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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public

By law, the IRS generally cannot redact the information on the form

Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

PEACEHEALTH

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

1115 SE 164TH AVENUE

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

VANCOUVER, WA 98683

F Name and address of principal officer

BETH O'BRIEN

1115 SE 164TH AVENUE

VANCOUVER,WA 98683

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) ( ) ☐ (insert no ) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW.PEACEHEALTH.ORG

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation

1976

M State of legal domicile

WA

Part I	Summary																																																																										
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>WE 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</div></div>																																																																										
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Part II

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

\*\*\*\*\*

Signature of officer

2015-05-11

Date

KEVIN WALSTROM SVP CFO

Type or print name and title

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name	Firm's EIN			
Firm's address	Phone no			

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☐ Yes ☒ No

1

Briefly describe the organization’s mission

WE 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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 \$ 1,891,886,817 including grants of \$ 2,131,464 ) (Revenue \$ 2,083,955,081 )

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 TAX YEAR 2014 WAS \$201,994,888

4b

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

4c

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

4d























Other program services (Describe in Schedule O )

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

4e

Total program service expenses 1,891,886,817

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	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	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 other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or government 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 or 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 25a</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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, 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	<b>Section 501(c)(3) organizations.</b> 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? <b>Note.</b> 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 or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	682	
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.	17,776	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> 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" to line 3b, 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? <b>Note.</b> 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 or note to any line 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			
b	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	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body? . . . . .	8a	Yes
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	OR , WA , AK
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 SPENCER URBAN TAX ACCOUNTANT 1115 SE 164TH AVENUE VANCOUVER, WA 98683 (360) 729-1000	

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

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

Form **990** (2013)



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	▼			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	▼			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	▼	11,666,938	0	3,217,301

**2** Total number of individuals (including but not limited to those listed  
\$100,000 of reportable compensation from the organization) 1,636

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b> Yes	
<b>4</b>	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> . . . . .	<b>4</b> Yes	
<b>5</b>	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> . . . . .	<b>5</b>	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
NUANCE COMMUNICATIONS INC ONE WAYSIDE ROAD BULINGTON MA 01803	SOFTWARE IMPLEMENTATION	3,923,244
NURSEFINDERS LLC 524 E LAMAR BLVD SUITE 300 ARLINGTON TX 76011	HEALTH CARE STAFFING SERVICES	3,403,028
HURON CONSULTING SERVICES LLC 3005 MOMENTUM PLACE CHICAGO IL 60689	CONSULTING	3,141,372
ARAMARK MANAGEMENT SERVICES 1101 MARKET ST PHILADELPHIA PA 19107	UNIFORM SERVICE	2,451,139
MCKESSON TECHNOLOGIES INC 5995 WINWARD PARKWAY ALPHARETTA GA 30005	SOFTWARE IMPLEMENTATION	2,432,525

**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 ►178

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d	3,923,667			
	e	Government grants (contributions)	1e	2,345,226			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,130,564			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		8,399,457			
Program Service Revenue	2a	PATIENT SERVICE REV	Business Code 621110	2,075,675,107	2,075,675,107		
	b	OTHER OPERATING REV	621110	8,279,974	8,279,974		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		2,083,955,081			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		50,036,182		50,036,182
4		Income from investment of tax-exempt bond proceeds . . . . .					
5		Royalties . . . . .					
6a		Gross rents	(i) Real 6,849,416	(ii) Personal			
		b	Less rental expenses	5,137,062			
		c	Rental income or (loss)	1,712,354			
		d	Net rental income or (loss) . . . . .		1,712,354		1,712,354
7a		Gross amount from sales of assets other than inventory	(i) Securities 182,858,000	(ii) Other 1,965,000			
		b	Less cost or other basis and sales expenses	134,097,243	535,000		
		c	Gain or (loss)	48,760,757	1,430,000		
		d	Net gain or (loss) . . . . .		50,190,757		50,190,757
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
b		Less direct expenses . . . . .	b				
c		Net income or (loss) from fundraising events . . . . .					
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a				
b		Less direct expenses . . . . .	b				
c		Net income or (loss) from gaming activities . . . . .					
10a		Gross sales of inventory, less returns and allowances . . . . .	a				
b		Less cost of goods sold . . . . .	b				
c		Net income or (loss) from sales of inventory . . . . .					
Miscellaneous Revenue		Business Code					
11a	UNRELATED BUSINESS INC	900099	45,873,492		45,873,492		
b	CAFETERIA	900099	9,710,573			9,710,573	
c							
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .		55,584,065				
12	Total revenue. See Instructions . . . . .		2,249,877,896	2,083,955,081	45,873,492	111,649,866	

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 or note to any line 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.	1,858,346	1,858,346		
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.	273,118	273,118		
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	14,884,239	12,873,813	2,010,426	
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.	996,652,292	862,033,692	132,940,073	1,678,527
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	73,183,869	63,298,867	9,885,002	
9	Other employee benefits.	85,664,030	74,093,323	11,241,320	329,387
10	Payroll taxes.	71,268,493	61,642,202	9,508,428	117,863
11	Fees for services (non-employees):				
a	Management.	43,563,981	37,679,760	5,845,955	38,266
b	Legal.	2,408,908		2,406,563	2,345
c	Accounting.	1,160,911		1,067,932	92,979
d	Lobbying.	445,208		445,208	
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).	160,626,780	138,930,796	21,305,496	390,488
12	Advertising and promotion.	2,567,995	2,565,069		2,926
13	Office expenses.	7,591,748		7,591,748	
14	Information technology.	30,122,969	26,054,236	4,068,733	
15	Royalties.				
16	Occupancy.	53,743,872	46,484,645	7,257,239	1,988
17	Travel.	12,451,339	10,769,527	1,681,812	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	121,861		37,716	84,145
20	Interest.	31,635,205	31,635,205		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	133,396,358	115,378,408	17,970,272	47,678
23	Insurance.	36,716,049	34,766,430	1,949,619	
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	281,212,261	281,212,261		
b	OTHER TAX	52,856,017	52,393,781	455,736	6,500
c	OTHER OPERATING EXPENSE	22,065,156	19,084,798	2,568,621	411,737
d	INTEREST RATE SWAPS	18,858,540	18,858,540		
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	2,135,329,545	1,891,886,817	240,237,899	3,204,829
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 or note to any line in this Part X

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		70,951,783	1	125,073,770
	2	Savings and temporary cash investments		276,979,091	2	424,222,414
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		301,784,791	4	303,464,012
	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		12,068,721	7	44,828,232
	8	Inventories for sale or use		36,580,883	8	40,135,099
	9	Prepaid expenses and deferred charges		18,332,493	9	16,815,295
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a2,493,908,788			
	b	Less accumulated depreciation	10b1,169,560,343	1,334,971,823	10c	1,324,348,445
	11	Investments—publicly traded securities		708,298,644	11	1,041,798,780
	12	Investments—other securities See Part IV, line 11		204,241,242	12	35,273,249
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		5,426,517	14	35,137,100
	15	Other assets See Part IV, line 11		88,514,442	15	75,801,913
	16	Total assets. Add lines 1 through 15 (must equal line 34)		3,058,150,430	16	3,466,898,309
Liabilities	17	Accounts payable and accrued expenses		269,662,867	17	325,252,039
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		910,333,829	20	1,062,668,024
	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		11,566,123	23	11,589,540
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24) Complete Part X of Schedule D		276,971,631	25	314,001,685
	26	Total liabilities. Add lines 17 through 25		1,468,534,450	26	1,713,511,288
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		1,533,358,073	27	1,695,916,720
	28	Temporarily restricted net assets		32,128,656	28	40,303,066
	29	Permanently restricted net assets		24,129,251	29	17,167,235
	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		1,589,615,980	33	1,753,387,021
	34	Total liabilities and net assets/fund balances		3,058,150,430	34	3,466,898,309

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,249,877,896
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,135,329,545
3	Revenue less expenses Subtract line 2 from line 1	3	114,548,351
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,589,615,980
5	Net unrealized gains (losses) on investments	5	31,074,067
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	18,148,623
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,753,387,021

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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**

[illegible]

**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			568,199	0	156,970
RAN WHITEHEAD CEO - PEACEHEALTH LABS	40 00				X			295,517	0	70,965
JOSEPH KORTUM SENIOR VP	40 00				X			704,372	0	315,573
DENNIS GORY MD	40 00					X		845,617	0	97,655
ERIC HAUCK MD	40 00					X		1,216,635	0	93,968
STEPHEN COOK MD	40 00					X		798,843	0	97,976
DAVID DUKE MD	40 00					X		817,948	0	96,256
RAMAKOTA REDDY MD	40 00					X		798,564	0	94,266
JOHN HAUGHOM SENIOR VP	40 00						X	122,449	0	5,590
TOD CASEY WOODARD SENIOR VP	40 00						X	142,388	0	106,956

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.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization PEACEHEALTH	Employer identification number 91-0939479
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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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 <sup>1</sup> / <sub>3</sub> % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 <sup>1</sup> / <sub>3</sub> % 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 <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
11	<input type="checkbox"/>	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 <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input type="checkbox"/> Type III - Functionally integrated <b>d</b> <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <b>(i)</b> 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? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	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									



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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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 IIISupport 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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

Return Reference	Explanation	
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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. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

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
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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 <b>Form 1120-POL</b> 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) 2010	(b) 2011	(c) 2012	(d) 2013	(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		445,208
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			445,208
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

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.

Return Reference	Explanation

[illegible]

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**  
▶ **Attach to Form 990.** ▶ **See separate instructions.** ▶ **Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> PEACEHEALTH	<b>Employer identification number</b>  91-0939479
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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	
1d	
1e	
1f	
- 2a

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

☐ Yes

☒ No
- b

If "Yes," explain the arrangement in Part 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	42,466,288	25,724,507			
b Contributions	175,566	15,739,128	26,359,503		
c Net investment earnings, gains, and losses	4,020,665	1,178,809	-301,830		
d Grants or scholarships					
e Other expenditures for facilities and programs	14,504,243	176,156	333,166		
f Administrative expenses					
g End of year balance	32,158,276	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

16 930 %

b

Permanent endowment

57 700 %

c

Temporarily restricted endowment

25 370 %

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ 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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		63,253,430		63,253,430
b Buildings		1,462,186,382	670,076,319	792,110,063
c Leasehold improvements		64,824,211	14,539,844	50,284,367
d Equipment		838,249,986	484,944,180	353,305,806
e Other		65,394,779		65,394,779
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,324,348,445



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

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.

Return Reference	Explanation
PART V, LINE 4	THE REPORTED ENDOWMENT FUNDS BELONG TO THE PEACEHEALTH FOUNDATIONS 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
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 ECOGNITION, 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

[illegible]

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.  
  
► Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

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 its grants and other 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 its grants and other assistance 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
( 1 ) CENTRAL AMERICA/CARIBBEAN	1	1	PROGRAM SERVICES	HEALTHCARE	273,118
( 2 )					
( 3 )					
( 4 )					
( 5 )					
3a Sub-total	1	1			273,118
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	1	1			273,118

**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)
( 1 )			CENTRAL AMERICA AND THE CARIBBEAN - ANTIGUA & BARBUDA, ARUBA, BAHAMAS,	PROGRAM SERVICES	273,118				
( 2 )									
( 3 )									
( 4 )									

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 . . . . . ▶

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.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
( 1 )							
( 2 )							
( 3 )							
( 4 )							
( 5 )							
( 6 )							
( 7 )							
( 8 )							
( 9 )							
( 10 )							
( 11 )							
( 12 )							
( 13 )							
( 14 )							
( 15 )							
( 16 )							
( 17 )							
( 18 )							

**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, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐

Yes

☒

No
- 5

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

☐

Yes

☒

No
- 6

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

☐

Yes

☒

No



**Part V**

**Supplemental Information**  
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).

990 Schedule F, Supplemental Information

Return Reference	Explanation
PART I, LINE 2	PEACEHEALTH OPERATES A MEDICAL MISSION PROGRAM IN EL SALVADOR. THIS MISSION USES PEACEHEALTH MEDICAL PROFESSIONALS TO RENDER HEALTHCARE ASSISTANCE TO PEOPLE WITH LIMITED FINANCIAL RESOURCES. THESE ACTIVITIES ARE IN THE PEACEHEALTH BUDGET AND ARE INCLUDED IN THE OPERATING RESULTS OF PEACEHEALTH THE SAME AS OTHER PEACEHEALTH OPERATIONS. THE MISSION PROGRAM IS SUBJECT TO THE SAME MANAGEMENT CONTROL AND OVERSIGHT AS THE ORGANIZATION'S DOMESTIC PROGRAMS.

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.  
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

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	No
b	If "Yes," did the organization make it available to the public? . . . . .	5c	
	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) . . . .			62,541,245	11,246,111	51,295,134	2 400 %
b Medicaid (from Worksheet 3, column a) . . . . .			366,633,833	227,246,088	139,387,745	6 530 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			429,175,078	238,492,199	190,682,879	8 930 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			2,524,931	756,691	1,768,240	0 080 %
f Health professions education (from Worksheet 5) . . . . .			7,349,988	1,002,224	6,347,764	0 300 %
g Subsidized health services (from Worksheet 6) . . . . .			2,358,230	2,302,443	55,787	0 %
h Research (from Worksheet 7) . . . . .			301,625	158,870	142,755	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			2,997,516	53	2,997,463	0 140 %
j <b>Total</b> Other Benefits . . . . .			15,532,290	4,220,281	11,312,009	0 530 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			444,707,368	242,712,480	201,994,888	9 460 %

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

105,027,459

3Enter 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

57,696,551

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

468,359,050

6Enter Medicare allowable costs of care relating to payments on line 5.

