

Return of Organization Exempt From Income Tax

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

2006

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning 10/01, 2006, and ending 9/30, 2007

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

Please use IRS label or print or type. See specific instructions.

C SALEM HOSPITAL P.O. BOX 14001 SALEM, OR 97309-5014

D Employer Identification Number 93-0579722 E Telephone number (503) 561-5150 F Accounting method: Cash, Accrual, Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations. H (a) Is this a group return for affiliates? H (b) If 'Yes,' enter number of affiliates H (c) Are all affiliates included? H (d) Is this a separate return filed by an organization covered by a group ruling? I Group Exemption Number M Check if the organization is not required to attach Schedule B

G Web site: WWW.SALEMHOSPITAL.ORG

J Organization type (check only one) 501(c) 3 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12... 418,448,590.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with columns for Revenue, Expenses, and Assets. Rows include: 1 Contributions, 2 Program service revenue, 3 Membership dues, 4 Interest on savings, 5 Dividends, 6a Gross rents, 7 Other investment income, 8a Gross amount from sales of assets, 9 Special events, 10a Gross sales of inventory, 11 Other revenue, 12 Total revenue, 13 Program services, 14 Management and general, 15 Fundraising, 16 Payments to affiliates, 17 Total expenses, 18 Excess or (deficit) for the year, 19 Net assets at beginning, 20 Other changes, 21 Net assets at end.

**Part II Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b> Grants paid from donor advised funds (attach sch) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/> .....	<b>22a</b>			
<b>22b</b> Other grants and allocations (att sch) SEE STM 5 (cash \$ 225,172. non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/> .....	<b>22b</b>	225,172.	225,172.	
<b>23</b> Specific assistance to individuals (attach schedule) .....	<b>23</b>			
<b>24</b> Benefits paid to or for members (attach schedule) .....	<b>24</b>			
<b>25a</b> Compensation of current officers, directors, key employees, etc listed in Part V-A (attach sch) .....	<b>25a</b>	3,033,563.	0.	3,033,563.
<b>b</b> Compensation of former officers, directors, key employees, etc listed in Part V-B (attach sch) .....	<b>25b</b>	361,104.	0.	361,104.
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) .....	<b>25c</b>	0.	0.	0.
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c. ....	<b>26</b>	162,227,196.	152,857,688.	9,369,508.
<b>27</b> Pension plan contributions not included on lines 25a, b, and c. ....	<b>27</b>	8,559,988.	7,910,285.	649,703.
<b>28</b> Employee benefits not included on lines 25a - 27. ....	<b>28</b>	21,620,427.	20,165,690.	1,454,737.
<b>29</b> Payroll taxes .....	<b>29</b>	12,272,244.	11,340,780.	931,464.
<b>30</b> Professional fundraising fees .....	<b>30</b>			
<b>31</b> Accounting fees .....	<b>31</b>	327,969.		327,969.
<b>32</b> Legal fees .....	<b>32</b>	605,033.		605,033.
<b>33</b> Supplies .....	<b>33</b>	68,063,528.	66,913,517.	1,150,011.
<b>34</b> Telephone .....	<b>34</b>	531,209.	74,148.	457,061.
<b>35</b> Postage and shipping .....	<b>35</b>	331,183.	266,995.	64,188.
<b>36</b> Occupancy .....	<b>36</b>	5,724,597.	5,428,966.	295,631.
<b>37</b> Equipment rental and maintenance. ....	<b>37</b>	4,329,329.	3,148,923.	1,180,406.
<b>38</b> Printing and publications .....	<b>38</b>	1,249,354.	926,199.	323,155.
<b>39</b> Travel .....	<b>39</b>	928,107.	724,452.	203,655.
<b>40</b> Conferences, conventions, and meetings .....	<b>40</b>	313,851.	215,693.	98,158.
<b>41</b> Interest .....	<b>41</b>	5,174,526.	5,174,526.	
<b>42</b> Depreciation, depletion, etc (attach schedule) .....	<b>42</b>	20,740,686.	20,740,686.	
<b>43</b> Other expenses not covered above (itemize): a SEE STATEMENT 6 .....	<b>43a</b>	68,043,240.	48,974,378.	19,068,862.
b .....	<b>43b</b>			
c .....	<b>43c</b>			
d .....	<b>43d</b>			
e .....	<b>43e</b>			
f .....	<b>43f</b>			
g .....	<b>43g</b>			
<b>44</b> Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15) .....	<b>44</b>	384,662,306.	345,088,098.	39,574,208.

**Joint Costs.** Check  if you are following SOP 98-2.  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If 'Yes,' enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_; (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_.

**Part III Statement of Program Service Accomplishments**

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ▶ <u>QUALITY HEALTHCARE SERVICES</u> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; but optional for others.)
<p>a <u>SEE ATTACHED STATEMENT 23.</u></p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$ <u>225,172.</u> ) If this amount includes foreign grants, check here. . . ▶ <input type="checkbox"/></p>	<p>345,088,098.</p>
<p>b</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here. . . ▶ <input type="checkbox"/></p>	
<p>c</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here. . . ▶ <input type="checkbox"/></p>	
<p>d</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here. . . ▶ <input type="checkbox"/></p>	
<p>e Other program services .....</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here. . . ▶ <input type="checkbox"/></p>	
<p><b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services)..... ▶</p>	<p><b>345,088,098.</b></p>

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**Part IV Balance Sheets** (See the instructions.)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
ASSETS	45	Cash — non-interest-bearing .....	1,125.	45	14,535.
	46	Savings and temporary cash investments .....	12,758,654.	46	38,016,433.
	47a	Accounts receivable .....	109,566,889.		
	b	Less: allowance for doubtful accounts .....	49,448,505.	47c	60,118,384.
	48a	Pledges receivable .....			
	b	Less: allowance for doubtful accounts .....		48c	
	49	Grants receivable .....		49	
	50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule) .....		50a	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) .....		50b	
	51a	Other notes and loans receivable (attach schedule) .....	SEE ST. 7.	51a	11,483,830.
	b	Less: allowance for doubtful accounts .....		51b	2,850,000.
	52	Inventories for sale or use .....	7,213,981.	51c	8,633,830.
	53	Prepaid expenses and deferred charges .....	4,195,017.	52	4,593,212.
	54a	Investments — publicly-traded securities... STMT. 8... <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	1,841,139.	53	2,344,123.
	b	Investments — other securities (attach sch)... STMT. 9... <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	241,871,236.	54a	236,909,966.
	55a	Investments — land, buildings, & equipment: basis... <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	32,221,720.	54b	70,652,779.
	b	Less: accumulated depreciation (attach schedule) .....	STATEMENT. 10..	55a	16,743,136.
	56	Investments — other (attach schedule) .....		55b	1,273,611.
	57a	Land, buildings, and equipment: basis .....		56	
b	Less: accumulated depreciation (attach schedule) .....	STATEMENT. 11..	57a	509,722,452.	
58	Other assets, including program-related investments (describe <input type="checkbox"/> SEE STATEMENT 12 .....		57b	209,201,347.	
59	<b>Total assets</b> (must equal line 74). Add lines 45 through 58. ....	11,718,407.	58	14,483,829.	
60	Accounts payable and accrued expenses .....	604,461,286.	59	751,757,721.	
61	Grants payable .....	40,551,604.	60	44,691,325.	
62	Deferred revenue .....		61		
63	Loans from officers, directors, trustees, and key employees (attach schedule) .....		62		
64a	Tax-exempt bond liabilities (attach schedule) .....	SEE STATEMENT 13....	63		
b	Mortgages and other notes payable (attach schedule) .....	SEE STATEMENT 14....	64a	174,726,668.	
65	Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 15 .....		64b	465,712.	
66	<b>Total liabilities.</b> Add lines 60 through 65. ....	18,438,522.	65	15,845,204.	
LIABILITIES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		234,182,506.	66	359,335,225.
	67	Unrestricted .....			
	68	Temporarily restricted .....	366,751,869.	67	388,289,281.
	69	Permanently restricted .....	3,526,911.	68	4,133,215.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			69	
	70	Capital stock, trust principal, or current funds .....		70	
	71	Paid-in or capital surplus, or land, building, and equipment fund .....		71	
	72	Retained earnings, endowment, accumulated income, or other funds .....		72	
73	<b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21) .....	370,278,780.	73	392,422,496.	
74	<b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73. ....	604,461,286.	74	751,757,721.	

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return** (See the instructions.)

