														
Licensed beds	25	25	25	25	146	146	465	465	21	21	450	450	1,560	1,560
Beds in use	25	25	25	25	180	180	454	454	21	21	116	116	1,240	1,240
Admissions	1,216	1,257	15,118	15,410	8,517	8,958	26,025	26,728	980	970	21,486	21,744	76,160	78,067
Patient days	5,905	4,000	50,555	58,790	55,901	56,099	118,507	119,525	2,890	5,158	67,792	92,957	516,146	514,509
Average daily census	11	11	165	161	95	99	124	127	8	9	268	254	867	861
Length of stay	5	5	4	4	4	4	5	4	5	5	4	4	4	4
Nursery														
Licensed beds	6	6	20	20	27	27	—	—	5	5	40	40	96	96
Bassinet in use	6	6	20	20	20	20	52	52	5	5	40	40	121	121
Admissions	221	252	1,818	1,775	985	1,050	2,480	2,404	72	57	2,620	2,680	8,196	8,225
Patient days	489	554	5,459	5,458	1,969	2,056	4,950	4,814	101	106	5,282	5,220	16,210	16,168
Average daily census	1	1	9	9	5	6	14	15	—	—	14	14	45	45
Length of stay	2	2	2	2	2	2	2	2	1	2	2	2	2	2
Long-term care														
Licensed beds	20	20	—	—	—	—	—	—	—	—	—	—	20	20
Beds in use	20	20	—	—	—	—	—	—	—	—	—	—	20	20
Admissions	150	150	—	—	—	—	—	—	—	—	—	—	150	150
Patient days	7,065	7,456	—	—	—	—	—	—	—	—	—	—	7,065	7,456
Average daily census	19	20	—	—	—	—	—	—	—	—	—	—	19	20
Length of stay	47	47	—	—	—	—	—	—	—	—	—	—	47	47

See accompanying independent auditor's report

PEACEHEALTH
Ancillary and Other Statistics
Years ended June 30, 2013 and 2012
(Unaudited)

	<u>Alaska Region</u>		<u>Whatcom Region</u>		<u>Lower Columbia Region</u>		<u>Oregon Region</u>		<u>Siuslaw Region</u>		<u>Southwest</u>		<u>PeaceHealth total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total surgeries	1,456	1,484	7,529	7,246	5,018	5,704	15,015	15,550	1,548	1,579	10,129	10,854	40,295	42,177
Surgery minutes	115,578	115,605	917,499	929,540	454,988	489,615	1,954,280	1,976,160	98,520	116,280	1,161,674	1,250,660	4,662,559	4,877,858
Emergency visits	9,172	9,570	56,556	56,047	50,076	50,727	91,815	90,159	8,144	7,585	78,855	82,416	294,596	297,015
Outpatient registrations	56,455	56,464	115,594	98,500	182,081	189,617	165,872	167,956	22,185	25,627	250,658	255,209	752,825	749,175
Physician clinic RBRVS work RVUs	70,275	69,715	555,549	585,906	587,896	592,245	855,765	615,159	81,721	85,768	596,819	544,507	2,545,821	2,091,296
Full-time equivalent employees	556	550	1,899	2,041	1,286	1,461	5,518	5,705	577	412	5,071	5,261	12,655	12,916

Notes: Certain PeaceHealth divisions are not shown separately, but are included in the Corporation's totals.

See accompanying independent auditor's report.