6

521,945,517

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-53,586,467

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☐ Cost to charge ratio

☒ Other

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

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

9b

Yes

Part IVManagement Companies and Joint Ventures

(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?  
10

Name, address, primary website address, and state license number

	See Additional Data Table											
--	---------------------------	--	--	--	--	--	--	--	--	--	--	--

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

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> 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)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <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		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
<b>3</b> In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	<b>4</b> Yes	
<b>5</b> 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)	<b>5</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.PEACEHEALTH.ORG</u>		
<b>b</b> <input type="checkbox"/> Other website (list url)		
<b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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	<b>7</b>	No
<b>8a</b> 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)?	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	<b>8b</b>	
<b>c</b> 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		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> 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		<b>10</b>	Yes		
<b>11</b> 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		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input checked="" type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> 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)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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 individual's eligibility under the facility's FAP					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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 individual's eligibility under the facility's FAP? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					

**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 individuals regarding the individuals' bills
- d**

☒

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e**

☐

Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

		Yes	No
<b>19</b>	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	
<b>a</b>	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
<b>b</b>	<input type="checkbox"/> The hospital facility's policy was not in writing		
<b>c</b>	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
<b>d</b>	<input type="checkbox"/> Other (describe in Part VI)		

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

<b>20</b>	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		
<b>a</b>	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
<b>b</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		
<b>c</b>	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
<b>d</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>21</b>	During the tax year, did the hospital facility charge any FAP-eligible individual 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
<b>22</b>	During the tax year, did the hospital facility charge any FAP-eligible individual 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

If reporting on Part V, Section B for a single hospital facility 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 persons who represent the broad interests 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 (list url)		
b <input type="checkbox"/> Other website (list url)		
c <input type="checkbox"/> Available upon request from the hospital facility		
d <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 as of the end of the tax year)		
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		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> 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		<b>10</b>	Yes		
<b>11</b> 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		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input checked="" type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> 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)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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 individual's eligibility under the facility's FAP					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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 individual's eligibility under the facility's FAP? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					

**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 individuals regarding the individuals' bills

**d** ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy

**e** ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

	Yes	No
<b>19</b> 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	
<b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
<b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing		
<b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		

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

<b>20</b> 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		
<b>a</b> <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
<b>b</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		
<b>c</b> <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
<b>d</b> <input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>21</b> During the tax year, did the hospital facility charge any FAP-eligible individual 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
<b>22</b> During the tax year, did the hospital facility charge any FAP-eligible individual 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. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

[illegible]

**Part V**

**Facility Information** *(continued)*

**Section D. 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)
<b>1</b> _____	
<b>2</b> _____	
<b>3</b> _____	
<b>4</b> _____	
<b>5</b> _____	
<b>6</b> _____	
<b>7</b> _____	
<b>8</b> _____	
<b>9</b> _____	
<b>10</b> _____	

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 7	THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON PART I, LINE 7 IS AS FOLLOWS COST TO CHARGE RATIOS WERE CALCULATED BY TOTAL BUSINESS UNIT OPERATING EXPENSE DIVIDED BY TOTAL GROSS PATIENT REVENUE THIS RATIO WAS THEN APPLIED TO THE PATIENT CHARGES BY FINANCIAL CLASS IN THE BUSINESS UNIT TO ESTIMATE COST BY FINANCIAL CLASS THE COST BY FINANCIAL CLASS WAS THEN OFFSET BY REVENUE, INCLUDING ALLOCATIONS OF REVENUE OUTSIDE OF THE BILLING SYSTEM THE REVENUE OUTSIDE OF THE BILLING SYSTEM CONSISTS OF PROVIDER TAXES, 3RD PARTY SETTLEMENTS, AND OTHER OFFSETTING REVENUE RECORDED IN THE GENERAL LEDGER FOR CHARITY CARE, THE COST TO CHARGE RATIO WAS APPLIED ALL CHARITY CARE DEDUCTIONS

Form and Line Reference	Explanation
PART I, LINE 2	WE APPLY THE SAME FINANCIAL ASSISTANCE POLICY TO ALL HOSPITAL FACILITIES THE BOARD OF DIRECTORS DETERMINED THAT THIS IS EQUITABLE TO EACH OF OUR COMMUNITIES AND CONSISTENT WITH OUR MISSION TO PROMOTE PERSONAL AND COMMUNITY HEALTH OUR FINANCIAL ASSISTANCE POLICY INCLUDES DISCOUNTS FOR UP TO 400% OF FEDERAL POVERTY GUIDELINES

Form and Line Reference	Explanation
PART III, LINE 2	REFER TO PART III, LINE 4 EXPLANATION FOR A DESCRIPTION OF THE METHODOLOGY FOR COMPUTING BAD DEBTS THE AMOUNTS REPORTED REPRESENT THE PATIENT ACCOUNT BALANCES WRITTEN OFF TO BAD DEBT DURING THE YEAR ALONG WITH THE CHANGE IN THE ESTIMATE IN THE BAD DEBT RESERVES ON OUTSTANDING PATIENT ACCOUNTS RECEIVABLE BALANCES LESS ANY RECOVERIES ON PATIENT ACCOUNTS

Form and Line Reference	Explanation
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



Form and Line Reference	Explanation
PART III, LINE 4	6/30/2014 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

Form and Line Reference	Explanation
PART III, LINE 8	THE CALCULATION FOR PART III, LINE 8 IS COMPLETED USING MEDICARE COST REPORT DATA THE MEDICARE AMOUNTS LISTED IN PART III, SECTION B ON LINES 5, 6, AND 7 ARE REPORTED FROM THE MEDICARE COST REPORTS AND DO NOT DO NOT REPRESENT ALL OF THE REVENUES AND COSTS ASSOCIATED WITH PARTICIPATION IN MEDICARE PROGRAMS BY PEACEHEALTH PART III SECTION B DOES NOT ALLOW FOR A FULL REPORTING OF MEDICARE REVENUES AND COSTS AS THE INSTRUCTIONS TO THE FORM 990 LIMIT MEDICARE REVENUES AND ALLOWABLE COSTS TO THOSE FROM THE MEDICARE COST REPORT REVENUE AND COSTS FROM MEDICARE PART C PATIENTS, PART B PHYSICIAN SERVICES BILLED BY THE ORGANIZATION, AND CLINICAL LABORATORY SERVICES WERE NOT INCLUDED IN THE MEDICARE COST REPORT IN ADDITION, HOSPITALS INCUR OTHER COSTS TO PROVIDE CARE THAT MEDICARE DOES NOT ALLOW IN THE COST REPORT THE TOTAL REVENUES AND COSTS ATTRIBUTABLE TO ALL MEDICARE SERVICES ARE 740,000,798 AND 898,548,871 RESPECTIVELY THIS RESULTS IN A TOTAL MEDICARE SHORTFALL OF 158,548,073

Form and Line Reference	Explanation
PART III, LINE 9B	THE COLLECTION POLICIES INVOLVE THE ISSUANCE OF A BILL ON OR SHORTLY AFTER DISCHARGE OR DEATH OF THE BENEFICIARY TO THE PARTY RESPONSIBLE FOR THE PATIENTS PERSONAL FINANCIAL OBLIGATIONS THESE POLICIES ALSO INCLUDE OTHER ACTIONS SUCH AS SUBSEQUENT BILLINGS, GARNISHMENT OF FUTURE EARNINGS OR WAGES, LIENS ON PATIENT ACCOUNTS, COLLECTION LETTERS AND TELEPHONE CALLS OR PERSONAL CONTACTS WITH THIS PARTY WHICH CONSTITUTE A GENUINE, RATHER THAN A TOKEN, COLLECTION EFFORT COLLECTION EFFORTS MAY INCLUDE USING OR THREATENING TO USE COURT ACTION TO OBTAIN PAYMENT

Form and Line Reference	Explanation
PART VI, LINE 2	<p>THE COMMUNITY HEALTH NEEDS ASSESSMENT IS CUSTOMIZED TO THE LOCAL COMMUNITY EACH PEACEHEALTH HOSPITAL CONDUCTS ITS OWN COMMUNITY HEALTH NEEDS ASSESSMENT OR PARTNERS WITH OTHER PEACEHEALTH HOSPITALS TO CONDUCT THE COMMUNITY HEALTH NEEDS ASSESSMENT 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 IN ORDER TO DETERMINE AND ACT ON THE HEALTH CARE NEEDS OF THE COMMUNITY PEACEHEALTH WILL ENGAGE COMMITTEES OF STAFF, BOARD MEMBERS AND VOLUNTEERS TO REVIEW AND ACT ON FUNDING REQUESTS FROM COMMUNITY-BASED ORGANIZATIONS IN MAKING THE 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 BOARD COMMITTEES MAKE WISE STRATEGIC INVESTMENT IN PROGRAMS THAT EFFECTIVELY ADDRESS COMMUNITY NEEDS, THIS PROCESS ALSO KEEPS STAFF AND BOARD MEMBERS ATTUNED TO CHANGES IN THE COMMUNITY WHEN PEACEHEALTH EVALUATES A COMMUNITY'S NEED FOR A PARTICULAR SERVICE, A HOST OF FACTORS ARE ASSESSED, INCLUDING -ALTERNATIVE WAYS TO ACCESS CARE-THE ABILITY TO PROVIDE THE NECESSARY STAFF, EQUIPMENT AND SPACE-THE EFFECT ON THE COMMUNITY AND PATIENTS IF PEACEHEALTH DID NOT PROVIDE THE SERVICE-THE COMMUNITY'S BEST INTEREST-THE RESULTS OF AN ETHICAL DISCERNMENT ON THE OVERALL IMPACT TO THE COMMUNITY 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</p>

Form and Line Reference	Explanation
PART VI, LINE 3	<p>PEACEHEALTH HAS A TIME-HONORED TRADITION OF PROVIDING HEALTH CARE SERVICES TO THE SICK AND AFFLICTED REGARDLESS OF ABILITY TO PAY THIS CONCEPT 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 DELIVERS COST SAVINGS TO NEEDY PATIENTS VIA OUR FINANCIAL ASSISTANCE POLICY (FAP) WHICH CONSISTS OF TWO PARTS BRIDGE FOR UNINSURED PATIENTS AND PATHWAYS FOR INSURED PATIENTS THE FAP PROGRAMS PROVIDE 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 NAMES "BRIDGE AND PATHWAYS" SO THAT PEOPLE USING THESE PROGRAMS CAN REFER TO THEM WITHOUT DISCOMFORT OR EMBARRASSMENT QUALIFIED INDIVIDUALS RECEIVE A LETTER WHICH THEY MAY PRESENT JUST AS ONE WOULD AN INSURANCE CARD MANY INDEPENDENT PROVIDERS IN THE COMMUNITY NOW ACCEPT PEACEHEALTH'S FAP PROGRAMS AS THEIR BENCHMARK FOR PROVIDING SERVICES AT REDUCED OR NO CHARGE THE NAMES REFER TO BRIDGING THE GAP OF FINANCIAL UNCERTAINTY FOR OUR PATIENTS IN NEED OUR FAP ASSISTANCE PROVIDES MEDICALLY NECESSARY AND SOME PREVENTATIVE SERVICES AT PEACEHEALTH FACILITIES AT A REDUCED COST OR WITHOUT CHARGE WHEN PAYMENT CANNOT BE OBTAINED THROUGH ALL OTHER AVAILABLE FINANCIAL RESOURCES THE FAP PROGRAM IS SECONDARY TO ALL OTHER RESOURCES SUCH AS INSURANCE, THIRD PARTY LIABILITY PAYERS, GOVERNMENT PROGRAMS, OUTSIDE AGENCY PROGRAMS, OR PRIVATE MEANS THE PURPOSE OF THE PROGRAM IS TO HELP MANAGE THE DELICATE BALANCE OF FINANCIAL HEALTH AND WISE STEWARDSHIP WITH OUR MISSION OF PROVIDING COMMUNITY SERVICES IN ALL OF OUR SERVICE AREAS OUR FAP ENSURES THAT PATIENTS RECEIVE FAIR AND EQUAL FINANCIAL TREATMENT ACROSS PEACEHEALTH, AND IT WORKS TOGETHER WITH OUR FINANCIAL COUNSELING SERVICES TO HELP PEACEHEALTH IDENTIFY PATIENTS WHO CAN BENEFIT FROM BRIDGE OR PATHWAYS ASSISTANCE HERE IS AN EXAMPLE OF HOW WE WORK WITH OUR LOCAL COMMUNITIES TO ENROLL PEOPLE IN THE PROGRAM PEACEHEALTH ST JOSEPH MEDICAL CENTER WORKS CLOSELY WITH THE WHATCOM ALLIANCE AND THE AREA FEDERALLY QUALIFIED HEALTH CENTERS(FQHCS) TO ENSURE THAT ALL ELIGIBLE PATIENTS SEEKING MEDICAL CARE KNOW ABOUT THE PEACEHEALTH FINANCIAL 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 OR PATHWAYS ASSISTANCE PATIENTS REFERRED FROM COMMUNITY HEALTH CENTERS SEEKING ACCESS TO DONATED SPECIALTY CARE ARE ROUTINELY ENROLLED IN FINANCIAL ASSISTANCE AS PART OF THE PROCESS FOR DETERMINING ELIGIBILITY FOR COMMUNITY-WIDE DONATED CARE COMMUNICATION ELIGIBLE PATIENTS ARE MADE AWARE OF THIS PROGRAM THROUGH A VARIETY OF COMMUNICATION CHANNELS, INCLUDING -REFERRALS FROM COMMUNITY PARTNERS, INCLUDING NONPROFIT COMMUNITY CLINICS THAT ARE FREE OR LOW-COST -INFORMATION POSTED ON OUR WEB SITE AT <a href="http://www.peacehealth.org/about-peacehealth/financial-services/pages/financial-assistance.aspx">HTTP //WWW PEACEHEALTH ORG/ABOUT-PEACEHEALTH/FINANCIAL-SERVICES/PAGES/FINANCIAL-ASSISTANCE ASPX</a>-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 -PHYSICIAN OFFICES-COUNTY HEALTH DEPARTMENTS-REGISTRATION BOOTH/DESK-CHECK-IN AREAS (LAB, IMAGING, ETC)-WAITING AREAS-EXISTING BROCHURE DISPLAYS-ADMINISTRATION-PATIENT EXAM ROOMS (PROVIDER OFFICES)-PAY STATIONS</p>