<b>a</b>	Total revenue, gains, and other support per audited financial statements .....	<b>a</b>	406,199,718.
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 12:		
	1 Net unrealized gains on investments .....	<b>b1</b>	3,789,432.
	2 Donated services and use of facilities .....	<b>b2</b>	
	3 Recoveries of prior year grants .....	<b>b3</b>	
	4 Other (specify): SEE STM 16 .....	<b>b4</b>	511,810.
	Add lines <b>b1</b> through <b>b4</b> .....	<b>b</b>	4,301,242.
<b>c</b>	Subtract line <b>b</b> from line <b>a</b> .....	<b>c</b>	401,898,476.
<b>d</b>	Amounts included on Part I, line 12, but not on line <b>a</b> :		
	1 Investment expenses not included on Part I, line 6b .....	<b>d1</b>	
	2 Other (specify): .....	<b>d2</b>	
	Add lines <b>d1</b> and <b>d2</b> .....	<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines <b>c</b> and <b>d</b> .....	<b>e</b>	401,898,476.

**Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return**

<b>a</b>	Total expenses and losses per audited financial statements .....	<b>a</b>	384,662,306.
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 17:		
	1 Donated services and use of facilities .....	<b>b1</b>	
	2 Prior year adjustments reported on Part I, line 20 .....	<b>b2</b>	
	3 Losses reported on Part I, line 20 .....	<b>b3</b>	
	4 Other (specify): .....	<b>b4</b>	
	Add lines <b>b1</b> through <b>b4</b> .....	<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b> .....	<b>c</b>	384,662,306.
<b>d</b>	Amounts included on Part I, line 17, but not on line <b>a</b> :		
	1 Investment expenses not included on Part I, line 6b .....	<b>d1</b>	
	2 Other (specify): .....	<b>d2</b>	
	Add lines <b>d1</b> and <b>d2</b> .....	<b>d</b>	
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines <b>c</b> and <b>d</b> .....	<b>e</b>	384,662,306.

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 17		2,832,013.	201,550.	0.

**Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)**

<b>75a</b> Enter the total number of officers, directors, and trustees permitted to vote on organization business as board meetings . ▶ <u>15</u>		
<b>b</b> Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If 'Yes,' attach a statement that identifies the individuals and explains the relationship(s) .....	<b>75b</b>	X
<b>c</b> Do any officers, directors, trustees, or key employees listed in form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of 'related organization' .....	<b>75c</b>	X
If 'Yes,' attach a statement that includes the information described in the instructions.		
<b>d</b> Does the organization have a written conflict of interest policy? .....	<b>75d</b>	X

**Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other**

**Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
JEFF CUSHING P.O. BOX 14001 SALEM, OR 97309	0.	234,702.	14,252.	0.
NORMAN J. HARRIS P.O. BOX 14001 SALEM, OR 97309	0.	70,424.	4,486.	0.
DENNIS Y. SATO P.O. BOX 14001 SALEM, OR 97309	0.	34,173.	3,067.	0.
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**Part VI Other Information (See the instructions.)**

<b>76</b> Did the organization make a change in its activities or methods of conducting activities? If 'Yes,' attach a detailed statement of each change .....	<b>76</b>		X
<b>77</b> Were any changes made in the organizing or governing documents but not reported to the IRS? .....	<b>77</b>		X
If 'Yes,' attach a conformed copy of the changes.			
<b>78a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? ..	<b>78a</b>	X	
<b>b</b> If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year? .....	<b>78b</b>	X	
<b>79</b> Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement .....	<b>79</b>		X
<b>80a</b> Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc, to any other exempt or nonexempt organization? .....	<b>80a</b>	X	
<b>b</b> If 'Yes,' enter the name of the organization ▶ <u>SEE STATEMENT 18</u> .....			
and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.			
<b>81a</b> Enter direct and indirect political expenditures. (See line 81 instructions.) .....	<b>81a</b>	0.	
<b>b</b> Did the organization file <b>Form 1120-POL</b> for this year? .....	<b>81b</b>		X

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**Part VI Other Information** (continued)

		Yes	No
<b>82 a</b>	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? .....	X	
<b>b</b>	If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) .....		
<b>82 b</b>			
<b>83 a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications? .....	X	
<b>83 b</b>	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions? .....	X	
<b>84 a</b>	Did the organization solicit any contributions or gifts that were not tax deductible? .....		X
<b>84 b</b>	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? .....	N/A	
<b>85 a</b>	<b>501(c)(4), (5), or (6) organizations.</b> a Were substantially all dues nondeductible by members? .....	N/A	
<b>85 b</b>	Did the organization make only in-house lobbying expenditures of \$2,000 or less? .....	N/A	
	If 'Yes' was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
<b>85 c</b>	Dues, assessments, and similar amounts from members .....	N/A	
<b>85 d</b>	Section 162(e) lobbying and political expenditures .....	N/A	
<b>85 e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices .....	N/A	
<b>85 f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e) .....	N/A	
<b>85 g</b>	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? .....	N/A	
<b>85 h</b>	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? .....	N/A	
<b>86 a</b>	<b>501(c)(7) organizations.</b> Enter: a Initiation fees and capital contributions included on line 12 .....	N/A	
<b>86 b</b>	Gross receipts, included on line 12, for public use of club facilities .....	N/A	
<b>87 a</b>	<b>501(c)(12) organizations.</b> Enter: a Gross income from members or shareholders .....	N/A	
<b>87 b</b>	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) .....	N/A	
<b>88 a</b>	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX .....	X	
<b>88 b</b>	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Part XI .....	X	
<b>89 a</b>	<b>501(c)(3) organizations.</b> Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0. ; section 4912 ▶ 0. ; section 4955 ▶ 0. .....		
<b>89 b</b>	<b>501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction .....		X
<b>89 c</b>	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. .... ▶ 0. .....		
<b>89 d</b>	Enter: Amount of tax on line 89c, above, reimbursed by the organization .....		
<b>89 e</b>	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? ..		X
<b>89 f</b>	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract? .....		X
<b>89 g</b>	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? .....		X
<b>90 a</b>	List the states with which a copy of this return is filed ▶ OR .....		
<b>90 b</b>	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.) .....	3,187	
<b>91 a</b>	The books are in care of ▶ SALEM HOSPITAL Telephone number ▶ (503) 561-1200 Located at ▶ P.O. BOX 14001, SALEM, OR ZIP + 4 ▶ 97309-5014 .....		
<b>91 b</b>	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)? .....		X
	If 'Yes,' enter the name of the foreign country. ▶ .....		
	See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1</b> , Report of Foreign Bank and Financial Accounts.		

**Part VI Other Information** (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States?  Yes  No  
 If 'Yes,' enter the name of the foreign country. . . . .  
 92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here. . . . . N/A   
 and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . 92 N/A

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a A NET PATIENT REVENUE					240,251,770.
b LESS: CHARITY					-28,012,857.
c OTHER: SEE STMT 24					4,883,926.
d PHARMACY	446110	217,772.	3	4,858,959.	
e REGIONAL LAB	621500	2,597,732.			
f Medicare/Medicaid payments . . . . .					160,951,019.
g Fees & contracts from government agencies . . .					
94 Membership dues and assessments . . .					
95 Interest on savings & temporary cash invmnts. .			14	816,529.	
96 Dividends & interest from securities . . .			14	11,950,556.	
97 Net rental income or (loss) from real estate:					
a debt-financed property . . . . .					
b not debt-financed property . . . . .			16	580,096.	
98 Net rental income or (loss) from pers prop . . .					
99 Other investment income . . . . .	621500	581,802.	3	-255,640.	
100 Gain or (loss) from sales of assets other than inventory . . . . .			18	354,763.	
101 Net income or (loss) from special events . . . . .					
102 Gross profit or (loss) from sales of inventory . . . . .	812300	188,627.			
103 Other revenue: a					
b EMPLOYEE CAFETERIA			3	2,137,913.	
c LOSS ON EXT. OF DEBT					-816,338.
d					
e					
104 Subtotal (add columns (B), (D), and (E)) . . . . .		3,585,933.		20,443,176.	377,257,520.
105 Total (add line 104, columns (B), (D), and (E)) . . . . .					401,286,629.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
19	SEE STATEMENT 19

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
SALEM IMAGING, LLC	50.000 %	DIAGNOSTIC IMAGE	2,133,669.	1,332,550.
2925 RYAN DR SE	%			
SALEM, OR 97301	%			
76-0753723	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .  Yes  No  
 b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .  Yes  No

Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

	Yes	No
<b>106</b> Did the reporting organization <b>make</b> any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- -----			
b	----- -----			
c	----- -----			
<b>Totals</b>				

	Yes	No
<b>107</b> Did the reporting organization <b>receive</b> any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity .....	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	SEE STATEMENT 20 ----- -----			
b	----- -----			
c	----- -----			
<b>Totals</b>				869,500.

	Yes	No
<b>108</b> Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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.

**Please Sign Here**

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature of officer

▶ **AARON CRANE, CFO**  
Type or print name and title.

**Paid Preparer's Use Only**

Preparer's signature ▶ **WESLEY B. HANSEN** Date \_\_\_\_\_

Check if self-employed  Preparer's SSN or PTIN (See General Instruction W) **P00226581**

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ **SYMONDS, EVANS & COMPANY, P.C.**  
**7105 SW VARNS STREET, STE 200**  
**PORTLAND, OR 97223**

EIN ▶ **93-1095720** Phone no. ▶ **(503) 597-7350**

# Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury  
Internal Revenue Service

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box.
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

**Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Part I Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension – check this box and complete Part I only.