Form and Line Reference	Explanation
PART VI, LINE 4	<p>PEACEHEALTH OPERATES TEN HOSPITALS IN THREE STATES IN ALASKA, PEACEHEALTH RUNS THE KETCHI KAN MEDICAL CENTER IN KETCHIKAN IN OREGON, PEACEHEALTH OPERATES SACRED HEART MEDICAL CENT ER, UNIVERSITY DISTRICT (EUGENE), SACRED HEART MEDICAL CENTER AT RIVERBEND (SPRINGFIELD), PEACE HARBOR MEDICAL CENTER (FLORENCE), AND COTTAGE GROVE COMMUNITY MEDICAL CENTER (COTTAG E GROVE) IN WASHINGTON, PEACEHEALTH OPERATES SOUTHWEST WASHINGTON MEDICAL CENTER (VANCOUV ER), PEACEHEALTH ST JOHN MEDICAL CENTER (LONGVIEW), PEACEHEALTH ST JOSEPH MEDICAL CENTER (BELLINGHAM), PEACEHEALTH UNITED GENERAL MEDICAL CENTER (SEDRO-WOOLLEY), AND PEACEHEALTH PEACE ISLAND MEDICAL CENTER (FRIDAY HARBOR) COMMUNITY INFORMATION FOR KETCHIKAN, ALASKA NE ARLY 30% OF THE SERVICE AREAS POPULATION IS AMERICAN INDIAN OR ALASKAN NATIVE WITH 21 5% O F THE MORE POPULOUS KETCHIKAN GATEWAY BOROUGH AND 47 3% OF THE PRINCE OF WALES-HYDER CENSU S 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 TH E POPULATION IS 65 YEARS OF AGE OR OLDER, COMPARED TO 7 7% OF STATE OF ALASKA RESIDENTS AN D 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 UNIVER SITY OF OREGON, IS THE LARGEST CITY IN THE COUNTY WITH A 2010 POPULATION OF ABOUT 156,000 RESIDENTS, OR NEARLY 45% OF THE COUNTYS POPULATION THE EUGENE-SPRINGFIELD METRO AREA CONT AINS OVER 60% OF THE COUNTYS 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 RESIDENT S OF HISPANIC ANCESTRY (7 4%) THAN EITHER THE STATE (11 4%) OR THE NATION (16 3%), BUT HIS PANICS 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 CITIE S IN LANE COUNTY THE AGE DEMOGRAPHICS VARY SIGNIFICANTLY BY COMMUNITY OVERALL, LANE COUNT Y HAS A LARGER ELDERLY POPULATION THAN EITHER THE STATE OR NATION (ABOUT 15% VS 14% AND 1 3%, RESPECTIVELY) THIS FINDING HAS SIGNIFICANT IMPLICATIONS FOR OVERALL HEALTH, AS WELL A S FOR THE NEED FOR HEALTH CARE SERVICES SPRINGFIELD, EUGENE AND CRESWELL HAVE MUCH SMALLE R 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 A T 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 COUN TY IN ADDITION, SACRED HEART AT RIVERBEND SERVES AS THE REGIONAL REFERRAL HOSPITAL FOR OT HER PROVIDERS IN LANE COUNTY COMMUNITY INFORMATION FOR FLORENCE, OREGON PEACE HARBORS SERV ICE AREA HAS APPROXIMATELY 28,000 RESIDENTS, MOST OF WHOM RESIDE IN FLORENCE REEDSPORT, WALDPORT 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 STRIKI NG 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 COMMUNI TY IS AT LEAST 65 YEARS OF AGE, AND IN FLORENCE, FULLY 35% OF RESIDENTS ARE 65 OR OLDER T HIS LARGE ELDERLY POPULATION, ALONG WITH TOURISM, HAS BECOME AN IMPORTANT PART OF THE LOCA L ECONOMY AS THE TIMBER AND FISHING INDUSTRIES HAVE DECLINED COMMUNITY INFORMATION FOR COT TAGE 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 POPULATI ON 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 T HE POPULATION THAT IS 65 OR OLDER IS GREATER THAN THAT OF LANE COUNTY AS A WHOLE MOST STR IKING IS ELKTON WHERE 27% OF THE POPULATION WAS AT LEAST 65 YEARS OLD COMMUNITY INFORMATIO N FOR VANCOUVER, WASHINGTON WITHIN THE FOUR COUNTY PORTLAND METROPOLITAN AREA, CLARK COUNT Y 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 LA</p>

Form and Line Reference	Explanation
PART VI, LINE 4	<p>RGEST CITY IN THE COUNTY IS VANCOUVER, WHICH HAS 38% OF THE COUNTYS POPULATION OTHER LARG ER CITIES INCLUDE CAMAS, BATTLE GROUND AND WASHOUGAL AS WITH MANY PRIMARILY SUBURBAN COMM UNITIES, 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 SMALLE ST HISPANIC POPULATION IN THE PORTLAND METRO AREA WITHIN CLARK COUNTY, THE CITIES OF VANC OUV ER AND WOODLAND HAVE RELATIVELY LARGE HISPANIC POPULATIONS THE PROPORTION OF ELDERLY P OPULATION 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 RESI DENTS THIS IS FOLLOWED BY THE GEOGRAPHICALLY ADJACENT CITY OF KELSO, WHICH HAS ABOUT A QU ARTER OF THE COUNTYS 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 TH E 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, RANG ING 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 TH E 2010 CENSUS, 201,140 PEOPLE LIVE IN WHATCOM COUNTY MOST (43%) LIVE IN UNINCORPORATED AR EAS, AND 40% (80,885) LIVE IN BELLINGHAM FROM 2000 TO 2010, WHATCOM COUNTYS POPULATION IN CREASED 21%, COMPARED TO THE 14% INCREASE IN POPULATION FOR WASHINGTON STATE AS A WHOLE TH E COUNTYS POPULATION IS GETTING OLDER AS THE MEDIAN AGE GREW FROM 34 IN 2000 TO 36 1 IN 20 10 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 INCREA SED 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 SA N JUAN ISLANDS ARCHIPELAGO AND IS THE COUNTY SEAT OF SAN JUAN COUNTY AS OF THE CENSUS OF 2 010, 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 O F WHICH 27 3% HAD CHILDREN UNDER THE AGE OF 18 LIVING WITH THEM, 30 2% WERE MARRIED COUPLE S 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 WE RE MADE UP OF INDIVIDUALS AND 17 7% HAD SOMEONE LIVING ALONE WHO WAS 65 YEARS OF AGE OR OL DER COMMUNITY INFORMATION FOR SEDRO-WOOLLEY, WASHINGTON SEDRO-WOOLLEY IS A CITY IN SKAGI T COUNTY, WASHINGTON, UNITED STATES THE POPULATION WAS 10,540 AT THE 2010 CENSUS AS OF TH E CENSUS OF 2010, THERE WERE 10,540 PEOPLE, 3,995 HOUSEHOLDS, AND 2,609 FAMILIES RESIDING IN THE CITY</p>

Form and Line Reference	Explanation
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 PEACEHEALTH CONTRIBUTES TO THE HEALTH OF THE COMMUNITY BY OFFERING A VARIETY OF SERVICES TO ATTEND TO PREVENTATIVE, ACUTE AND CHRONIC HEALTH CARE SERVICES WITHIN THE COMMUNITIES IT SERVES THE PEACEHEALTH 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 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 COMPLETED A CHNA FOR EACH PEACEHEALTH HOSPITAL REQUIRED TO PROVIDE ONE THE COMPLETED CHNAS ALLOW FOR DEEPER UNDERSTANDING OF THE HEALTH NEEDS OF OUR COMMUNITIES 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 EACH HOSPITAL HAS IDENTIFIED PLANS TO ADDRESS PRIORITIZED NEEDS AND CONTINUES TO PURSUE OPPORTUNITIES TO ENHANCE THE OVERALL WELLBEING OF THE COMMUNITY 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



Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	AK,OR,WA

Additional Data

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

Form 990 Schedule H, Part V Section A. Hospital Facilities

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?  
10

Name, address, primary website address,  
and state license number

		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			A
6	PH PEACE HARBOR MEDICAL CENTER 400 9TH STREET FLORENCE,OR 97439	X				X		X			A
7	PH COTTAGE GROVE COMMUNITY MED CTR 1515 VILLAGE DRIVE COTTAGE GROVE,OR 97424	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
10	PH UNITED GENERAL MEDICAL CENTER 4000 HOSPITAL DRIVE SEDROWOOLLEY,WA 98284	X				X		X			B

990 Schedule H, Supplemental Information

**Section C. Supplemental Information for Part V, Section B.**Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
PART V, SECTION B, LINE 1	
PART V, SECTION B, LINE 3	FOR FACILITY REPORTING GROUP A 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
PART V, SECTION B, LINE 4	FOR FACILITY REPORTING GROUP A THE CHNA WAS CONDUCTED CONCOMITANTLY WITH THE HOSPITALS LISTED IN FACILITY REPORTING GROUP A IN PART V, SECTION A
PART V, SECTION B, LINE 7	FOR FACILITY REPORTING GROUP A WHILE THE PEACEHEALTH MEDICAL CENTERS STRIVE TO ADDRESS ALL NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT, CONSTRAINTS ON RESOURCES AND TIME PREVENT COMPLETE ADDRESSING OF ALL COMMUNITY HEALTH NEEDS
PART V, SECTION B, LINE 20D	FOR FACILITY REPORTING GROUP A EXPLANATION OF OTHER METHODS TO DETERMINE AMOUNT BILLED IN RESPECT OF INDIVIDUALS REQUIRING FINANCIAL ASSISTANCE UNDER A HOSPITAL FINANCIAL ASSISTANCE POLICY (FAP) WILL NOT BE CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED (AGB), THE 'LOOK BACK' METHOD IS APPLIED USING MEDICARE AND INSURED ACCOUNTS THE LOWEST AGB FOR ANY OF OUR FACILITIES IS 35% UPON DETERMINATION THAT THE PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE A SLIDING DISCOUNT IS APPLIED THERE ARE DIFFERENT DISCOUNTS A SLIDING SCALE DEPENDING ON WHETHER THE PATIENT HAS INSURANCE COVERAGE FOR PATIENTS WITHOUT INSURANCE, THE DISCOUNTS RANGE FROM 65% TO 100% FOR PATIENTS WITH INSURANCE THE DISCOUNTS RANGE FROM 20% TO 100% WHILE THE RATE INSURED PATIENTS 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 B REFER TO ABOVE EXPLANATION FOR FACILITY REPORTING GROUP A ALL PEACEHEALTH HOSPITALS HAVE THE SAME FINANCIAL ASSISTANCE POLICIES IN PLACE

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

▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

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

20

3

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

26

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. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
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

Additional Data

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SISTERS OF ST JOSEPH OF PEACE 1663 KILLAMEY WAY PO BOX 248 BELLEVUE,WA 98009	91-0567741	501(C)(3)	306,600				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 ACCESS 800 EAST CHESTNUT LL STE 2 BELLINGHAM, WA 98225	81-0677295	501(C)(3)	215,000				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
INTERFAITH COMMUNITY HEALTH CENTER 220 UNITY STREET BELLINGHAM,WA 98225	91-2168190	501(C)(3)	102,000				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
AKEELA INC 360 W BENSON BLVD STE 300 ANCHORAGE,AK 99503	92-0046154		100,000	519,800	FMV	DONATION OF BUILDING IN KETCHIKAN, ALASKA	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
FREE CLINIC OF SOUTHWEST WASHINGTON 4100 PLOMONDON ST VANCOUVER, WA 98661	91-1707542	501(C)(3)	75,000				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 COMMUNITY COLLEGE 8000 EAST 30TH AVENUE EUGENE, OR 97405	93-0546223	UNIV	72,250				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
LANE COMMUNITY COLLEGE FOUNDATION 4000 EAST 30TH AVE EUGENE, OR 97405	23-7113266	501(C)(3)	68,750				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
UNITED WAY OF LANE COUNTY 3171 GATEWAY LOOP SPRINGFIELD, OR 97477	93-0394142	501(C)(3)	48,610				COMMUNITY HEALTH NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WILLAMETTE FAMILY TREATMENT 687 CHESHIRE STREET EUGENE, OR 97402	93-0569684		45,000				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
PATHWAYS 2020 1452 HUDSON ST US BANK STE 209 LONGVIEW, WA 98632	91-1954815		36,000				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
AMERICAN NATIONAL RED CROSS 2025 E STREET NW WASHINGTON, DC 20006	53-0196605	501(C)(3)	100,398				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
CATHOLIC RELIEF SERVICES USCCB 228 W LEXINGTON ST BALTIMORE, MD 21201	13-5563422	501(C)(3)	24,088				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
BRIGID COLLINS HOUSE 1231 N GARDEN STREET 200 BELLINGHAM, WA 98225	94-3121951		21,850				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 MINISTRIES 910 WHOLLY STREET BELLINGHAM, WA 98225	91-0659437	501(C)(3)	20,000				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
THE VOLUNTEERS IN MEDICINE CLINIC 3321 W 11TH AVENUE EUGENE, OR 97402	93-1276816	501(C)(3)	15,000				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
FAIRGROUNDS SITE MANAGEMENT GROUP INC DBA CLARK COUNTY EVENTS CENTER 17402 NE DELFEL ROAD RIDGEFIELD,WA 98642	20-2056224		11,000				COMMUNITY BENEFIT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANE METRO PARTNERSHIP 1401 WILLAMETTE ST 2ND FLOOR EUGENE,OR 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
LANE COUNTY SCHOOL DISTRICT 40 AKA CRESWELL SCHOOL DISTRICT 998 WEST A STREET CRESWELL, OR 97426	93-6000586	GOVT	10,000				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
WHATCOM BUSINESS ALLIANCE 2423 E BAKERVIEW ROAD BELLINGHAM,WA 98226	45-4984520	501(C)(3)	10,000				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
IDENTITY CLARK COUNTY 915 BROADWAY SUITE 302 VANCOUVER, WA 98660	91-1623724	501(C)(3)	8,000				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
SILVER STAR SEARCH AND RESCUE 1220 A STREET PO BOX 443 WASHOUGAL,WA 98671	23-7381444		7,500				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
LOWER COLUMBIA COLLEGE PO 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
LONGVIEW EARLY EDITION ROTARY FOUNDATION 950 12TH AVE STE 150 LONGVIEW,WA 98632	30-0474480	501(C)(3)	6,500				EDUCATION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EUGENE SCHOOL DISTRICT 4J LANE COUNTY 2455 WILLAKENZIE RD EUGENE,OR 97401	93-6000566	GOVT	6,000				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
HIV ALLIANCE 1966 GARDEN AVENUE EUGENE, OR 97403	93-0963546	501(C)(3)	6,000				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
BOYS OF SUMMER INC DBA COWLITZ BLACK BEARS 3219 E CAMELBACK ROAD STE 809 PHOENIX,AZ 85018	93-0394142		6,000				COMMUNITY BENEFIT

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
PEACEHEALTH

Employer identification number  
91-0939479

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input checked="" type="checkbox"/>	First-class or charter travel	<input checked="" type="checkbox"/>	Housing allowance or residence for personal use
<input checked="" type="checkbox"/>	Travel for companions	<input checked="" type="checkbox"/>	Payments for business use of personal residence
<input checked="" type="checkbox"/>	Tax idemnification and gross-up payments	<input type="checkbox"/>	Health or social club dues or initiation fees
<input type="checkbox"/>	Discretionary spending account	<input type="checkbox"/>	Personal services (e g , maid, chauffeur, chef)
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all 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 directors, trustees, officers, including 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		
<input checked="" type="checkbox"/>	Compensation committee	<input type="checkbox"/>	Written employment contract
<input checked="" type="checkbox"/>	Independent compensation consultant	<input checked="" type="checkbox"/>	Compensation survey or study
<input type="checkbox"/>	Form 990 of other organizations	<input checked="" type="checkbox"/>	Approval by the board or compensation committee
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a 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?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a Yes	
b	Any related organization?	5b Yes	
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a Yes	
b	Any related organization?	6b Yes	
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in 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

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.