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns.

**Electronic Filing (e-file).** Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*.

<b>Type or print</b>	Name of Exempt Organization <b>SALEM HOSPITAL</b>	Employer identification number <b>93-0579722</b>
File by the due date for filing your return. See instructions.	Number, street, and room or suite number. If a P.O. box, see instructions. <b>P.O. BOX 14001</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>SALEM, OR 97309-5014</b>	

**Check type of return to be filed** (file a separate application for each return):

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-T (corporation)	<input type="checkbox"/> Form 4720
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (section 401(a) or 408(a) trust)	<input type="checkbox"/> Form 5227
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 8870

• The books are in the care of. ▶ SALEM HOSPITAL -----

Telephone No. ▶ (503) 561-1200 ----- FAX No. ▶ (503) 561-4810 -----

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box. ▶ . If it is for part of the group, check this box. ▶  and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6 months for a section 501(c) corporation required to file Form 990-T) extension of time until 8/15, 20 08, to file the exempt organization return for the organization named above.

The extension is for the organization's return for:

- ▶  calendar year 20\_\_ or
- ▶  tax year beginning 10/01, 20 06, and ending 9/30, 20 07.

2 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. ....	<b>3a</b>	\$	0.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. ....	<b>3b</b>	\$	0.
c <b>Balance Due.</b> Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. ....	<b>3c</b>	\$	0.

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

**BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

**SCHEDULE A**  
(Form 990 or 990-EZ)

**Organization Exempt Under  
Section 501(c)(3)**

OMB No. 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust

**2006**

Department of the Treasury  
Internal Revenue Service

Supplementary Information — (See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ.**

Name of the organization

SALEM HOSPITAL

Employer identification number

93-0579722

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See instructions. List each one. If there are none, enter 'None.')

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
SEE STATEMENT 21		943,429.	162,311.	0.
Total number of other employees paid over \$50,000	▶ 1,233			

**Part II - A Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See instructions. List each one (whether individuals or firms). If there are none, enter 'None.')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SALEM EMERGENCY PHYSICIANS 655 WINTER ST. SE, SALEM, OR 97301	PHYSICIAN SERVICE	1,070,273.
SALEM PULMONARY ASSOCIATION 801 MISSION ST. SE, SALEM, OR 97301	PHYSICIAN SERVICE	696,102.
KIRBY BATES ASSOC. ONE BALA AVENUE SUITE 234, BALA CYNWYD, PA 19004	PHYSICIAN SERVICE	549,877.
EMER & ACUTE CARE MEDICAL CO. NORTHWEST INC 440 STEVENS AVENUE SUITE 150, SOLANA BEACH, CA 92075	PHYSICIAN SERVICE	413,374.
OR ANESTHESIOLOGY GROUP 120 NW 14TH AVENUE SUITE 130, PORTLAND, OR 97209	PHYSICIAN SERVICE	384,421.
Total number of others receiving over \$50,000 for professional services	▶ 50	

**Part II - B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter 'None.' See instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
AVP P.O. BOX 4407, OLATHE, KS 66063	TRANSPORTATION SVCS	1,127,933.
OREGON MEDICAL LAB P.O. BOX 972, EUGENE, OR 97440	LAB SERVICES	1,084,021.
HEALTHCARE OUTSOURCING 621 17TH ST. STE 2400, DENVER, CO 80293	COLLECTIONS	1,002,463.
DENMED 727 CENTER ST. NE, STE 107, SALEM, OR 97309	MED TRANSCRIPTION	773,716.
WILLAMETTE VALLEY ACUTES P.O. BOX 532410, ATLANTA, GA 30353	DIALYSIS	745,089.
Total number of other contractors receiving over \$50,000 for other services	▶ 49	

If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box.

**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

**Part II Additional (not automatic) 3-Month Extension of Time. You must file original and one copy.**

<b>Type or print</b>	Name of Exempt Organization <b>SALEM HOSPITAL</b>	<b>Employer identification number</b> <b>93-0579722</b> For IRS use only
	Number, street, and room or suite number. If a P.O. box, see instructions.	
	P.O. BOX 14001	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>SALEM, OR 97309-5014</b>	

**Check type of return to be filed** (File a separate application for each return):

- Form 990
- Form 990-BL
- Form 990-EZ
- Form 990-PF
- Form 990-T (section 401(a) or 408(a) trust)
- Form 990-T (trust other than above)
- Form 1041-A
- Form 4720
- Form 5227
- Form 6069
- Form 8870

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in care of.  **SALEM HOSPITAL**  
Telephone No.  **(503) 561-1200** FAX No.  **(503) 561-4810**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ... . If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

- 4** I request an additional 3-month extension of time until 8/15, 20 08.
- 5** For calendar year \_\_\_\_\_, or other tax year beginning 10/01, 20 06, and ending 9/30, 20 07.
- 6** If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period
- 7** State in detail why you need the extension .. TAXPAYER REQUESTS ADDITIONAL TIME TO GATHER INFORMATION TO FILE A COMPLETE AND ACCURATE RETURN.

<b>8a</b> If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. ....	<b>8a</b> \$
<b>b</b> If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. ....	<b>8b</b> \$
<b>c Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instrs. ....	<b>8c</b> \$

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature  Title  **CFO** Date

**Notice to Applicant. (To be Completed by the IRS)**

- We **have** approved this application. Please attach this form to the organization's return.
- We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely filed return. Please attach this form to the organization's return.
- We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested.
- Other \_\_\_\_\_

Director \_\_\_\_\_ By: \_\_\_\_\_ Date \_\_\_\_\_

**Alternate Mailing Address.** Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

<b>Type or print</b>	Name <b>SYMONDS, EVANS &amp; COMPANY, P.C.</b>
	Number and street (include suite, room, or apartment number) or a P.O. box number <b>7105 SW VARNIS STREET, STE 200</b>
	City or town, province or state, and country (including postal or ZIP code) <b>PORTLAND, OR 97223</b>

**Part III Statements About Activities** (See instructions.)

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities. . . . ▶ \$ <u>N/A</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	X	
e Transfer of any part of its income or assets?		X
<b>3a</b> Did the organization make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how the organization determines that recipients qualify to receive payments.) . . . . . STMT. 22	X	
b Did the organization have a section 403(b) annuity plan for its employees?	X	
c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' attach a detailed statement.		X
d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
<b>4a</b> Did the organization maintain any donor advised funds? If 'Yes,' complete lines 4b through 4g. If 'No,' complete lines 4f and 4g.		X
b Did the organization make any taxable distributions under section 4966?		N/A
c Did the organization make a distribution to a donor, donor advisor, or related person?		N/A
d Enter the total number of donor advised funds owned at the end of the tax year		N/A
e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year.		N/A
f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts.		0
g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year.		0.

**Part IV Reason for Non-Private Foundation Status** (See instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ -----
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives: **(1) more than 33-1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc, functions — subject to certain exceptions, and **(2) no more than 33-1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization: ▶  
 Type I     Type II     Type III-Functionally Integrated     Type III-Other

**Provide the following information about the supported organizations.** (See instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> .....▶					0.

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions.)



**Part VI-A Lobbying Expenditures by Electing Public Charities** (See instructions.)  
(To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

Check **a**  if the organization belongs to an affiliated group. Check **b**  if you checked 'a' and 'limited control' provisions apply.

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for <b>all</b> electing organizations
(The term 'expenditures' means amounts paid or incurred.)			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying).....	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying).....	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37).....	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures.....	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39).....	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table —		
	<b>If the amount on line 40 is —</b>		
	Not over \$500,000.....		
	Over \$500,000 but not over \$1,000,000.....		
	Over \$1,000,000 but not over \$1,500,000.....		
	Over \$1,500,000 but not over \$17,000,000.....		
	Over \$17,000,000.....		
	<b>The lobbying nontaxable amount is —</b>		
	20% of the amount on line 40.....		
	\$100,000 plus 15% of the excess over \$500,000.....		
	\$175,000 plus 10% of the excess over \$1,000,000.....		
	\$225,000 plus 5% of the excess over \$1,500,000.....		
	\$1,000,000.....		
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41).....	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36.....	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38.....	<b>44</b>	
	<b>Caution:</b> If there is an amount on either line 43 or line 44, you must file Form 4720.		

**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 45 through 50.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>45</b> Lobbying nontaxable amount.....					
<b>46</b> Lobbying ceiling amount (150% of line 45(e)).....					
<b>47</b> Total lobbying expenditures.....					
<b>48</b> Grassroots non-taxable amount.....					
<b>49</b> Grassroots ceiling amount (150% of line 48(e)).....					
<b>50</b> Grassroots lobbying expenditures.....					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
<b>a</b> Volunteers.....		X	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines <b>c</b> through <b>h</b> ).....		X	
<b>c</b> Media advertisements.....		X	
<b>d</b> Mailings to members, legislators, or the public.....		X	
<b>e</b> Publications, or published or broadcast statements.....		X	
<b>f</b> Grants to other organizations for lobbying purposes.....		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body.....		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means.....		X	
<b>i</b> Total lobbying expenditures (add lines <b>c</b> through <b>h</b> ).....			0.

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities.

**Part V Private School Questionnaire** (See instructions.)  
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

		N/A	
		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? .....		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? .....		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? .....		
If 'Yes,' please describe; if 'No,' please explain. (If you need more space, attach a separate statement.)			
-----			
-----			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff? .....		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....		
d	Copies of all material used by the organization or on its behalf to solicit contributions? .....		
If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.)			
-----			
-----			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges? .....		
b	Admissions policies? .....		
c	Employment of faculty or administrative staff? .....		
d	Scholarships or other financial assistance? .....		
e	Educational policies? .....		
f	Use of facilities? .....		
g	Athletic programs? .....		
h	Other extracurricular activities? .....		
If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.)			
-----			
-----			
34a	Does the organization receive any financial aid or assistance from a governmental agency? .....		
b	Has the organization's right to such aid ever been revoked or suspended? .....		
If you answered 'Yes' to either 34a or b, please explain using an attached statement.			
-----			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' attach an explanation. ....		



Name of organization

SALEM HOSPITAL

Employer identification number

93-0579722

**Part I** Contributors (See Specific Instructions.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SALEM HOSPITAL FOUNDATION ----- P.O. BOX 14001 ----- SALEM, OR 97309-5014 -----	\$ 611,847.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

**Schedule B**  
**(Form 990, 990-EZ,**  
**or 990-PF)**

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**  
**Supplementary Information for**  
**line 1 of Form 990, 990-EZ and 990-PF (see instructions)**

OMB No. 1545-0047

**2006**

Name of organization <b>SALEM HOSPITAL</b>	Employer identification number <b>93-0579722</b>
---	---

**Organization type** (check one):

**Filers of:**

Form 990 or 990-EZ

**Section:**

- 501(c)( 3 ) (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule – see instructions.)

**General Rule –**

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules –**

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of \$5,000 or more during the year.) ..... ▶ \$ \_\_\_\_\_

**Caution:** Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF) but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, Form 990-EZ, and Form 990-PF.**

Schedule B (Form 990, 990-EZ, or 990-PF) (2006)

Name of organization

Employer identification number

SALEM HOSPITAL

93-0579722

**Part II** Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	N/A ----- ----- -----		
	----- ----- -----	\$-----	
	----- ----- -----	\$-----	
	----- ----- -----	\$-----	
	----- ----- -----	\$-----	
	----- ----- -----	\$-----	
	----- ----- -----	\$-----	
	----- ----- -----	\$-----	

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**STATEMENT 1  
FORM 990, PART I, LINE 7  
OTHER INVESTMENT INCOME**

SALEM IMAGING, LLC.....	\$	581,802.
WILLAMETTE VALLEY INS. CO.....		-255,640.
	TOTAL \$	<u>326,162.</u>

**STATEMENT 2  
FORM 990, PART I, LINE 8  
NET GAIN (LOSS) FROM NONINVENTORY SALES**

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE:	10,397,942.
COST OR OTHER BASIS:	10,089,625.

TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES \$ 308,317.

OTHER ASSETS

DESCRIPTION:	LAND IMPROVEMENTS
DATE ACQUIRED:	VARIOUS
HOW ACQUIRED:	PURCHASE
DATE SOLD:	8/24/2007
TO WHOM SOLD:	
GROSS SALES PRICE:	1,300,519.
COST OR OTHER BASIS:	1,190,643.

GAIN (LOSS) 109,876.

DESCRIPTION:	BUILDING AND BUILDING IMPROVEMENTS
DATE ACQUIRED:	VARIOUS
HOW ACQUIRED:	PURCHASE
DATE SOLD:	8/24/2007
TO WHOM SOLD:	
GROSS SALES PRICE:	2,814,718.
COST OR OTHER BASIS:	3,307,075.
DEPRECIATION:	730,162.

GAIN (LOSS) 237,805.

DESCRIPTION:	BUILDING AND BUILDING IMPROVEMENTS
DATE ACQUIRED:	VARIOUS
HOW ACQUIRED:	PURCHASE
DATE SOLD:	7/03/2007
TO WHOM SOLD:	
GROSS SALES PRICE:	1,002,492.
COST OR OTHER BASIS:	1,771,424.
DEPRECIATION:	488,804.

GAIN (LOSS) -280,128.

DESCRIPTION:	EQUIPMENT
DATE ACQUIRED:	VARIOUS
HOW ACQUIRED:	PURCHASE
DATE SOLD:	VARIOUS
TO WHOM SOLD:	
GROSS SALES PRICE:	240,302.
COST OR OTHER BASIS:	1,717,880.

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**STATEMENT 2 (CONTINUED)**  
**FORM 990, PART I, LINE 8**  
**NET GAIN (LOSS) FROM NONINVENTORY SALES**

DEPRECIATION:	1,441,874.	GAIN (LOSS)	-35,704.
---------------	------------	-------------	----------

DESCRIPTION:	LAND AND LAND IMPROVEMENTS
DATE ACQUIRED:	VARIOUS
HOW ACQUIRED:	PURCHASE
DATE SOLD:	8/24/2007
TO WHOM SOLD:	
GROSS SALES PRICE:	145,581.
COST OR OTHER BASIS:	157,813.
DEPRECIATION:	26,829.

GAIN (LOSS)	14,597.
-------------	---------

TOTAL GAIN (LOSS) OTHER ASSETS	\$ 46,446.
--------------------------------	------------

TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES	\$ 354,763.
---	-------------

**STATEMENT 3**  
**FORM 990, PART I, LINE 10**  
**GROSS PROFIT (LOSS) FROM SALES OF INVENTORY**

CONTRACT LAUNDRY.....	\$ 188,627.
GROSS SALES.....	\$ 188,627.
LESS RETURNS & ALLOWANCES.....	0.
NET SALES.....	\$ 188,627.
LESS COST OF GOODS SOLD.....	0.
GROSS PROFIT FROM SALES OF INVENTORY.....	\$ 188,627.

**STATEMENT 4**  
**FORM 990, PART I, LINE 20**  
**OTHER CHANGES IN NET ASSETS OR FUND BALANCES**

BOOK / TAX DIFFERENCE ON SALEM IMAGING, LLC.....	\$ 477,675.
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT.....	314,163.
CHANGE IN NET BENEFIT COST.....	-280,028.
SFAS 136 ADJUSTMENT.....	606,304.
UNREALIZED GAIN ON INVESTMENTS.....	3,789,432.
TOTAL	\$ 4,907,546.

Name of organization

Employer identification number

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**Part III** Exclusively religious, charitable, etc, individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year (Complete cols (a) through (e) and the following line entry.)

For organizations completing Part III, enter total of exclusively religious, charitable, etc, contributions of \$1,000 or less for the year. (Enter this information once - see instructions.) ..... \$ N/A

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	N/A		

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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**STATEMENT 5  
FORM 990, PART II, LINE 22B  
OTHER GRANTS AND ALLOCATIONS**

CASH GRANTS AND ALLOCATIONS

CLASS OF ACTIVITY:	PROMOTE HEALTH & WELFARE	
DONEE'S NAME:	SALEM HOSPITAL AUXILLARY	
DONEE'S ADDRESS:	PO BOX 14001 SALEM, OR 97309	
RELATIONSHIP OF DONEE:	RELATED	
AMOUNT GIVEN:		\$ 1,000.
CLASS OF ACTIVITY:	RESEARCH ALZEHEIMERS	
DONEE'S NAME:	ALZEHEIMERS NETWORK	
DONEE'S ADDRESS:	PO BOX 12701 SALEM, OR 97309	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		500.
DONEE'S NAME:	JE PAZ DESIGN	
DONEE'S ADDRESS:	1288 LIBERTY ST. NE SALEM, OR 97308	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		302.
CLASS OF ACTIVITY:	COMMUNITY SERVICES	
DONEE'S NAME:	MWVCAA	
DONEE'S ADDRESS:	2475 CENTER ST. NE SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		1,000.
CLASS OF ACTIVITY:	CHILD AND FAMILY SERVICES	
DONEE'S NAME:	EASTER SEALS	
DONEE'S ADDRESS:	290 MOYER LANE NW SALEM, OR 97304	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		500.
CLASS OF ACTIVITY:	CHILDREN EDUCATION	
DONEE'S NAME:	BUSH ELEMENTARY SCHOOL	
DONEE'S ADDRESS:	410 14TH ST SE SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		250.
CLASS OF ACTIVITY:	PROMOTING BABY HEALTH	
DONEE'S NAME:	MARCH OF DIMES	
DONEE'S ADDRESS:	PO BOX 932852 ATLANTA, GA 31193	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		5,000.
CLASS OF ACTIVITY:	ENHANCEMENT OF ECONOMY	
DONEE'S NAME:	SEDCOR	
DONEE'S ADDRESS:	745 COMMERCIAL ST. NE SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		500.