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. PART I, LINES 5B AND 6B. CERTAIN INDIVIDUALS PARTICIPATE IN INCENTIVE COMPENSATION PLANS BASED ON THE CONSOLIDATED PERFORMANCE OF THE ORGANIZATION AND ITS CONTROLLED AFFILIATES FOR THEIR COLLECTIVE OUTCOMES OF QUALITY, SERVICE, CAREGIVER ENGAGEMENT, AND FINANCIAL PERFORMANCE. ANY INCENTIVES PAID ARE INCLUDED IN BONUS COMPENSATION. OTHER REPORTABLE COMPENSATION INCLUDES RELOCATION (MOVING) ALLOWANCES, SEVERANCE, AND OTHER TAXABLE BENEFITS.
ADDITIONAL COMMENTARY	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.

Additional Data

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 PRESIDENT & CEO	(i) (ii)	951,642 0	0 0	9,581 0	375,149 0	30,370 0	1,366,742 0	0 0
STUART P HENNESSEY SENIOR VP	(i) (ii)	430,602 0	20,000 0	9,217 0	235,396 0	34,415 0	729,630 0	0 0
KEVIN WALSTROM SENIOR VP	(i) (ii)	518,107 0	10,000 0	3,625 0	181,815 0	29,594 0	743,141 0	0 0
MARK MCCAMPBELL SENIOR VP	(i) (ii)	217,045 0	10,000 0	13,348 0	4,541 0	20,401 0	265,335 0	0 0
PETER ADLER SENIOR VP	(i) (ii)	440,544 0	104,123 0	1,739 0	181,876 0	34,796 0	763,078 0	0 0
RYAN BALL SENIOR VP	(i) (ii)	162,838 0	10,000 0	0 0	0 0	17,668 0	190,506 0	0 0
NANCY STEIGER SENIOR VP	(i) (ii)	495,706 0	82,092 0	7,671 0	182,570 0	27,835 0	795,874 0	0 0
CAROL AARON SENIOR VP	(i) (ii)	415,187 0	66,679 0	9,805 0	156,357 0	22,754 0	670,782 0	0 0
ELAINE SVIGEL DUNDA SENIOR VP	(i) (ii)	391,061 0	30,000 0	6,725 0	165,389 0	23,742 0	616,917 0	0 0
HOWARD GRAMAN MD SENIOR VP	(i) (ii)	521,477 0	25,000 0	5,159 0	137,147 0	34,394 0	723,177 0	0 0
JOSIAH JOHNSON SENIOR VP	(i) (ii)	382,433 0	5,000 0	0 0	151,408 0	33,509 0	572,350 0	0 0
JOHN HILL SENIOR VP	(i) (ii)	523,800 0	35,000 0	9,399 0	130,950 0	26,020 0	725,169 0	0 0
RAN WHITEHEAD CEO - PEACEHEALTH LABS	(i) (ii)	293,780 0	0 0	1,737 0	37,368 0	33,597 0	366,482 0	0 0
JOSEPH KORTUM SENIOR VP	(i) (ii)	698,838 0	0 0	5,534 0	291,718 0	23,855 0	1,019,945 0	0 0
DENNIS GORY MD	(i) (ii)	844,785 0	0 0	832 0	69,154 0	28,501 0	943,272 0	0 0
ERIC HAUCK MD	(i) (ii)	1,184,171 0	32,464 0	0 0	52,702 0	41,266 0	1,310,603 0	0 0
STEPHEN COOK MD	(i) (ii)	798,843 0	0 0	0 0	62,798 0	35,178 0	896,819 0	0 0
DAVID DUKE MD	(i) (ii)	710,058 0	107,024 0	866 0	66,178 0	30,078 0	914,204 0	0 0
RAMAKOTA REDDY MD	(i) (ii)	798,564 0	0 0	0 0	59,342 0	34,924 0	892,830 0	0 0
JOHN HAUGHOM SENIOR VP	(i) (ii)	0 0	0 0	122,449 0	0 0	5,590 0	128,039 0	0 0

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				
TOD CASEY	(i)	142,388	0	0	85,085	21,871	249,344	0
WOODARD SENIOR	(ii)	0	0	0	0	0	0	0
VP								

## 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.**

► Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**Open to Public Inspection**

Employer identification number

91-0939479

	(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

		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	
		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	

		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 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
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	1 000 %		1 000 %		1 000 %		1 000 %	
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 the 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
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. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K, PART III, LINE 4	PERCENTAGE OF BOND FINANCED PROPERTY USED IN PRIVATE BUSINESS A DE MINIMIS 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 PIVATE BUSINESS USE OF BOND FINANCED PROPERTY

Return Reference	Explanation
SCHEDULE K, PART III, LINES 8A, 8B, AND 8C	DISPOSITIONS OF BOND-FINANCED PROPERTY IN THE ORDINARY COURSE OF BUSIENSS, 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 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.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

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 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government							
	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5							
	0 %		0 %		0 %		0 %	
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							
	1 000 %		1 000 %		1 000 %		1 000 %	
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 the 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
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. Provide additional information for responses to questions on Schedule K (see instructions).

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.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

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	WA HEALTHCARE FACILITIES AUTHORITY	91-1108929	93978HJM8	03-18-2014	44,678,262	REFUND PRIOR BOND ISSUE		X		X		X
B	OR FACILITIES AUTHORITY	93-6001787	68608JSB8	03-18-2014	71,088,211	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	44,678,262		71,088,211					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	873,262		1,019,562					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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					
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					
c	Are there any research agreements that may result in private business use of bond-financed property?							
		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government							
	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government							
	0 %		0 %					
6	Total of lines 4 and 5							
	0 %		0 %					
7	Does the bond issue meet the private security or payment test?							
		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					
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of							
	1 000 %		1 000 %					
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?							
	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					

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				
2	If "No" to line 1, did the following apply?							
a	Rebate not due yet?							
		X		X				
b	Exception to rebate?							
	X		X					
c	No rebate due?							
		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				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?							
		X		X				
b	Name of provider							
c	Term of hedge							
d	Was the hedge superintegrated?							
e	Was the 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				
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				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
	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					

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

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.  
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

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**2013**  
Open to Public Inspection

Name of the organization  
PEACEHEALTH

Employer identification number  
91-0939479

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) SEE PART V DISCLOSURE					No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
SCHEDULE L, PART IV	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)\$2 4 MILLION IN RENT PAYMENTS FROM PEACEHEALTH TO THE SPLIT INTEREST TRUSTS AND 2) SPLIT INTEREST TRUSTS MADE LOAN PAYMENTS OF \$2 09 MILLION AND \$857,000 IN INTEREST AS PAYMENT ON DEBT TO PEACEHEALTH AS OF 06/30/14, THE SPLIT INTEREST TRUSTS HAVE A LIABILITY TO THE DONORS OF APPROXIMATELY \$14 86 MILLION CERTAIN INTERESTED PERSONS AND OTHERS ENGAGED IN TRANSACTIONS WITH THE SPLIT INTEREST TRUSTS DURING THE CURRENT FISCAL YEAR THESE INDIVIDUALS CONTRIBUTED \$151,832 TO THE SPLIT INTEREST TRUSTS THE SPLIT INTEREST TRUSTS PAID IN AGGREGATE TO THESE INDIVIDUALS APPROXIMATELY \$24,534 UPON THE DEATH OF THE INDIVIDUAL, AND OR THEIR SUCCESSOR, THEIR OWNERSHIP INTERESTS IN THESE SPLIT INTEREST TRUSTS WILL REVERT BACK TO PEACEHEALTH NO INDIVIDUALS HAD TRANSACTIONS ABOVE THE REPORTING THRESHOLDS DURING FISCAL YEAR 2014



**SCHEDULE O**  
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ****2013****Open to Public  
Inspection****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.****▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at  
[www.irs.gov/form990](http://www.irs.gov/form990).**Name of the organization  
PEACEHEALTH

Employer identification number

91-0939479

**Return  
Reference****Explanation**FORM 990,  
PART VI,  
SECTION A,  
LINE 4

PEACEHEALTH ADOPTED AN AMENDMENT TO ITS BYLAWS WHICH MADE PEACEHEALTH NETWORKS (EIN 91-1230425), FORMERLY KNOWN AS SOUTHWEST WASHINGTON HEALTH SYSTEM, THE SOLE CORPORATE MEMBER OF PEACEHEALTH NETWORKS IS A 501(C)(3) ORGANIZATION WHEN PEACEHEALTH AFFILIATED WITH SOUTHWEST WASHINGTON HEALTH SYSTEM IN JANUARY 2011, PEACEHEALTH BECAME THE SOLE MEMBER OF SOUTHWEST WASHINGTON HEALTH SYSTEM EFFECTIVE JANUARY 1, 2014, SOUTHWEST WASHINGTON HEALTH SYSTEM AND PEACEHEALTH WERE REORGANIZED SO THAT THE CORPORATE MEMBERSHIP RELATIONSHIP BETWEEN THEM WAS REVERSED FROM WHAT IT HAD BEEN FOR THE THREE PREVIOUS CALENDAR YEARS EFFECTIVE JANUARY 1, 2014, SOUTHWEST WASHINGTON HEALTH SYSTEM (NOW KNOWN AS PEACEHEALTH NETWORKS) BECAME THE SOLE MEMBER OF PEACEHEALTH EFFECTIVE FEBURARY 2014, THE NAME OF SOUTHWEST WASHINGTON HEALTH SYSTEM WAS CHANGED TO PEACEHEALTH NETWORKS PEACEHEALTH NETWORKS (FORMERLY KNOWN AS SOUTHWEST WASHINGTON HEALTH SYSTEM) AMENDED ITS BYLAWS EFFECTIVE NOVEMBER 22, 2013, RESULTING IN HAVING THE CURRENT PEACEHEALTH NETWORKS BOARD COMPOSITION IDENTICAL TO THE PEACEHEALTH BOARD THE AMENDED BYLAWS DO ALLOW ADDITIONAL MEMBERS BE APPOINTED TO THE PEACEHEALTH NETWORKS BOARD, BUT NONE HAVE BEEN APPOINTED AS OF THIS FILING PEACEHEALTH NETWORKS CURRENTLY HAS NO OPERATIONS AND HOLDS NO FINANCIAL ASSETS IN ITS OWN NAME (OTHER THAN SHARES OF STOCK IN COLUMBIA UNITED PROVIDERS, A LICENSEE OF THE WASHINGTON STATE OFFICE OF THE INSURANCE COMMISSIONER)

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	REFER TO THE ABOVE EXPLANATION FOR FORM 990, PART VI, SECTION A, LINE 4

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	REFER TO THE ABOVE EXPLANATION FOR FORM 990, PART VI, SECTION A, LINE 4

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S ACCOUNTING DEPARTMENT PREPARES THE RETURN AND WORKS CLOSELY WITH MANAGEMENT TO PREPARE AND REVIEW THE RETURN. THE CFO AND LEGAL DEPARTMENT REVIEW A DRAFT OF THE FORM 990 AND PROVIDE COMMENTS. THE DRAFT IS FORWARDED TO THE STEWARDSHIP COMMITTEE AND TO THE ENTIRE BOARD OF DIRECTORS PRIOR TO FILING THE RETURN.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	<p>PURSUANT TO THE CONFLICTS OF INTEREST POLICY, AN ANNUAL CONFLICT OF INTEREST QUESTIONNAIRE, AIMED AT DETERMINING ANY FAMILY AND BUSINESS RELATIONSHIPS AND TRANSACTIONS OR OTHER TRANSACTIONS THAT MAY POSE A POTENTIAL CONFLICT, IS DISTRIBUTED TO ALL BOARD MEMBERS. BOARD MEMBERS ARE ALSO REQUIRED TO DISCLOSE REAL OR POTENTIAL CONFLICTS AT THE TIME WHEN SUCH CONFLICTS ARISE. OFFICERS AND ANY KEY EMPLOYEES OF PEACEHEALTH MUST AGREE TO THE CONFLICT OF INTEREST POLICY AT THE TIME OF THEIR HIRE. THE CONFLICT OF INTEREST POLICY IS DISCUSSED WITH THE EMPLOYEE AT THEIR ANNUAL PERFORMANCE MEETING AND THE EMPLOYEE MUST SELF-DISCLOSE ANY CONFLICTS AT THIS TIME. HOWEVER, DIRECTORS, OFFICERS AND KEY EMPLOYEES ARE REQUIRED TO CONTINUALLY CONSIDER CONFLICT OF INTEREST PRECEPTS AND SELF-DISCLOSE ANY POTENTIAL CONFLICT AT THE TIME IT ARISES. SHOULD A POTENTIAL CONFLICT OF INTEREST ARISE, THE BOARD MEMBER HAVING A POTENTIAL CONFLICT OF INTEREST SHALL NOT PARTICIPATE IN DISCUSSIONS, USE PERSONAL INFLUENCE OR VOTE ON THE MATTER IN QUESTION. THE CONFLICT OF INTEREST STATEMENTS AND CORRESPONDING POLICIES ARE MONITORED AND DECISIONS ON CONFLICTS ARE MADE BY THE PEACEHEALTH BOARD OF DIRECTORS.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>THE PEACEHEALTH BOARD OF DIRECTORS REVIEWS AND DETERMINES COMPENSATION FOR THE CEO. DURING THIS PROCESS THE HUMAN RESOURCES DEPARTMENT WORKS TOGETHER WITH THE BOARD OF DIRECTORS TO DETERMINE COMPARABILITY DATA ACROSS VARIOUS INDUSTRY AND PROFIT/NOT-FOR-PROFIT STATUSES. THE BOARD OF DIRECTORS REVIEWS MARKET DATA, EVALUATES CEO PERFORMANCE AND REVIEWS THE COMPENSATION OF THE CEO. THE BOARD ALSO USES AN INDEPENDENT COMPENSATION CONSULTANT TO HELP DETERMINE EXECUTIVE COMPENSATION. THE REMAINING KEY EMPLOYEES' AND OFFICERS' COMPENSATION IS DETERMINED BY THE EXECUTIVE COMMITTEE OF THE PEACEHEALTH/PEACEHEALTH NETWORKS BOARD OF DIRECTORS. THE GOVERNANCE COMMITTEE USES MANY OF THE SAME METHODS OF ANALYSIS FOR KEY EMPLOYEES AND OFFICERS AS THEY DO WITH THE CEO DETERMINATION, IN ADDITION TO CONSULTING WITH THE HR DEPARTMENT. DECISIONS ARE MADE DURING A BOARD MEETING AND ARE DOCUMENTED IN THE MINUTES TO THE MEETING. THIS PROCESS WAS LAST UNDERTAKEN IN 2014.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	ALL GOVERNING DOCUMENTS, INCLUDING THE CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE ON REQUEST