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**STATEMENT 5 (CONTINUED)**  
**FORM 990, PART II, LINE 22B**  
**OTHER GRANTS AND ALLOCATIONS**

CASH GRANTS AND ALLOCATIONS

CLASS OF ACTIVITY:	SENIOR HEALTH & WELLNESS	
DONEE'S NAME:	MID-WILLAMETTE VALLEY	
DONEE'S ADDRESS:	PO BOX 21191 KEIZER, OR 97307	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		\$ 100.
CLASS OF ACTIVITY:	EDUCATION	
DONEE'S NAME:	PRESCRIPTION FOR OREGON	
DONEE'S ADDRESS:	7726 SE HARMONY RD. PORTLAND, OR 97222	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		10,000.
CLASS OF ACTIVITY:	ARTHRITIS FOUNDATION	
DONEE'S NAME:	ARTHRITIS FOUNDATION	
DONEE'S ADDRESS:	9700 SW BARBUR BLVD. SUITE 160 PORTLAND, OR 97219	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		500.
CLASS OF ACTIVITY:	CHILD ABUSE ASSESSMENT	
DONEE'S NAME:	LIBERTY HOUSE	
DONEE'S ADDRESS:	PO BOX 2613 SALEM, OR 97308	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		500.
CLASS OF ACTIVITY:	CHILDREN EDUCATION	
DONEE'S NAME:	EXCHANGE CLUB OF SALEM	
DONEE'S ADDRESS:	PO BOX 2073 SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		750.
CLASS OF ACTIVITY:	YOUTH ATHLETICS	
DONEE'S NAME:	LANE COUNTY YOUTH HOCKEY	
DONEE'S ADDRESS:	849 GLENDORA AVE. SE SALEM, OR 97306	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		625.
CLASS OF ACTIVITY:	AMERICAN RED CROSS	
DONEE'S NAME:	AMERICAN RED CROSS	
DONEE'S ADDRESS:	675 ORCHARD HEIGHTS RD NW #200 SALEM, OR 97304	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		250.
CLASS OF ACTIVITY:	YOUTH SUPPORT	
DONEE'S NAME:	CASCADE PACIFIC COUNCIL	
DONEE'S ADDRESS:	13462 S BUTTE CREEK RD SCOTTS MILLS, OR 97375	
AMOUNT GIVEN:		400.

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**STATEMENT 5 (CONTINUED)**  
**FORM 990, PART II, LINE 22B**  
**OTHER GRANTS AND ALLOCATIONS**

CASH GRANTS AND ALLOCATIONS

CLASS OF ACTIVITY:	EDUCATION SERVICES	
DONEE'S NAME:	CHEMEKETA COMMUNITY COLLEGE	
DONEE'S ADDRESS:	PO BOX 14007 SALEM, OR 97309	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		\$ 20,000.
CLASS OF ACTIVITY:	FUND OR HEALTH ASSESSMENT	
DONEE'S NAME:	FOUNDATION FOR MED. EXCELLENCE	
DONEE'S ADDRESS:	ONE SW COLUMBIA ST. STE 860 PORTLAND, OR 97258	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		25,000.
CLASS OF ACTIVITY:	YOUTH SUPPORT	
DONEE'S NAME:	HEALTHY KIDS	
DONEE'S ADDRESS:	921 SW WASHINGTON ST STE 470 PORTLAND, OR 97205	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		10,000.
CLASS OF ACTIVITY:	MEDICAL SERVICES	
DONEE'S NAME:	MARION COUNTY TREASURER	
DONEE'S ADDRESS:	3180 CENTER STREET NE SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		91,895.
CLASS OF ACTIVITY:	COMMUNITY SERVICES	
DONEE'S NAME:	ROTARY CLUB OF SALEM	
DONEE'S ADDRESS:	PO BOX 3981 SALEM, OR 97302	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		500.
CLASS OF ACTIVITY:	YOUTH SUPPORT	
DONEE'S NAME:	SALEM FAMILY YMCA	
DONEE'S ADDRESS:	685 COURT STREET SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		5,000.
CLASS OF ACTIVITY:	HUMANITARIAN PROGRAM	
DONEE'S NAME:	SALVATION ARMY	
DONEE'S ADDRESS:	1887 FRONT ST. SALEM, OR 97301	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		50,000.
CLASS OF ACTIVITY:	MDA RESEARCH	
DONEE'S NAME:	US BANK- MUSCULAR DYSTROPHY	
DONEE'S ADDRESS:	P.O. BOX 790408 ST. LOUIS, MO 63179	
RELATIONSHIP OF DONEE:	NONE	

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**STATEMENT 5 (CONTINUED)**  
**FORM 990, PART II, LINE 22B**  
**OTHER GRANTS AND ALLOCATIONS**

CASH GRANTS AND ALLOCATIONS

AMOUNT GIVEN: \$ 600.

TOTAL GRANTS AND ALLOCATIONS \$ 225,172.

**STATEMENT 6**  
**FORM 990, PART II, LINE 43**  
**OTHER EXPENSES**

	(A)	(B)	(C)	(D)
	TOTAL	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING
ADVERTISING	617,469.	130.	617,339.	
BANK FEES	362,906.		362,906.	
DATA PROCESSING	7,535,390.	918,552.	6,616,838.	
DUES & SUBSCRIPTIONS	298,193.	62,349.	235,844.	
INSURANCE	6,927,841.	6,624,424.	303,417.	
MISCELLANEOUS EXPENSE	647,834.	-36,712.	684,546.	
OTHER PROFESSIONAL FEES	27,219,057.	21,197,966.	6,021,091.	
PROVISION FOR BAD DEBTS	19,995,105.	19,995,105.		
RECRUITING	1,343,091.	86,707.	1,256,384.	
RELOCATION COSTS	231,883.	7,920.	223,963.	
TAXES - OTHER	2,864,471.	117,937.	2,746,534.	
TOTAL	<u>\$68,043,240.</u>	<u>\$48,974,378.</u>	<u>\$19,068,862.</u>	<u>\$ 0.</u>

**STATEMENT 7**  
**FORM 990, PART IV, LINE 51**  
**OTHER NOTES AND LOANS RECEIVABLE**

NOTES AND LOANS REPORTED SEPARATELY	BALANCE DUE	DOUBTFUL ACCOUNTS ALLOWANCE
BORROWER'S NAME: WEST VALLEY HOSPITAL		
BORROWER'S TITLE: (AN OREGON CORPORATION)		
DATE OF NOTE: 9/01/2002		
MATURITY DATE: 3/01/2012		
REPAYMENT TERMS: MONTHLY		
INTEREST RATE: 7.00%		
SECURITY PROVIDED: UNSECURED		
PURPOSE OF LOAN: FINANCE HOSP. OPERATION		
BORROWER RELATIONSHIP: AFFILIATE		
CONSIDERATION:		
CONSIDERATION FMV:		
ORIGINAL AMOUNT: \$ 2,156,105.		
BALANCE DUE:	\$ 1,245,974.	
DOUBTFUL ACCT. ALLOW.:		\$ 0.
TOTAL NOTES AND LOANS REPORTED SEPARATELY	<u>\$ 1,245,974.</u>	<u>\$ 0.</u>

DOUBTFUL

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**STATEMENT 7 (CONTINUED)**  
**FORM 990, PART IV, LINE 51**  
**OTHER NOTES AND LOANS RECEIVABLE**

<u>OTHER NOTES AND LOANS</u>	<u>BALANCE DUE</u>	<u>ACCOUNTS ALLOWANCE</u>
WEST VALLEY HOSPITAL	\$ 8,117,162.	\$ 2,850,000.
LOANS NON-KEY EMPLOYEES	2,120,694.	0.
TOTAL OTHER NOTES AND LOANS	<u>\$ 10,237,856.</u>	<u>\$ 2,850,000.</u>
TOTAL NET RECEIVABLES		<u>\$ 8,633,830.</u>

**STATEMENT 8**  
**FORM 990, PART IV, LINE 54A**  
**INVESTMENTS - PUBLICLY TRADED SECURITIES**

<u>CORPORATE STOCKS</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
COMMON STOCKS AND MUTUAL FUNDS	MARKET VALUE	\$ 44,278,845.
TOTAL		<u>\$ 44,278,845.</u>

<u>CORPORATE BONDS</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
CORPORATE BONDS AND NOTES	MARKET VALUE	96,708,631.
TOTAL		<u>\$ 96,708,631.</u>

<u>U.S. GOVERNMENT OBLIGATIONS</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
US TREASURY SECURITIES	MARKET VALUE	62,703,430.
US AGENCY SECURITIES	MARKET VALUE	33,219,060.
TOTAL		<u>\$ 95,922,490.</u>

PUBLICLY TRADED SECURITIES \$ 236909966.