Return Reference	Explanation
FORM 990, PART XI, LINE 9	CHANGE IN PENSION LIABILITY -6,227,218 DONATIONS FOR LAND, BUILDINGS AND EQUIPMENT 7,030,680 CHANGE IN INTEREST IN RELATED FOUNDATIONS 5,895,161 AFFILIATION WITH UNITED GENERAL HOSPITAL 11,450,000



SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

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2013

Open to Public Inspection

Name of the organization  
PEACEHEALTH

Employer identification number  
91-0939479

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (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	1,636,451	2,410,413	PEACEHEALTH

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Dispropportionate 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	
(1) RIVERBEND AMBULATORY SURGERY CENTER  3355 RIVERBEND DRIVE SPRINGFIELD, OR 97477 20-5575145	MEDICAL	OR	HEALTH VENTURES	RELATED	-36,475	20,000		No			No	54 050 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) COLUMBIA UNITED PROVIDERS  16701 SW MCGILLVRAY BLVD 200 VANCOUVER, WA 98668 91-1624736	PEACEHEALTH NETWORKS	WA	PEACEHEALTH NETWORKS	C			92 000 %		No
(2) POOLED INCOME FUND OF PEACEHEALTH #1  1115 SE 164TH AVE VANCOUVER, WA 98683 27-6030191	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
(3) WHATCOM REGION POOLED INCOME FUND  1115 SE 164TH AVE VANCOUVER, WA 98683 46-6129451	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
(4) LOWER COLUMBIA REGION POOLED INCOME FUND  1115 SE 164TH AVE VANCOUVER, WA 98683 46-6157497	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
(5) OREGON REGION POOLED INCOME FUND  1115 SE 164TH AVE VANCOUVER, WA 98683 46-6180599	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
(6) SUISLAW REGION POOLED INCOME FUND  1115 SE 164TH AVE VANCOUVER, WA 98683 46-6221760	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No
(7) SOUTHWEST REGION POOLED INCOME FUND  1115 SE 164TH AVE VANCOUVER, WA 98683 46-6168710	POOLED INCOME FUND	WA	PEACEHEALTH	T			100 000 %		No

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on 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

No

No

Yes

No

No

No

Yes

No

Yes

No

No

Yes

Yes

No

Yes

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

Schedule R (Form 990) 2013

**Part VI** **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.  
Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) 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) MT BAKER IMAGING PLLC  2930 SQUALICUM PARKWAY SUITE 101BELLINGHAM, WA 98225 35-2252095	MEDICAL	WA	RELATED	Yes		2,093,114	2,524,090		No			No	50 000 %
(2) THE OREGON CANCER CENTERS LTD  ONE POST STREET 35TH FLOORSAN FRANCISCO, CA 94104 75-2715208	MEDICAL	TX	RELATED	Yes		2,388,844	3,721,133		No			No	50 000 %
(3) OREGON IMAGING CENTERS LLC  1200 HILYARD ST STE 330EUGENE, OR 97401 93-1054138	MEDICAL	OR	RELATED	Yes		1,739,934	4,762,505		No			No	50 000 %
(4) SW WA REGIONAL SURGERY CNTR LLC  200 NE MOTHER JOSEPH PLACE 200VANCOUVER, WA 98664 91-1959910	MEDICAL	WA	RELATED	Yes		1,180,644	2,856,429		No			No	25 170 %
(5) COLUMBIA INTEGRATED NETWORK LLC  700 NE 87TH AVENUEVANCOUVER, WA 98664 46-3817787	MEDICAL	WA	RELATED	Yes		-38,498	211,502		No			No	50 000 %

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

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

Additional Data

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) HEALTH VENTURES  1115 SE 164TH AVENUE VANCOUVER, WA 98683 91-1350776	PARTICIPATES IN HEALTHCARE JOINT VENTURES	WA	501(C)(3)	LINE 11A, I	PEACEHEALTH	Yes	
(1) PEACEHEALTH NETWORKS  1115 SE 164TH AVENUE VANCOUVER, WA 98683 91-1230425	SUPPORT PEACEHEALTH	WA	501(C)(3)	LINE 11B, II	N/A		No
(2) PEACEHEALTH SW MEDICAL CENTER FDN  PO BOX 1600 VANCOUVER, WA 98668 91-1231436	FUNDRAISING	WA	501(C)(3)	LINE 7	PEACEHEALTH	Yes	
(3) KETCHIKAN MEDICAL CENTER FDN  3100 TONGASS AVENUE KETCHIKAN, AK 99901 65-1225184	FUNDRAISING	AK	501(C)(3)	LINE 7	PEACEHEALTH	Yes	
(4) COTTAGE GROVE MEDICAL CENTER FDN  1515 VILLAGE DRIVE COTTAGE GROVE, OR 97424 93-0688381	FUNDRAISING	OR	501(C)(3)	LINE 7	PEACEHEALTH	Yes	
(5) PEACE HARBOR MEDICAL CENTER FDN  400 NINTH STREET FLORENCE, OR 97439 93-1084126	FUNDRAISING	OR	501(C)(3)	LINE 7	PEACEHEALTH	Yes	
(6) SACRED HEART MEDICAL CENTER FDN  PO BOX 10905 EUGENE, OR 97440 93-6026548	FUNDRAISING	OR	501(C)(3)	LINE 7	PEACEHEALTH	Yes	
(7) ST JOHN MEDICAL CENTER FDN  1615 DELAWARE STREET PO BOX 3002 LONGVIEW, WA 98632 91-1538852	FUNDRAISING	WA	501(C)(3)	LINE 7	PEACEHEALTH	Yes	
(8) ST JOSEPH MEDICAL CENTER FDN  2901 SQUALICUM PARKWAY BELLINGHAM, WA 98225 72-1545902	FUNDRAISING	WA	501(C)(3)	LINE 7	PEACEHEALTH	Yes	

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	8,500,000	CASH
HEALTH VENTURES	L	28,500	CASH
PEACEHEALTH POOLED INCOME FUNDS	R	2,374,564	AT COST
PEACEHEALTH POOLED INCOME FUNDS	S	857,509	AT COST
RELATED FOUNDATIONS	C	4,499,992	CASH
RELATED FOUNDATIONS	O	2,647,085	AT COST
RELATED FOUNDATIONS	J	51,221	AT COST
RELATED FOUNDATIONS	P	1,235,965	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

**2013**

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	
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 2012 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 2014 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 2013	17	443,434
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 2013 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		144,168	3 0	HY		24,028
b 5-year property		150,404	5 0	HY		22,934
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2013 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	490,396
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 )		
<b>Note:</b> 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 2013 tax year (see instructions)					
43 Amortization of costs that began before your 2013 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	



**PEACEHEALTH NETWORKS**

Consolidated Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

# PEACEHEALTH NETWORKS

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

## **Independent Auditors' Report**

The Board of Directors  
PeaceHealth Networks

We have audited the accompanying consolidated financial statements of PeaceHealth Networks (a Washington not-for-profit corporation), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, 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 Networks as of June 30, 2014 and 2013, 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 40 to 43 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 44 and 45 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  
September 26, 2014

# PEACEHEALTH NETWORKS

## Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

Assets	2014	2013
Current assets		
Cash and cash equivalents	\$ 145,426	92,689
Short-term investments	424,222	276,979
Accounts receivable, net of allowance for doubtful accounts of \$78,193 and \$95,196	302,356	265,512
Other receivables	53,696	38,707
Inventory of supplies	40,353	36,581
Prepaid expenses and other	17,362	18,725
Assets whose use is limited that are required for current liabilities	31,988	29,770
Total current assets	1,015,403	758,963
Assets whose use is limited		
Cash and investments	1,073,757	908,423
Investments in joint ventures and other	30,996	34,952
Total assets whose use is limited	1,104,753	943,375
Less current portion	(31,988)	(29,770)
Net assets whose use is limited	1,072,765	913,605
Property, plant, and equipment		
Land and improvements	128,078	120,838
Buildings, fixed equipment, and other	1,650,533	1,612,140
Moveable equipment	672,675	640,378
Construction in progress	55,531	27,921
Total property, plant, and equipment	2,506,817	2,401,277
Less accumulated depreciation	(1,180,286)	(1,064,262)
Net property, plant, and equipment	1,326,531	1,337,015
Interest in net assets of related foundations	47,963	44,439
Other assets	45,298	30,671
Total assets	\$ 3,507,960	3,084,693

See accompanying notes to consolidated financial statements

**PEACEHEALTH NETWORKS**

## Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

<b>Liabilities and Net Assets</b>	<b>2014</b>	<b>2013</b>
Current liabilities		
Accounts payable	\$ 126,988	79,418
Accrued pay roll, pay roll taxes, and employee benefits	157,489	150,694
Accrued interest payable	5,314	5,138
Other current liabilities	37,347	32,490
Reimbursement settlements payable	6,792	9,768
Current portion of long-term debt	33,250	20,683
Total current liabilities	367,180	298,191
Other long-term liabilities	301,504	263,816
Long-term debt, net current portion	1,060,353	905,858
Net assets		
Unrestricted, controlling	1,707,475	1,550,375
Unrestricted, noncontrolling interest	4,382	2,605
Temporarily restricted	49,693	37,798
Permanently restricted	17,373	26,050
Total net assets	1,778,923	1,616,828
Total liabilities and net assets	\$ 3,507,960	3,084,693

See accompanying notes to consolidated financial statements

**PEACEHEALTH NETWORKS**  
Consolidated Statements of Operations  
Years ended June 30, 2014 and 2013  
(In thousands)

	<u>2014</u>	<u>2013</u>
Revenues		
Net patient service revenue before provision for bad debts	\$ 2,156,154	2,145,535
Provision for bad debts	(105,027)	(161,192)
Net patient service revenue	2,051,127	1,984,343
Premium revenue	113,008	92,358
Other operating revenue	81,731	94,056
Total revenues	<u>2,245,866</u>	<u>2,170,757</u>
Expenses		
Salaries and wages	1,018,724	989,540
Payroll taxes and benefits	226,756	251,407
Supplies	308,840	308,747
Purchased services	233,571	200,416
Other	253,136	236,239
Depreciation and amortization of other assets	134,254	150,299
Interest and amortization of deferred financing costs	31,984	24,261
Total expenses	<u>2,207,265</u>	<u>2,160,909</u>
Income from operations	38,601	9,848
Other income (loss)		
Investment income, net	130,652	61,538
Loss on investments recorded on the equity method	(43)	(1,138)
Loss on bond refinancing	(2,680)	—
Change in valuation of interest rate swaps	(18,860)	35,317
Contribution from the United General Hospital affiliation	11,450	—
Other	3,226	(9,124)
Excess of revenues over expenses	162,346	96,441
Net assets released from restrictions for property, plant and equipment	5,249	6,571
Change in interest in net assets of related foundations	2,089	547
Change in pension liability	(6,227)	27,964
Other changes in unrestricted net assets	(4,580)	(6,695)
Increase in unrestricted net assets	<u>\$ 158,877</u>	<u>124,828</u>

See accompanying notes to consolidated financial statements



**PEACEHEALTH NETWORKS**  
Consolidated Statements of Changes in Net Assets  
Years ended June 30, 2014 and 2013  
(In thousands)

	<b>Unrestricted controlling</b>	<b>Unrestricted noncontrolling interest</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Net assets at June 30, 2012	\$ 1,426,220	1,932	35,644	11,380	1,475,176
Excess of revenues over expenses	95,768	673	—	—	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	124,155	673	2,154	14,670	141,652
Net assets at June 30, 2013	1,550,375	2,605	37,798	26,050	1,616,828
Excess of revenues over expenses	160,569	1,777	—	—	162,346
Other restricted contributions	—	—	12,132	—	12,132
Net assets released from restrictions	5,249	—	(5,249)	—	—
Change in interest in net assets of related foundations	2,089	—	5,012	(3,577)	3,524
Change in pension liability	(6,227)	—	—	—	(6,227)
Other changes in net assets	(4,580)	—	—	(5,100)	(9,680)
Change in net assets	157,100	1,777	11,895	(8,677)	162,095
Net assets at June 30, 2014	\$ 1,707,475	4,382	49,693	17,373	1,778,923

See accompanying notes to consolidated financial statements

# PEACEHEALTH NETWORKS

## Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 162,095	141,652
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	134,630	151,482
Contribution from affiliation with United General	(11,450)	—
Gain on sale of land held for sale and property, plant, and equipment	(1,430)	(2,524)
Provision for bad debts	105,027	161,192
Change in pension liability	6,227	(27,964)
Restricted contributions	(5,249)	(12,778)
Net change in unrealized gains on investments	(32,072)	(32,091)
Realized gains on investments	(49,231)	(3,615)
Valuation adjustments on swap arrangements	3,844	(50,809)
Loss on refinancing	2,680	—
Impairment of intangible assets	—	6,600
Vesting of Class B units	(3,196)	—
Equity investment loss	43	1,138
Increase in interest in net assets of related foundations	(3,524)	(11,776)
Distributions of earnings from joint ventures	8,373	9,405
Changes in operating assets and liabilities		
Increase in		
Accounts receivable, net	(141,871)	(183,972)
Other assets	(22,969)	(1,598)
Increase in		
Accounts payable	47,570	8,774
Accrued payroll, payroll taxes, and employee benefits	6,795	14,494
Other liabilities	29,674	6,810
Net cash provided by operating activities	235,966	174,420
Cash flows from investing activities		
Purchase of property, plant, and equipment	(121,688)	(107,490)
Proceeds from sale of land held for sale and property, plant, and equipment	535	11,262
Capital contributions to joint ventures	(4,834)	(2,535)
Purchase of investments	(410,562)	(383,654)
Sales and maturities of investments	182,858	175,498
Net cash used in investing activities	(353,691)	(306,919)
Cash flows from financing activities		
Proceeds from long-term borrowings	416,400	156,910
Principal payments on long-term debt	(249,338)	(79,097)
Proceeds from restricted contributions	5,249	12,778
Deferred financing costs expended	(1,849)	(417)
Swap contract termination fees expended	—	(12,165)
Net cash provided by financing activities	170,462	78,009
Net increase (decrease) in cash and cash equivalents	52,737	(54,490)
Cash and cash equivalents at beginning of year	92,689	147,179
Cash and cash equivalents at end of year	\$ 145,426	92,689

See accompanying notes to consolidated financial statements

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

#### (1) Organization

##### *(a) Corporate Structure*

PeaceHealth Networks is a Washington not-for-profit corporation, recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, which is the sole corporate member of PeaceHealth, which is also a Washington not-for-profit corporation, recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, with its corporate office located in Vancouver, Washington. PeaceHealth Networks is not affiliated with the Roman Catholic Church, currently has no operations, and currently holds no financial assets in its own name (other than shares of stock in Columbia United Providers), however, it is the member corporation of PeaceHealth, which is a Private Pontifical Juridic Person according to the canon law of the Roman Catholic Church, does have extensive healthcare operations and holds substantial financial assets. Effective January 1, 2014, PeaceHealth Networks and PeaceHealth were reorganized so that the corporate membership relationship between them was reversed from what it had been for the three previous calendar years, as described hereafter. When PeaceHealth affiliated with Southwest Washington Health System in January 2011, PeaceHealth became the sole member of Southwest Washington Health System. Effective January 1, 2014, Southwest Washington Health System became the sole member of PeaceHealth. Effective February 2014, the name of Southwest Washington Health System was changed to PeaceHealth Networks. PeaceHealth Networks and its associated entities are collectively referred to herein as "the Corporation." PeaceHealth Networks and PeaceHealth are the only members of the Corporation's Obligated Group. At June 30, 2014, the following regional healthcare delivery systems and operating divisions were components of PeaceHealth:

##### Northwest Network

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

##### Columbia Network

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

##### Oregon West 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

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

These regional healthcare delivery systems and operating divisions, provide inpatient, outpatient, primary care and home care services in Alaska, Washington and Oregon. These divisions primarily operate in Ketchikan, Alaska, Bellingham, Friday Harbor, Sedro Woolley, Longview and Vancouver, Washington, Springfield, Eugene, Florence and Cottage Grove, Oregon.

PeaceHealth Networks included the following controlled affiliates at June 30, 2014:

- PeaceHealth
- Health Ventures
- Pooled Income Funds (including Charitable Life Income Funds)
- PeaceHealth Southwest Medical Center Foundation
- Columbia United Providers (CUP)

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

#### **(b) Affiliations**

During 2013, the Corporation entered into an affiliation agreement with United General Hospital, a critical access hospital in Sedro Woolley, Washington. As part of the agreement, the Corporation leases the building and equipment from the hospital district, and operates the hospital. As part of the transaction, the Corporation recognized an intangible asset in other assets of \$11,450 for the estimated fair value of the lease agreement, which is being amortized over the 30-year lease term. In addition, the Corporation acquired certain assets and assumed specific liabilities. No consideration was transferred, and the Corporation recorded a contribution from United General Hospital of \$11,450 in other income on the statement of operations in fiscal year 2014 upon completion of the affiliation. United General Hospital has approximately \$40,000 in net operating revenue annually.

### **(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

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

included in assets whose use is limited by the board of directors. The Corporation held cash equivalents of approximately \$53,899 and \$83,567 as of June 30, 2014 and 2013, 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 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, self-insured liabilities 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, 2014 and 2013. 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

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

carrying amount. No impairment losses related to property, plant and equipment were recognized during the years ended June 30, 2014 and 2013.

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. During fiscal year 2014, the Corporation re-evaluated the remaining useful lives of certain buildings. As a result, the remaining useful life was increased, decreasing depreciation expense by approximately \$11,052 as compared to fiscal year 2013.

The Corporation capitalized salary and wages along with related benefit costs in the amount of \$3,946 and \$3,897 during 2014 and 2013, respectively, related to the development of software for internal use.

#### **(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	10–75 years
Leasehold improvements	Shorter of remaining length of the lease or useful life
Moveable equipment	3–30 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. Intangible assets with indefinite lives are evaluated annually for impairment. Impairment losses of \$0 and \$6,600 were recognized during the years ended June 30, 2014 and 2013, respectively, which is included in other income (loss) on the consolidated statements of operations.

#### **(j) Other Long-Term Liabilities**

Other long-term liabilities consists primarily of the estimated fair value associated with the Corporation's interest rate swaps of approximately \$95,461 and \$91,617 at June 30, 2014 and 2013, respectively, the liability for the Southwest Washington Health System Retirement Plan of approximately \$58,473 and \$57,620 at June 30, 2014 and 2013, respectively, and the long-term portion of the liability for the self-insurance programs of approximately \$72,619 and \$51,850 at June 30, 2014 and 2013, respectively.

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

**(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.

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 sheets as the asset caption interest in net assets of related foundations, and the annual changes as shown in the consolidated statements of changes in net assets.

**(m) Separation Benefits**

The Corporation actively seeks operational efficiency improvements. These plans may result in employees becoming eligible for separation benefits upon termination. The Corporation recognizes these benefits upon its communication to employees. In 2014 and 2013, \$7,730 and \$7,296, respectively, were expensed as salaries, wages and benefits.

**(n) Pooled Income Funds**

The Corporation has created several pooled income funds. These funds are structured such that the Corporation sold and leased back certain properties. Donors make a contribution and receive annuity payments based on the associated rental income. Upon the annuity termination, the remaining interest is transferred to the Corporation. At June 30, 2014 and 2013, the Corporation has recorded the present value of the annuity payments of \$14,864 and \$9,500, respectively, as part of other long-term liabilities. The discount rate was 4.4% and 4.7% at June 30, 2014 and 2013, respectively.

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

### (o) *Net Patient Service Revenue*

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:

	<b>2014</b>	<b>2013</b>
Medicare	40%	36%
Medicaid	19	11
Commercial and other	40	52
Private pay	1	1
	<u>100%</u>	<u>100%</u>

There is a corresponding significant concentration of credit risk in net accounts receivable balances at June 30, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Medicare	33%	30%
Medicaid	14	9
Commercial and other	51	59
Private pay	2	2
	<u>100%</u>	<u>100%</u>

Reimbursement for inpatient and outpatient services rendered to Medicare recipients has been made principally under a prospective pricing system. 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 operates five critical access hospitals that are reimbursed based on costs for inpatient and outpatient services rendered to Medicare and Medicaid program beneficiaries. Interim 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.

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



## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

settlements resulted in an increase in net patient service revenue of approximately \$6,000 in 2014 and a decrease in net patient service revenue of \$3,500 in 2013

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, as well as, risk sharing arrangements. 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. Risk sharing arrangements include incentive payments for specific quality outcomes, effective management of costs, and other measures and in some cases may result in a penalty.

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 2014 and 2013 were \$122,030 and \$148,005, respectively.

#### *(p) Premium Revenue and Accrued Healthcare Costs*

PeaceHealth Networks' majority-owned subsidiary, CUP, receives premium revenue that consists of premiums paid by the State of Washington for healthcare services.

On July 1, 2012, CUP entered into an agreement with another health plan that was 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 was 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 continued to perform most of the administrative services for assigned members that it previously performed under the expired contract. After the contract expired on December 31, 2013, CUP entered into an agreement with another health plan that has been awarded the contract from the State for the period January 1, 2014 through December 31, 2014. 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 Apple Health members assigned to CUP from the other plan.

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

Under these contracts, PeaceHealth Networks recognized premium revenue of \$113,008 and \$92,358 for the years ended June 30, 2014 and 2013, respectively, which is included as premium revenue in the accompanying consolidated statements of operations. The related medical expense recognized by CUP was \$77,898 and \$59,126 for the years ended June 30, 2014 and 2013, respectively, and is included in other operating expenses in the consolidated statements of operations. CUP is not part of the obligated group.

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.

**(q) Other Operating Revenue**

Other operating revenue includes revenue from nonpatient care services, clinical space rental revenue, 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.

**(r) 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 revenue is 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 revenue of \$8,326 and \$18,730 was recognized for the years ended June 30, 2014 and 2013, 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.

**(s) Income from Operations**

Income from operations excludes certain items that the Corporation deems outside the scope of its primary business such as investment income, interest rate swaps, changes in defined benefit plan expense and other items.

**(t) Excess of Revenues over Expenses**

Excess of revenues over expenses includes results from the Corporation's operating and nonoperating 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.

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

**(u) Federal and State Income Taxes**

PeaceHealth and PeaceHealth Networks have 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.

**(v) 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 revenue 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.

In 2014, the State of Washington re-enacted legislation that provided for increased Medicaid payments to certain hospitals funded by assessments paid by these hospitals as well as matching federal funds (the safety net program). The safety net program covers the period from July 1, 2013 to June 30, 2017. Providers are assessed and reimbursed on a quarterly basis. As of June 30, 2014, the fee-for-service portion of the program is effective, however, the managed care portion of the program had not been approved by CMS. During the fiscal year, the State of Washington reimbursed the Corporation for the managed-care portion of the program, as well as the Corporation making payments on the assessments. Since the managed care portion of the program has not yet been approved, the Corporation recorded a liability of \$25,414 reflective of the net cash paid and received. Upon approval, the Corporation will recognize \$27,711 in revenue and \$22,366 in assessments subsequent to the end of the year.

In 2014 and 2013, with the States of Washington and Oregon programs, supplemental payments of \$43,148 and \$42,997, respectively, and assessments of \$41,010 and \$47,502, respectively, recorded in net patient service revenues and expenses, in the accompanying consolidated statements of operations and changes in net assets.

**(w) Premier IPO**

The Corporation was an owner of several of the entities associated with its group purchasing organization (GPO), Premier. In October 2013, Premier restructured its business, including its initial public offering.

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

As part of the transaction, the Corporation received \$6.053 in cash, and approximately 1,253,000 shares of Class B units in Premier. These shares vest over the next seven years, as long as the Corporation remains a member of Premier. Upon each vesting date, the Corporation has the option to convert these shares into the publically traded securities of Premier or have them repurchased by Premier. The Corporation is recognizing the value of the shares over the vesting period, as a reduction of supply expense. Upon the annual vesting date, October 31, the vested shares will be accounted for under the fair value option, whereby future changes in share price will be treated as non-operating investment activity. In addition, the Corporation receives quarterly distributions associated with its purchasing volumes and tax benefits associated with the restructuring, these distributions are recognized as a reduction of supply expense.

During fiscal year 2014, the Corporation recognized approximately \$13.765 as a reduction of supply expenses associated with these transactions, comprised of \$6.053 in initial IPO proceeds, \$3.196 related to Class B units, and \$4.516 in quarterly distributions.

**(x) *Environmental Liability***

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Subtopic 410-30 requires the fair value of a liability for a legal obligation associated with an asset retirement be recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized. The Corporation has \$17.353 and \$17.578 recorded as other long-term liabilities as of June 30, 2014 and 2013, respectively. The Corporation recognized \$771 and \$1.081 in 2014 and 2013, respectively, related to amortization. Amortization is recognized over the life of the related asset.

**(y) *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 Measurement*, 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.

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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

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

The fair value of long-term debt is based on Level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection. When available, quoted market prices are also used. The carrying value and fair value of bond debt, was approximately \$1,062,666 and \$1,082,825, respectively, as of June 30, 2014, and approximately \$910,334 and \$920,679, respectively, as of June 30, 2013.

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 NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

### (4) Investments

The composition of cash and investments carried at fair value on a recurring basis at June 30, 2014 is set forth in the following table

	June 30, 2014	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets				
Short term investments				
Cash and money market funds	\$ 2,853	2,853	—	—
Fixed income				
Government obligations	109,752	—	109,752	—
Corporate obligations	79,463	—	79,463	—
Mortgage backed securities				
Commercial	26,918	—	26,918	—
Residential	58,473	—	58,473	—
Municipal, foreign and other fixed income	13,980	—	13,980	—
Mutual funds				
Domestic debt securities	122,829	122,829	—	—
International debt securities	9,153	9,153	—	—
Other short-term investments	801	—	801	—
Total	424,222	134,835	289,387	—
Designated for capital acquisition				
Cash and money market funds	9,291	9,291	—	—
Fixed income				
Government obligations	48,124	—	48,124	—
Corporate obligations	76,562	—	76,562	—
Mortgage backed securities				
Commercial	9,322	—	9,322	—
Residential	45,152	—	45,152	—
Municipal, foreign and other fixed income	21,648	—	21,648	—
Mutual funds				
Fixed income	92,212	92,212	—	—
Domestic equities				
Large capitalization	216,560	216,560	—	—
Medium-small capitalization	96,170	96,170	—	—

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

	June 30, 2014	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
International equities				
Foreign stock	\$ 119,095	119,095	—	—
Emerging markets	38,773	38,773	—	—
Real estate trusts	24,031	24,031	—	—
Commodities	34,554	16,901	17,653	—
Other long-term equity invest	3,196	—	3,196	—
Total	834,690	613,033	221,657	—
Funds designated for 457 plans				
Cash and short term	640	640	—	—
Mutual funds				
Equity	13,657	13,657	—	—
Fixed income	7,007	7,007	—	—
Target/blended/other	18,407	18,407	—	—
Total	39,711	39,711	—	—
Trustee-held funds				
Cash and money market funds	50,860	50,860	—	—
Fixed income				
Government obligations and other	4,652	—	4,652	—
Mortgage-backed securities				
Residential	4,903	—	4,903	—
Mutual funds				
Domestic equities				
Large capitalization	37,143	37,143	—	—
Medium-small capitalization	16,146	16,146	—	—
International equities				
Foreign stock and emerging markets	26,088	26,088	—	—
Domestic debt securities	35,003	35,003	—	—
International debt securities	4,381	4,381	—	—
Real estate	4,807	4,807	—	—
Total	183,983	174,428	9,555	—
Total assets	\$ 1,482,606	962,007	520,599	—
Liabilities				
Interest rate swaps	\$ 95,461	—	95,461	—
Total liabilities	\$ 95,461	—	95,461	—

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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 NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(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 NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

The Corporation holds alternative investments in one limited partnerships of \$17,244 and two limited partnerships of \$25,220 at June 30, 2014 and 2013, 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, 2014 and 2013, the Corporation had \$15,373 and \$17,016, 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 1.0% and 1.4% of total investments and 0.9% and 1.1% of total net assets of the Corporation at June 30, 2014 and 2013, respectively.