**STATEMENT 9**  
**FORM 990, PART IV, LINE 54B**  
**INVESTMENTS - OTHER SECURITIES**

<u>OTHER SECURITIES</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
ACCRUED INTEREST RECEIVABLE	MARKET VALUE	\$ 1,299,146.
CASH EQUIVALENTS	COST	6,852,115.
DEBT SERVICE RESERVE / PROJECT FUND	COST	62,501,518.
TOTAL		<u>\$ 70,652,779.</u>

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**STATEMENT 10  
FORM 990, PART IV, LINE 55B  
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT**

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
BUILDINGS	\$ 16,743,136.	\$ 1,273,611.	\$ 15,469,525.
<b>TOTAL</b>	<b>\$ 16,743,136.</b>	<b>\$ 1,273,611.</b>	<b>\$ 15,469,525.</b>

**STATEMENT 11  
FORM 990, PART IV, LINE 57  
LAND, BUILDINGS, AND EQUIPMENT**

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
MACHINERY AND EQUIPMENT	\$ 175264226.	\$ 121832938.	\$ 53,431,288.
BUILDINGS	208494331.	85,395,995.	123098336.
IMPROVEMENTS	20,788,425.	1,972,414.	18,816,011.
MISCELLANEOUS	105175470.	0.	105175470.
<b>TOTAL</b>	<b>\$ 509722452.</b>	<b>\$ 209201347.</b>	<b>\$ 300521105.</b>

**STATEMENT 12  
FORM 990, PART IV, LINE 58  
OTHER ASSETS**

DEFERRED FINANCING COSTS, NET	\$ 4,324,736.
DEPOSITS	1,271,090.
FAIR VALUE OF INTEREST RATE SWAP AGREEMENT	371,496.
FAS 136 ADJUSTMENT	4,133,215.
INVESTMENTS IN JOINT VENTURE	585,671.
OTHER INVESTMENTS	1,756,974.
OTHER RECEIVABLES	2,040,647.
<b>TOTAL</b>	<b>\$ 14,483,829.</b>

**STATEMENT 13  
FORM 990, PART IV, LINE 64A  
TAX-EXEMPT BOND LIABILITIES**

	BALANCE DUE
PURPOSE OF ISSUE:	FINANCE NEW BUILDINGS
ISSUE DATE:	11/23/2004
ORIGINAL ISSUE AMOUNT:	125,000,000.
TYPE OF FORM 8038 FILED:	FORM 8038-G
FORM 8038 FILING DATE:	11/23/2004
BOND RETIREMENT DATE:	8/15/2034
PROJECT COMPLETION DATE:	1/31/2009
OUTSTANDING ISSUE AMOUNT:	\$ 123,475,000.
MORTGAGE INFORMATION:	
MORTG. MATURITY DATE:	8/15/2034
REPAYMENT TERMS:	VARIABLE INTEREST, ANNUAL PRIN
SECURITY PROVIDED:	REVENUE

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**STATEMENT 13 (CONTINUED)  
FORM 990, PART IV, LINE 64A  
TAX-EXEMPT BOND LIABILITIES**

BALANCE DUE

PURPOSE OF ISSUE:	FINANCE EPIC SOFTWARE/HARDWARE	
ISSUE DATE:	12/25/2005	
ORIGINAL ISSUE AMOUNT:	20,631,012.	
TYPE OF FORM 8038 FILED:	FORM 8038-G	
FORM 8038 FILING DATE:	11/05/1998	
BOND RETIREMENT DATE:	1/01/2011	
OUTSTANDING ISSUE AMOUNT:		\$ 13,751,715.
MORTGAGE INFORMATION:		
MORTG. MATURITY DATE:	1/01/2011	
INTEREST RATE:	4.05	
REPAYMENT TERMS:	60 MONTHLY PMTS \$380,545	
SECURITY PROVIDED:	BUILDING & EQUIPMENT	
PURPOSE OF ISSUE:	REFINANCE 1998 BONDS	
ISSUE DATE:	11/15/2006	
ORIGINAL ISSUE AMOUNT:	38,025,000.	
TYPE OF FORM 8038 FILED:	FORM 8038-G	
FORM 8038 FILING DATE:	11/15/2006	
OUTSTANDING ISSUE AMOUNT:		38,025,000.
MORTGAGE INFORMATION:		
REPAYMENT TERMS:	VARIABLE INTEREST, ANNUAL PRIN	
SECURITY PROVIDED:	REVENUE	
PURPOSE OF ISSUE:	FINANCE NEW PATIENT TOWER	
ISSUE DATE:	11/15/2006	
ORIGINAL ISSUE AMOUNT:	123,122,698.	
TYPE OF FORM 8038 FILED:	FORM 8038-G	
FORM 8038 FILING DATE:	11/01/2006	
OUTSTANDING ISSUE AMOUNT:		122,999,538.
MORTGAGE INFORMATION:		
INTEREST RATE:	5.00	
REPAYMENT TERMS:	SEMI-ANNUAL INT, ANNUAL PRIN	
SECURITY PROVIDED:	REVENUE	
		TOTAL <u>\$ 298,251,253.</u>

**STATEMENT 14  
FORM 990, PART IV, LINE 64B  
MORTGAGES AND OTHER NOTES PAYABLE**

OTHER NOTES PAYABLE

LENDER'S NAME:	CAPITAL LEASE	
RELATIONSHIP OF LENDER:	NONE	
DATE OF NOTE:	12/25/2005	
MATURITY DATE:	12/01/2009	
REPAYMENT TERMS:	SEMI-ANNUAL INT, ANNUAL PRIN	
SECURITY PROVIDED:	EQUIPMENT	
PURPOSE OF LOAN:	FINANCE HILL RM BEDS	
ORIGINAL AMOUNT:	1,197,546.	
BALANCE DUE:		\$ 465,712.

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**STATEMENT 14 (CONTINUED)**  
**FORM 990, PART IV, LINE 64B**  
**MORTGAGES AND OTHER NOTES PAYABLE**

OTHER NOTES PAYABLE

LENDER'S NAME:	PREMIER	
RELATIONSHIP OF LENDER:	NONE	
DATE OF NOTE:	12/25/2005	
MATURITY DATE:	12/01/2009	
REPAYMENT TERMS:	SEMI-ANNUAL INT, ANNUAL PRIN	
SECURITY PROVIDED:	NONE	
ORIGINAL AMOUNT:	150,949.	
BALANCE DUE:		\$ 81,731.
TOTAL		<u>\$ 547,443.</u>

**STATEMENT 15**  
**FORM 990, PART IV, LINE 65**  
**OTHER LIABILITIES**

ACCRUED MALPRACTICE INSURANCE.....	\$ 3,587,495.
ACCRUED POST RETIREMENT HEATHCARE BENES.....	8,988,595.
DUE TO SALEM HEALTH.....	1,625.
ESTIMATED LIABILITY TO MEDICARE.....	3,267,489.
TOTAL	<u>\$ 15,845,204.</u>

**STATEMENT 16**  
**FORM 990, PART IV-A, LINE B(4)**  
**OTHER AMOUNTS**

BOOK / TAX DIFFERENCE ON INVESTMENT.....	\$ 477,675.
CHANGE IN FAIR VALUE INTEREST RATE SWAP.....	314,163.
CHANGE IN NET BENEFIT COST.....	-280,028.
TOTAL	<u>\$ 511,810.</u>

**STATEMENT 17**  
**FORM 990, PART V-A**  
**LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES**

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>COMPEN- SATION</u>	<u>CONTRI- BUTION TO EBP &amp; DC</u>	<u>EXPENSE ACCOUNT/ OTHER</u>
VIRGINIA POSEY P.O. BOX 14001 SALEM, OR 97309	VP PAT. CARE 40	\$ 153,427.	\$ 14,094.	\$ 0.