Investment income is comprised of the following for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 49,349	25,832
Net realized gains on sales of investments	49,231	3,615
Change in net unrealized gains on investments	<u>32,072</u>	<u>32,091</u>
Investment income, net	<u>\$ 130,652</u>	<u>61,538</u>

In addition, the Corporation recognized a reduction in benefit expense of \$5,147 and \$2,478 in 2014 and 2013, respectively, related to investment income on certain 457 retirement plans.

#### ***Other Investments***

Health Ventures is a not-for-profit corporation that has entered into joint ventures to provide radiology, oncology, and surgery services. PeaceHealth 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 majority of these joint ventures are accounted for under the equity method. As of June 30, 2014 and 2013, the carrying value of the joint ventures was approximately \$14,095 and \$14,823, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Investment income from the joint ventures of \$7,603 and \$7,586 for the years ended June 30, 2014 and 2013, respectively, is included in other operating revenue. The assets, liabilities and equity of these joint ventures accounted for under the equity method were \$37,897, \$6,995 and \$30,902, respectively, at June 30, 2014 and \$41,007, \$10,372, and \$30,635, respectively, at June 30, 2013.

Health Ventures increased its ownership in Riverbend Ambulatory Surgery Center to a majority interest of 54.05% in 2014. The fair value of this transaction was \$4,440 and there was an \$870 gain on the step-up in

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

share value of the previously held shares Riverbend Ambulatory Surgery Center is consolidated within Health Ventures

### (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 revenue.

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, 2014 and 2013 were approximately \$58,247 and \$68,050, respectively.

### (6) Long-Term Debt

Long-term debt at June 30 consisted of the following:

	<u>2014</u>	<u>2013</u>
Series 1995 (PeaceHealth) Oregon Bonds, variable interest rate (0.03% at June 30, 2014) payable each December 1, due in annual installments through December 2015	\$ 2,515	3,675
Series 1999 (Southwest) Washington bonds, 3.00% to 5.00% payable annually through September 2028, called during FY14	—	46,025
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 called during FY14	—	70,000
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 (0.04% at June 30, 2014), principal payable each August, due in annual installments from 2030 to 2034 for Series A and B	145,975	145,975
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	96,375	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	79,220	83,245

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

	<u>2014</u>	<u>2013</u>
Series 2011 (PeaceHealth) Oregon Bonds, Series A-B, variable interest rates (0.9% at June 30, 2014) 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	7,417	8,500
2012 (Southwest) Bridge Loan Obligation to Bank of America, variable interest rate (0.84% at June 30, 2013) due on July 31, 2014, paid off during fiscal year 2014	—	54,000
2012 (PeaceHealth) Direct Note Obligation to US Bank, variable interest rate (0.90% at June 30, 2013), due on February 28, 2015, paid off during fiscal year 2014	—	50,000
2012 Direct Note Obligation to Bank of America, fixed interest rate of 2.2%, due on December 1, 2022	48,353	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	52,365	53,465
2013 Direct Note Obligation to Bank of America, fixed interest rate of 3.23%, due on October 2, 2023	47,145	—
2013 Direct Note Obligation to Bank of America, fixed interest rate of 3.92%, due on October 2, 2023	177,127	—
2013 Direct Note Obligation to US Bank, fixed interest rate of 3.43%, due on October 8, 2020	50,000	—
Series 2014 Washington Bonds, Series A, fixed interest rates of 2.0% to 5.0% payable each May and November, due in installments through 2028	40,140	—
Series 2014 Oregon Bonds, Series A, fixed interest rate of 5.0% payable each May and November, due in installments from 2016 through 2028	66,060	—
Long-term debt at par value	1,043,342	899,775
Premiums	19,324	10,559
Other long-term debt	30,937	16,207
Total long-term debt	1,093,603	926,541
Less amounts due within one year	(33,250)	(20,683)
Total long-term debt due after one year	\$ <u>1,060,353</u>	<u>905,858</u>

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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

PeaceHealth Networks and PeaceHealth are the only members of the Corporation's Obligated Group. The assets of the Obligated Group are available for the satisfaction of debts of PeaceHealth and PeaceHealth Networks under the terms of its Master Trust Indenture.

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 PeaceHealth and PeaceHealth Networks. The bonds are subject to optional redemption by PeaceHealth and PeaceHealth Networks, 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 \$2,556 for the 1995 Oregon bonds. The letter of credit for Series A-B of the 2008 Oregon bonds will expire in June 2018. The letter of credit for the 1995 Oregon bonds will expire in December 2015. The 2011 Oregon bonds are held directly by two financial institutions subject to continuing covenant agreements, which contain substantially the same credit terms as the letters of credit, but which are not subject to the same remarketing and put risk as the 1995 and 2008 bonds. The 2011 Oregon bonds and Washington 2013(A) bonds can be converted to publicly held variable rate demand bonds if PeaceHealth and PeaceHealth Networks chooses. The continuing covenant agreements for the Oregon 2011 Direct Placement Bonds expire in August 2016 for Series (A) and August 2018 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 PeaceHealth and PeaceHealth Networks 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 PeaceHealth and PeaceHealth Networks, 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 for a period of three years.

The Series 2001 Oregon bonds and 1999 Washington bonds were redeemed during the 2014 fiscal year with proceeds from the WHCFA 2014 and OFA 2014 bonds.

Other long-term debt primarily includes \$30,935 in capital leases and other debt.

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

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(In thousands of dollars)

Scheduled principal payments of long-term debt, excluding the premium on bonds, 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

	<u>Long-term debt</u>	<u>Capitalized Leases</u>	<u>Other</u>	<u>Total</u>
Year ending June 30				
2015	\$ 27,793	4,997	1,111	33,901
2016	27,873	5,934	996	34,803
2017	32,465	4,838	1,054	38,357
2018	28,633	1,534	9,311	39,478
2019	101,578	940	494	103,012
Thereafter	<u>825,000</u>	<u>768</u>	<u>318</u>	<u>826,086</u>
Total	<u>\$ 1,043,342</u>	19,011	<u>13,284</u>	1,075,637
Less amounts representing interest		<u>(1,358)</u>		(1,358)
Present value of net minimum capital lease payments		17,653		
Less current installments of obligations under capital leases		<u>(4,346)</u>		
Obligations under capital leases, excluding current installments		<u>\$ 13,307</u>		
Total long-term debt			\$	<u>1,074,279</u>

The PeaceHealth Master Trust Indenture, the loan agreements and other contractual documents under which bonds were issued include covenants which, among others, obligate PeaceHealth and PeaceHealth Networks to maintain net patient service revenue 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 \$32,262 and \$24,261 for the years ended June 30, 2014 and 2013, respectively. Interest totaling approximately \$830 and \$1,347 was capitalized in connection with construction projects during the years ended June 30, 2014 and 2013, 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

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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 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, 2014 and 2013, respectively, with a total current notional amount of approximately \$430,950 and \$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 \$390,950 and \$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 an increase of \$3,844 and a decrease of \$50,809 in the liability for the years ended June 30, 2014 and 2013, respectively. Net cash settlement cost for the interest rate swaps was \$15,016 and \$15,492, for the years ended June 30, 2014 and 2013, 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 \$13,267 and \$13,399, as of June 30, 2014 and 2013, respectively. Recording the interest rate swaps at fair value results in a total liability of \$95,461 and \$91,617 as of June 30, 2014 and 2013, respectively, in other long-term liabilities in the accompanying consolidated balance sheets rather than the \$108,728 and \$105,016 that would be paid if all of the swaps were terminated as of June 30, 2014 and 2013, 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. The Corporation 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 PeaceHealth Southwest Medical Center 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

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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 paid as participants qualify to receive benefits.

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, 2014 and 2013.

	Years ended June 30	
	2014	2013
Change in projected benefit obligation		
Projected benefit obligation (PBO) at beginning of period	\$ 201.692	218.246
Service cost	942	572
Interest cost	9.226	8.615
Actuarial loss (gain) on PBO	16.261	(20.009)
Benefits and administrative expenses paid	(6.400)	(5.732)
Projected benefit obligation at June 30	<u>\$ 221.721</u>	<u>201.692</u>
Change in fair value of plan assets		
Fair value of assets at beginning of period	\$ 144.072	132.389
Actual return on plan assets	20.201	14.069
Employer contribution	5.374	3.346
Benefits paid	(5.826)	(5.033)
Administrative expenses	(574)	(699)
Fair value of assets at June 30	<u>\$ 163.247</u>	<u>144.072</u>
Reconciliation of funded status		
Funded status	<u>\$ (58.473)</u>	<u>(57.620)</u>
Net amount recognized	<u>\$ (58.473)</u>	<u>(57.620)</u>
Amounts recognized in the consolidated balance sheets consist of		
Accrued pension liability	\$ 58.473	57.620
Accumulated change in net assets	(31.814)	(30.961)

The accumulated benefit obligation for the Plan was \$221.721 and \$201.692 at June 30, 2014 and 2013, respectively.



# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

Net periodic benefit cost for the years ended June 30, 2014 and 2013 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>2014</u>	<u>2013</u>
Service cost	\$ 942	572
Interest cost	9,226	8,615
Expected return on plan assets	(10,820)	(10,702)
Amortization of loss	<u>2,708</u>	<u>4,588</u>
Net periodic pension cost	<u>\$ 2,056</u>	<u>3,073</u>

### (a) Assumptions

The Corporation used the following actuarial assumptions to determine its benefit obligations at June 30, 2014 and 2013, with measurement dates of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Discount rate	4.15%	4.65%

The Corporation used the following actuarial assumptions to determine its net periodic benefit cost for the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Discount rate	4.65%	4.00%
Expected long-term rate of return on plan assets	7.25	7.50

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 on pension plan assets was approximately 14.1% and 10.9% during the years ended June 30, 2014 and 2013, 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 NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

**(b) Pension Plan Assets**

The asset allocation of the Corporation's pension plan at June 30, 2014 and 2013 is as follows

		<b>2014</b>	<b>2013</b>
Equity securities	\$	98,417	82,725
Debt securities		58,980	59,192
Other		5,850	2,155
Total	\$	<u>163,247</u>	<u>144,072</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 NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(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, 2014

<b>Assets</b>	<b>Total fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity securities				
Mutual funds				
Large cap	\$ 38,369	36,443	—	1,926
Mid cap	9,729	9,729	—	—
Small cap	6,590	6,590	—	—
Foreign stock and emerging markets	39,372	33,386	—	5,986
Long-short hedge	2,218	—	—	2,218
Private equity	2,139	—	—	2,139
Total equity securities	<u>98,417</u>	<u>86,148</u>	<u>—</u>	<u>12,269</u>
Debt securities				
Mutual funds				
Fixed income	15,598	15,598	—	—
Global fixed income	23,720	23,720	—	—
Hedge capital appreciation fund	19,662	964	—	18,698
Total debt securities	<u>58,980</u>	<u>40,282</u>	<u>—</u>	<u>18,698</u>
Other				
Cash and money markets	5,850	5,850	—	—
Total other	<u>5,850</u>	<u>5,850</u>	<u>—</u>	<u>—</u>
Total plan assets at fair value	<u>\$ 163,247</u>	<u>132,280</u>	<u>—</u>	<u>30,967</u>

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(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

<b>Assets</b>	<b>Total fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity securities				
Mutual funds				
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
Long-short hedge	9,205	—	—	9,205
Private equity	1,507	—	—	1,507
Total equity securities	82,725	48,291	—	34,434
Debt securities				
Mutual funds				
Fixed income	17,235	17,235	—	—
Global fixed income	17,598	17,598	—	—
Hedge capital appreciation fund	24,359	—	—	24,359
Total debt securities	59,192	34,833	—	24,359
Other				
Cash and money markets	2,155	2,155	—	—
Total other	2,155	2,155	—	—
Total plan assets at fair value	\$ 144,072	85,279	—	58,793

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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

	<b>Fair value measurements Level 3</b>
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	58,793
Realized and unrealized gains, net	5,484
Purchases, issuances, and settlements, net	<u>(33,310)</u>
Fair value, June 30, 2014	<u><u>\$ 30,967</u></u>

At June 30, 2014 and 2013, the Plan held \$30,967 and \$58,793, 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 19.0% and 40.8% of Plan assets at June 30, 2014 and 2013, 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 2015, the Corporation expects to contribute approximately \$9,990 to the Plan.

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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

	<b>Pension benefits</b>
2015	\$ 7,833
2016	7,805
2017	8,551
2018	9,299
2019	10,130
2020–2024	59,628

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 2014.

#### (9) Defined Contribution Retirement Plans

PeaceHealth sponsors two defined contribution retirement plans, the Southwest Washington Health System Retirement Plan and the PeaceHealth Plan. 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 \$73,977 and \$66,912 for the years ended June 30, 2014 and 2013, respectively, which 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 PeaceHealth's 457(b) and 457(f) postretirement savings plans, in the amount of approximately \$39,710 and \$32,107 at June 30, 2014 and 2013, respectively, is included in assets whose use is limited, cash and investments, with a corresponding amount included in other long-term liabilities. Contributions associated with these funds in 2014 and 2013 were \$5,993 and \$5,876, respectively, and included in payroll taxes and benefits in the accompanying consolidated statements of operations.