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STATEMENT 17 (CONTINUED)  
 FORM 990, PART V-A  
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
NORMAN HARRIS P.O. BOX 14001 SALEM, OR 97309	VP PROF/SUP SER 40	\$ 149,163.	\$ 18,989.	\$ 0.
CHERYL R. NESTER-BOWERS P.O. BOX 14001 SALEM, OR 97309	SR. VPO & CNO 40	56,136.	1,041.	0.
PATRICIA HARGER P.O. BOX 14001 SALEM, OR 97309	VP STRAT. PLAN 40	222,007.	12,248.	0.
NORMAN GRUBER P.O. BOX 14001 SALEM, OR 97309	PRESIDENT 40	585,486.	25,770.	0.
MARTIN MORRIS P.O. BOX 14001 SALEM, OR 97309	VP & CDO FOUND 40	119,252.	18,268.	0.
BEVERLY BOW P.O. BOX 14001 SALEM, OR 97309	VICE PRES. HR 40	210,173.	21,802.	0.
KENNETH A. KUDLA P.O. BOX 14001 SALEM, OR 97309	CIO 40	15,530.	604.	0.
AARON CRANE P.O. BOX 14001 SALEM, OR 97309	CFO 40	334,457.	25,831.	0.
DENNIS SATO P.O. BOX 14001 SALEM, OR 97309	CIO 40	301,378.	16,096.	0.
WILLIAM HOLLOWAY P.O. BOX 14001 SALEM, OR 97309	CMO 40	415,184.	20,585.	0.
JACK CAYNON P.O. BOX 14001 SALEM, OR 97309	GENERAL COUNCIL 40	269,820.	26,222.	0.
ROBERT WELLS P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.

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STATEMENT 17 (CONTINUED)  
 FORM 990, PART V-A  
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
KATHERINE KEENE P.O. BOX 14001 SALEM, OR 97309	CHAIRPERSON 3	\$ 0.	\$ 0.	0.
GEORGE HAPP P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
BRUCE CARTER, MD P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
KENNETH SHERMAN, JR. P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
DAVID ELMGREN, MD P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
CHUCK HUDKINS P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
GARY KAUFMAN P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
BONNIE DRIGGERS P.O. BOX 14001 SALEM, OR 97309	VICE-CHAIR 3	0.	0.	0.
THERESA TAAFFE P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
JENNIFER NEHRING, MD P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
ALAN WYNN P.O. BOX 14001 SALEM, OR 97309	SECRETARY/TREAS 3	0.	0.	0.
MIKE MACLARAN P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.

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**STATEMENT 17 (CONTINUED)**  
**FORM 990, PART V-A**  
**LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES**

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>COMPEN- SATION</u>	<u>CONTRI- BUTION TO EBP &amp; DC</u>	<u>EXPENSE ACCOUNT/ OTHER</u>
ALAN COSTIC P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	\$ 0.	\$ 0.	0.
AMY LOWERY P.O. BOX 14001 SALEM, OR 97309	TRUSTEE 3	0.	0.	0.
	TOTAL	<u>\$ 2,832,013.</u>	<u>\$ 201,550.</u>	<u>\$ 0.</u>

**STATEMENT 18**  
**FORM 990, PART VI, LINE 80B**  
**RELATED ORGANIZATIONS**

<u>NAME OF ORGANIZATION</u>	<u>EXEMPT</u>	<u>NONEXEMPT</u>
SALEM HEALTH	X	
SALEM HOSPITAL AUXILIARY	X	
SALEM HOSPITAL FOUNDATION	X	
WEST VALLEY HOSPITAL	X	
WEST VALLEY HOSPITAL FOUNDATION	X	
WILLAMETTE VALLEY INSURANCE COMPANY	X	
WILLAMETTE VALLEY PROFESSIONAL SERVICES	X	

**STATEMENT 19**  
**FORM 990, PART VIII**  
**RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES**

<u>LINE #</u>	<u>EXPLANATION OF ACTIVITIES</u>
93A-D	SALEM HOSPITAL, A NOT-FOR-PROFIT ORGANIZATION, OPERATES AN ACUTE CARE FACILITY OPEN TO THE GENERAL PUBLIC. ALL REVENUE SHOWN ON LINE 93 (A) AND 93 (F) RELATES TO HEALTH CARE SERVICES PROVIDED TO THE GENERAL PUBLIC BY SALEM HOSPITAL'S ACUTE CARE FACILITY. SALEM HOSPITAL PROVIDES NEEDED MEDICAL CARE TO THE COMMUNITY REGARDLESS OF ANY INDIVIDUAL'S ABILITY TO PAY. SERVICES INCLUDE INPATIENT ROUTINE, INPATIENT ANCILLARY, AND OUTPATIENT CARE IN SUPPORT OF THE HOSPITAL'S HEALTH CARE MISSION. THE NEGATIVE AMOUNT SHOWN ON LINE 93 (B) REPRESENT MEDICAL CARE PROVIDED FOR WHICH THE HOSPITAL DID NOT RECEIVE FULL OR PARTIAL PAYMENT.

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SALEM HOSPITAL

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**STATEMENT 20  
FORM 990, PART XI, LINE 107  
TRANSFERS FROM CONTROLLED ENTITY**

CONTROLLED ENTITY NAME AND ADDRESS	FEDERAL EIN	DESCRIPTION OF TRANSFER	AMOUNT OF TRANSFER
SALEM IMAGING, LLC 2925 RYAN DRIVE SE SALEM, OR 97301	76-0753723	PARTNERSHIP DISTRIBUTION	869,500.

**STATEMENT 21  
SCHEDULE A, PART I  
COMPENSATION OF FIVE HIGHEST PAID EMPLOYEES**

NAME AND ADDRESS	TITLE & AVERAGE HOURS WORKED	COMPEN- SATION	CONTRIBUT. EBP & DC	EXPENSE ACCOUNT
MICHAEL R. MILLER P.O. BOX 14001 SALEM, OR 97309	PSYCHIATRIST 40	209,781.	30,543.	0.
ROBERT WOLF P.O. BOX 14001 SALEM, OR 97309	PSYCHIATRIST 40	208,396.	35,396.	0.
JAMES F. MILLER P.O. BOX 14001 SALEM, OR 97309	PSYCHIATRIST 40	203,274.	31,080.	0.
WILLIAM BECK P.O. BOX 14001 SALEM, OR 97309	SR. CONSULTANT 40	163,976.	35,616.	0.
MARCENE L. THOMAS P.O. BOX 14001 SALEM, OR 97309	ASST. NURSE MNG 36	158,002.	29,676.	0.
		TOTAL \$ 943,429.	\$ 162,311.	\$ 0.

**STATEMENT 22  
SCHEDULE A, PART III, LINE 3A  
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS**

RECIPIENTS OF HEALTH CARE RELATED ACADEMIC SCHOLARSHIPS AND THE AMOUNTS OF THE AWARDS ARE DETERMINED BY ANALYSES OF THE CANDIDATES' QUALIFICATIONS, SCHOLARSHIP AWARDS ALREADY AWARDED TO THEM FOR THE YEAR BY OTHER ORGANIZATIONS, AND THE COSTS OF THE SPECIFIC SCHOOLS THE VARIOUS CANDIDATES WISH TO ATTEND.

Statement of Program Service Activities  
(Form 990, Part II, Line 43 & Part III)

Salem Hospital provides quality medical healthcare regardless of race, creed, sex, national origin, handicap, age, or ability to pay. The Hospital strives to meet the needs of the community, assuring access to a range of health care services, with an emphasis on acute care. The primary services provided to achieve this goal are summarized as follows:

Medical/surgical nursing	Respiratory therapy
Maternal/child care	Physical rehabilitation services
Critical care	Occupational therapy
Emergency and urgent care services	Speech therapy
Inpatient and outpatient surgical services	Occupational medicine program
Imaging services	Patient and community education
Laboratory services	Home emergency communication services
Pharmacy and IV therapy services	Social services
Psychiatric services	Pastoral care
Home health care	Nursing/professional education

Although reimbursement for services rendered is critical to the operation and stability of Salem Hospital, it is recognized that not all individuals possess the ability to purchase essential medical services and further that our mission is to serve the community with respect to providing healthcare services and healthcare education. Therefore, in keeping with this hospital's commitment to serve all members of its community:

- free and/or subsidized care,
- care provided at less than standard charges to persons covered by governmental programs,
- health activities and programs to support the community,

are considered in the context of community need and/or the individual's inability to pay. These activities include wellness programs, community education programs, special programs for the elderly, handicapped, medically under-served, and a variety of broad community support activities.

The hospital's activities for the year ending September 30, 2007 are as follows:

**Support groups.** We run several support groups and also provide space for other groups to meet at our facilities at no cost. Support groups include Aphasia, Better Breathers, Hearing Loss Association of Salem, Multiple Sclerosis, ALS, Stroke Recovery, Brain Injury, Head & Neck Cancer, Prostate cancer, Breastfeeding, Post-Partum Depression Prevention (New Moms' Group).

*Number of people served: 4,499. Cost of paid hours: \$27,346.*

**Career development.** Helping students of all ages consider healthcare careers and learn to be successful on the job. Includes, Expanding Your Horizons in cooperation with community groups, helping teenage girls consider non-traditional careers. Healthcare Careers Academy

Statement of Program Service Activities  
(Form 990, Part II, Line 43 & Part III)

sponsored by Salem Health which exposes high school students to various careers in the hospital during a one-day seminar. Career Exploration Program, where high school students in health occupations courses spend time at Salem Hospital each week learning about various jobs. And, job shadows which help people of all ages to follow along with a worker to see what he or she does on a daily basis. We also run nursing, clinical and technical preceptorships and internships. The Auxiliary funded 51 scholarships in 2007.