#### (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.

# PEACEHEALTH NETWORKS

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

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

	<b>2014</b>	<b>2013</b>
Purchase of property, plant, and equipment	\$ 17,407	16,986
Hospice and indigent care	4,164	3,430
Patient care	17,832	12,846
Other	10,290	4,536
	<u>\$ 49,693</u>	<u>37,798</u>

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

	<b>2014</b>	<b>2013</b>
Purchase of property, plant, and equipment	\$ 1,590	699
Hospice and indigent care	2,700	8,085
Patient care operating activities	13,026	16,476
Other	57	790
	<u>\$ 17,373</u>	<u>26,050</u>

During 2014, primarily due to updated information received from an unconsolidated foundation and a donor designation change, \$7,525 of previously restricted assets were released from permanently restricted net assets. This change is included in other changes in net assets on the statements of changes in net assets. Approximately \$5,249 and \$6,571 were released from restriction for capital expenditures made during 2014 and 2013, respectively.

### *Charitable Gift Annuities*

PeaceHealth 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 PeaceHealth, are shown on the consolidated balance sheets of the Corporation. The liability for annuity contracts issued under the PeaceHealth license and the separately maintained reserve accounts are recorded on the books of PeaceHealth. As of June 30, 2014 and 2013, the following liabilities for annuity contracts issued under the PeaceHealth license and reserve account investments were recorded:

	<b>2014</b>	<b>2013</b>
State of Washington gift annuity liabilities (other long-term liabilities)	\$ 837	887
Gift annuity reserve accounts (other assets whose use is limited, cash and investments)	1,147	1,089

## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

#### (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 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.

The Corporation leases, from Skagit County Public Hospital District No. 304, the buildings and certain equipment for United General Medical Center in Sedro Woolley, Washington under a 30-year lease that expires in 2044.

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, 2014 are as follows:

		<u>Operating leases</u>
Year ending June 30		
2015	\$	7,312
2016		5,188
2017		4,344
2018		4,152
2019		3,646
Later years, 2020 through 2024		<u>12,473</u>
Total minimum lease payments	\$	<u><u>37,115</u></u>

Rent expense related to all operating leases was \$32,270 and \$35,119 during the years ended June 30, 2014 and 2013, respectively, and was included in supplies and other expenses in the consolidated statements of operations.

##### (c) *Collective Bargaining Agreements*

Approximately 33% and 26% of the Corporation's employees are covered under collective bargaining agreements, including nurses, professional employees, and service employees as of June 30, 2014 and 2013, respectively. The Corporation's various collective bargaining agreements expire between June 2014 and February 2017.



## PEACEHEALTH NETWORKS

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

#### (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 2014 and 2013 was \$7,000 and \$5,000, respectively, 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 claims-made excess insurance policy.

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

Based on the actuarial studies, the Corporation has recorded a liability for all of the self-insurance programs of approximately \$101,334 and \$74,006 at June 30, 2014 and 2013, 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 \$30,115 and \$22,156 at June 30, 2014 and 2013, respectively. In accordance with the adoption of ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, management has recorded amounts receivable from excess insurance carriers totaling \$8,027 and \$5,384 as of June 30, 2014 and 2013, 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, 2014 and 2013, the carrying value of AEIX was approximately \$6,131 and \$10,673, 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:

	2014	2013
Healthcare services	\$ 1,909,128	1,878,664
General and administrative	298,137	282,245
	<u>\$ 2,207,265</u>	<u>2,160,909</u>

**PEACEHEALTH NETWORKS**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands of dollars)

**(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 September 26, 2014 which is the date the consolidated financial statements were issued

## **ADDITIONAL INFORMATION**

**PEACEHEALTH NETWORKS**

Consolidating Balance Sheet

June 30, 2014

(In thousands)

<b>Assets</b>	<b>Obligated Group</b>	<b>PeaceHealth Southwest Foundation</b>	<b>Other Nonobligated group</b>	<b>Eliminating or consolidating adjustments</b>	<b>PeaceHealth 2014 Consolidated</b>
Current assets					
Cash and cash equivalents	\$ 125,074	2,107	18,245	—	145,426
Short-term investments	424,222	—	—	—	424,222
Accounts receivable, net	303,464	—	650	(1,758)	302,356
Other receivables	44,828	158	7,351	1,359	53,696
Inventory of supplies	40,135	—	218	—	40,353
Prepaid expenses and other	16,815	—	547	—	17,362
Assets whose use is limited that are required for current liabilities	31,001	987	—	—	31,988
Total current assets	985,539	3,252	27,011	(399)	1,015,403
Assets whose use is limited by board designation and indenture agreements					
Cash and investments	1,041,799	14,204	17,754	—	1,073,757
Investment in affiliates	38,376	—	—	(38,376)	—
Investments in joint ventures and other	19,762	6,482	14,163	(9,411)	30,996
Total assets whose use is limited	1,099,937	20,686	31,917	(47,787)	1,104,753
Less current portion	(31,001)	(987)	—	—	(31,988)
Net assets whose use is limited	1,068,936	19,699	31,917	(47,787)	1,072,765
Property, plant, and equipment					
Land and improvements	128,078	—	—	—	128,078
Buildings, fixed equipment, and other	1,643,136	—	29,744	(22,347)	1,650,533
Moveable equipment	667,164	—	5,511	—	672,675
Construction in progress	55,531	—	—	—	55,531
Total property, plant, and equipment	2,493,909	—	35,255	(22,347)	2,506,817
Less accumulated depreciation	(1,169,560)	—	(13,677)	2,951	(1,180,286)
Net property, plant, and equipment	1,324,349	—	21,578	(19,396)	1,326,531
Interest in net assets of related foundations	70,500	116	—	(22,653)	47,963
Other assets	40,439	—	4,859	—	45,298
Total assets	\$ 3,489,763	23,067	85,365	(90,235)	3,507,960

**PEACEHEALTH NETWORKS**

Consolidating Balance Sheet

June 30, 2014

(In thousands)

<b>Liabilities and Net Assets</b>	<b>Obligated Group</b>	<b>PeaceHealth Southwest Foundation</b>	<b>Other Nonobligated group</b>	<b>Eliminating or consolidating adjustments</b>	<b>PeaceHealth 2014 Consolidated</b>
Current liabilities					
Accounts payable	\$ 125,166	—	420	1,402	126,988
Accrued payroll, payroll taxes, and employee benefits	157,050	—	439	—	157,489
Accrued interest payable	5,289	—	—	25	5,314
Other current liabilities	22,445	—	16,678	(1,776)	37,347
Reimbursement settlements payable	6,792	—	—	—	6,792
Current portion of long-term debt	34,741	—	—	(1,491)	33,250
Total current liabilities	351,483	—	17,537	(1,840)	367,180
Other long-term liabilities	286,586	—	14,918	—	301,504
Long-term debt due after one year	1,075,442	—	9,481	(24,570)	1,060,353
Net assets					
Unrestricted, controlling	1,714,400	5,875	38,729	(51,529)	1,707,475
Unrestricted, noncontrolling interest	4,382	—	—	—	4,382
Temporarily restricted	40,303	11,883	4,700	(7,193)	49,693
Permanently restricted	17,167	5,309	—	(5,103)	17,373
Total net assets	1,776,252	23,067	43,429	(63,825)	1,778,923
Total liabilities and net assets	\$ 3,489,763	23,067	85,365	(90,235)	3,507,960

See accompanying independent auditors' report

**PEACEHEALTH NETWORKS**  
Consolidating Statement of Operations  
Year ended June 30, 2014  
(In thousands)

	<b>Obligated Group</b>	<b>PeaceHealth Southwest Foundation</b>	<b>Other Nonobligated group</b>	<b>Eliminating or consolidating adjustments</b>	<b>PeaceHealth 2014 Consolidated</b>
<b>Revenues</b>					
Net patient service revenue before provision for bad debts	\$ 2,180,696	—	3,531	(28,073)	2,156,154
Provision for bad debts	(105,021)	—	(6)	—	(105,027)
Net patient service revenue	2,075,675	—	3,525	(28,073)	2,051,127
Premium revenue	—	—	113,008	—	113,008
Other operating revenue	75,406	3,474	13,240	(10,389)	81,731
Total revenues	2,151,081	3,474	129,773	(38,462)	2,245,866
<b>Expenses</b>					
Salaries and wages	1,011,537	—	7,187	—	1,018,724
Payroll taxes and benefits	224,968	—	1,788	—	226,756
Supplies	307,668	—	1,172	—	308,840
Purchased services	230,959	—	2,612	—	233,571
Other	173,104	3,791	107,934	(31,693)	253,136
Depreciation and amortization of other assets	133,020	—	1,912	(678)	134,254
Interest and amortization of deferred financing costs	32,011	—	858	(885)	31,984
Total expenses	2,113,267	3,791	123,463	(33,256)	2,207,265
Income from operations	37,814	(317)	6,310	(5,206)	38,601
<b>Other income (loss)</b>					
Investment income, net	129,871	1,400	238	(857)	130,652
Loss on investments recorded on the equity method	(43)	—	—	—	(43)
Change in valuation of interest rate swaps	(18,860)	—	—	—	(18,860)
Loss on Bond refinancing	(2,680)	—	—	—	(2,680)
Contribution from the United General Hospital Affiliation	11,450	—	—	—	11,450
Other	(517)	2,830	913	—	3,226
Total other income (loss), net	119,221	4,230	1,151	(857)	123,745
Excess (deficiency) of revenues over expenses	157,035	3,913	7,461	(6,063)	162,346
Net assets released from restrictions for property, plant and equipment	7,031	—	—	(1,782)	5,249
Transfer (to) from related division	370	—	(370)	—	—
Change in interest in net assets of related foundations	5,812	—	—	(3,723)	2,089
Change in pension liability	(6,227)	—	—	—	(6,227)
Other changes in net assets	21,401	148	(11,732)	(14,397)	(4,580)
Increase (decrease) in unrestricted net assets	\$ 185,422	4,061	(4,641)	(25,965)	158,877

See accompanying independent auditors' report

**PEACEHEALTH NETWORKS**  
Consolidating Statement of Changes in Net Assets  
Year ended June 30, 2014  
(In thousands)

	<b>Obligated Group</b>	<b>PeaceHealth Southwest Foundation</b>	<b>Other Nonobligated group</b>	<b>Eliminating or consolidating adjustments</b>	<b>PeaceHealth 2014 Consolidated</b>
Net assets at June 30, 2013	\$ 1,589,616	21,985	43,370	(38,143)	1,616,828
Excess (deficiency) of revenues over expenses	157,035	3,913	7,461	(6,063)	162,346
Net assets released from restrictions	7,031	6,883	—	(1,782)	12,132
Transfer (to) from related division	370	—	(370)	—	—
Change in interest in net assets of related foundations	6,964	—	—	(3,440)	3,524
Change in pension liability	(6,227)	—	—	—	(6,227)
Other changes in net assets	21,463	(9,714)	(7,032)	(14,397)	(9,680)
Change in net assets	186,636	1,082	59	(25,682)	162,095
Net assets at June 30, 2014	\$ 1,776,252	23,067	43,429	(63,825)	1,778,923

See accompanying independent auditors' report

PEACHEALTH NETWORKS

Inpatient Statistics  
Years ended June 30, 2014 and 2013  
(Unaudited)

	Alaska Region		Whatcom Region		Lower Columbia Region		Oregon Region		Snodgrass Region		Southwest		United General		PeaceHealth total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014 (Apr-June)	2013	2014	2013
Adult and pediatric																
Licensed beds	25	25	263	253	346	346	465	465	21	21	490	490	25	25	1,595	1,560
Beds in use	25	25	263	253	180	180	454	454	21	21	362	316	25	25	1,344	1,249
Admissions	1,116	1,116	14,175	14,175	8,180	8,180	35,458	35,458	1,118	1,118	11,101	11,101	25	25	17,585	17,585
Discharges	3,710	3,710	41,302	41,302	33,901	33,901	118,215	118,215	3,269	3,269	93,461	97,790	618	618	316,146	316,146
Average daily census	10	11	60	59	93	93	118	124	9	9	25	26	3	3	853	868
Length of stay	3	3	4	4	4	4	4	4	3	3	4	4	3	3	4	4
Nurses																
Licensed beds	6	6	20	20	27	27	—	—	3	3	40	40	—	—	96	96
Business in use	20	20	20	20	14	14	32	32	3	3	40	40	—	—	115	121
Admissions	221	221	1,178	1,178	880	880	2,800	2,800	68	68	1,063	1,020	—	—	115	121
Discharges	489	489	3,272	3,193	1,968	1,968	4,829	4,829	101	101	4,111	4,111	—	—	14,332	14,332
Average daily census	1	1	2	2	4	4	14	14	—	—	11	11	—	—	41	43
Length of stay	2	2	2	2	2	2	2	2	2	2	2	2	—	—	2	2
Long term care																
Licensed beds	29	29	—	—	—	—	—	—	—	—	—	—	—	—	29	29
Beds in use	29	29	—	—	—	—	—	—	—	—	—	—	—	—	29	29
Admissions	111	111	—	—	—	—	—	—	—	—	—	—	—	—	111	180
Discharges	22	22	—	—	—	—	—	—	—	—	—	—	—	—	22	19
Average daily census	22	19	—	—	—	—	—	—	—	—	—	—	—	—	22	19
Length of stay	71	47	—	—	—	—	—	—	—	—	—	—	—	—	71	47

See accompanying independent auditors' report



PEACERHEALTH NETWORKS

Assets and Other Statistics

Years ended June 30, 2014 and 2013

(Unaudited)

	Alaska Region		Whatcom Region		Lower Columbia Region		Oregon Region		Sunland Region		Southwest		United General		PeaceHealth total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014 (Apr-June)	2013	2014	2013
Total surgeries	1,413	1,456	~ 104	~ 129	4,364	5,018	14,723	15,015	1,693	1,348	10,313	10,129	264	—	39,094	40,295
Surgeries minutes	108,350	115,378	892,181	917,400	3,78,083	4,14,988	1,896,840	1,934,280	104,640	98,520	1,189,461	1,161,674	13,263	—	4,882,827	4,662,339
Emergency visits	9,079	9,172	60,689	56,556	51,648	49,076	95,872	91,813	8,430	8,144	73,296	78,835	3,071	—	302,285	294,596
Outpatient procedures	2,114	2,053	15,851	15,811	15,851	15,851	38,569	38,569	26,612	26,612	33,871	33,871	1,866	—	109,859	109,859
Procedures minutes	2,388	2,373	511,818	515,249	384,721	387,896	835,969	853,767	266,012	261,721	407,890	406,819	8,623	—	2,399,121	2,345,813
Full time equivalent employees	313	336	1,995	1,899	1,214	1,286	3,291	3,318	383	377	3,081	3,071	41	—	12,667	12,633

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

See accompanying independent auditors' report.