*Number of people served: 2,117. Cost of paid hours: \$216,106.*

**Educating people about health conditions** through classes and outreach programs that address education needs and promote healthy lifestyles.

Heart fair & forum, heart health information to 5th grade class, imaging information to 5th grade class, diabetes and diabetes nutrition, heart health, nutrition, sleep apnea, babysitting, communicable diseases, colorectal cancer, health/wellness, healthy food on a budget, flu, osteoporosis, osteoporosis/stress, cancer, grief and loss, women's health, setbacks to comebacks, stroke, living well with congestive heart failure, ball bouncing mamas, better balance, splash to health, aquatic tai chi, star tai chi, sleep-disordered breathing seminars, childbirth class series, sibling classes, Spanish childbirth classes, dad's classes, c-section prep class, infant CPR and baby care, dysphasia.

*Number of people served: 5,622. Cost of paid hours: \$10,577.*

Additional health education occurs on the section of the hospital's Web site, called HealthSource. With an encyclopedia, monthly online newsletters, and interactive tools, users can learn about health conditions, diagnosis and treatment.

*Cost of content: \$32,000.*

The *Messenger* newsletter is distributed three times per year, with a goal of helping readers become better informed about their health and their options for better health.

*Number served: 152,000 households (all residences in Marion and Polk). Cost of product and distribution: \$120,000. Cost of paid hours: \$15,800.*

**Community and board memberships.**

YMCA Board, Chemeketa Community College Nursing Advisory Board, Enterprise for Employment and Education Board, Salem Area Chamber of Commerce Board, Marion County Commission on Children and Families, Salem Downtown Rotary, Oregon Assoc. of Hospitals & Health Systems Board, The Foundation for Medical Excellence, SEDCOR (Strategic Economic Development Corporation), and Salem Vision 20/20.

*Cost of paid hours: \$8,317.*

**Community events, sponsorships and grants.**

Dad's Conference, NW Baby & Family Fest, Salem YWCA Women Helping Women Fundraising Luncheon, Oregon Institute of Technology, Keizer Chamber of Commerce Iris Fest

Statement of Program Service Activities  
(Form 990, Part II, Line 43 & Part III)

Fun Run, National Multiple Sclerosis Society, AAUW Midsummer Musicale, Mid-Willamette Valley Senior Services Foundation, Salem: City that Cares- Social Service Community Forum, AAUW - Expanding Your Horizons Career conference, Family Building Blocks, Oregon NW Black Pioneers, Easter Seals Children Center Annual Dinner, American Heart Association Open Heart Open Golf Tournament, Marion and Polk County Homeless Count, Bush School Love of Reading, March Of Dimes – WalkAmerica, Marion and Polk Medical Society Foundation, Salem/Keizer School Foundation, - Awesome 3000 Title Sponsor, Marion Polk Medical Society - General membership dinner sponsorship, Shape up Across America, SEDCOR Annual Event, Arthritis Foundation Walk, Salem World Beat Festival (first aid booth), American Cancer Society Relay for Life, Salvation Army's Kroc Center, Volcanoes, Salem Area Chamber of Commerce – Showbiz, Salem Area Chamber of Commerce - Evening d'Elegance, Exchange Club, Cautious Kids Safety Program, Oregon EMS Conference, American Red Cross Real Heroes, Linda Vladyka Play for the Cure, Keizer Bike Rodeo and Safety event (Keizer Bikeways Committee and City of Keizer), Oregon State Police Missing Children Golf Benefit, Discover Pink Walk for Breast Cancer Awareness, OHSU Golf Tournament, Liberty House Family Fun Run, SEDCOR Golf Tournament, Oktoberfest Road Race, Salem Senior Center Health Fair, A Gift of Time.

***Cost of paid hours: \$15,800. Cost of sponsorships and grants: \$128,905.***

**Health screenings and health fairs.**

Blood pressure/cholesterol, blood pressure, sleep disorders, diabetes, cholesterol, obstructive sleep apnea screening.

***Number served: 1,612. Cost of paid hours: \$2,849.***

**Injury prevention.**

Car seat safety clinics, car seat safety training, victims impact panel, seat belt diversion class, changing high-risk behavior, high-risk drivers class, driver's education, safety fair, adult injury prevention, injury prevention, school-age, dangers of methamphetamine, cautious kids, Safe Kids bike rodeo.

***Number served: 9,460. Cost of paid hours: \$18,857.***

**Patient support.** The peer navigator program, which began several years ago with breast-cancer survivors providing support and encouragement to women currently undergoing breast-cancer treatment, expanded in 2007 to include bariatric surgery and heart-attack patients.

***Number served: 66. Cost of paid hours: \$9,495.***

**Physician recruitment.** Working to identify and then bring talented medical providers to the community. In 2007, 27 physicians came to the Marion-Polk area; of those. Costs are for staff time on recruitment and insurance management.

***Number served: 138. Cost of paid hours: \$177,746.***

Statement of Program Service Activities  
(Form 990, Part II, Line 43 & Part III)

**Space and equipment donations.** Equipment donations have been made to Chemeketa Community College and Northwest Medical Teams. CPAP equipment was also donated to 14 individuals. Salem Health provides free or reduced-cost space to several groups to help make health and social services more readily available to the community. This includes Marion County Psychiatric Crisis Center, \$3,616 per month; Northwest Human Services, \$740 month; Willamette Family Medical Center, \$46,478 per month; office space for Vocational Rehabilitation counselor, \$210 per month.

**Cost of free or reduced cost space: \$496,668.**

**Patient comfort, support and education.**

Kimonos sewed by Auxiliary members to women with breast cancer receiving radiation treatment. Breast Cancer Care Kits, Cancer Care Cookbook, and guide books for pregnant women to help them through their pregnancy and beyond.

**Number served: 5,371. Cost of paid hours: \$2,279.**

**Pregnancy-related assistance.** The Salem Hospital Family Birth Center Clinic serves women with limited financial resources as well as those with high-risk pregnancies with a group of obstetricians who are on duty 24hours a day for any emergency. Birth Center Clinic staff do a Healthy Start program assessment, which can connect first-time moms with critical services to help with successful parents. The Family Birth Center houses a WIC clinic which helps new parents receive essential nutrition.

**Numbers served: 2,833. Cost of paid hours: \$94,950 (this number does not include cost of OB hospitalists).**

**Medication safety outreach** to encourage individuals to carry and use a medication record. Included a partnership with Fred Meyer pharmacy in East Salem, where Salem Hospital provided them with free medication record cards they could give to customers when doing consults.

**Blood drive** for the American Red Cross held quarterly at the rehab center.

**Cost of paid hours: \$3,038.**

**Miscellaneous services:**

Prenatal Task Force, Oregon Mothers Care Coalition.

**Numbers served: 979. Cost of paid hours: \$2,735.**

Salem Keizer Education Foundation Activity Guides and Committed to Kids weight-management program.

**Numbers served: 1,015. Cost of paid hours: \$1,519**

Health assessments for Chemeketa Community College students.

**Numbers served: 134. Cost of paid hours: \$1,443.**

Statement of Program Service Activities  
(Form 990, Part II, Line 43 & Part III)

Increased emergency preparedness activities.

***Cost of paid hours: \$2,430.***

Indigent Guardianship services on behalf of Marion County.

***Cost of paid hours: \$190.***

Assessments for disabled Salem-area children on behalf of Oregon Health & Science University, relieving families from travel obligations.

***Numbers served: 240. Cost of paid hours: \$6,543.***

**Unreimbursed Cost of Medicare and Medicaid.**

Salem Hospital provides care to persons covered by governmental programs that reimburse at levels below actual charges. Recognizing its mission to the community, the Hospital provides services to both Medicare and Medicaid patients. The amount of care written off by Salem Hospital due to inadequate reimbursement under these programs was approximately \$33,880,045 during fiscal 2007.

***Cost of Unreimbursed Care: \$33,880,045***

**Charity Care and Provision for Doubtful Accounts.**

During fiscal 2007, direct charity care write-offs for those patients that met the Hospital's charity care policy were **\$28,012,857**. Charity care write offs are included as a deduction from revenue. Provision for doubtful accounts, representing unreimbursed care from patients who have the ability to pay, but do not pay, resulted in the delivery of an additional **\$19,995,105** of free care.

<b><i>Total Direct Care Written-off:</i></b>	<b><i>\$48,007,962</i></b>
<b><i>Less Charity Care Reported in Income:</i></b>	<b><i><u>(28,012,857)</u></i></b>
<b><i>Net Direct Care Written-off:</i></b>	<b><i>\$19,995,105</i></b>

**Operating Costs for the Hospital.**

In addition to the specific activities listed above, the Hospital served approximately 19,079 inpatients and 506,042 outpatient visits, including 80,581 emergency room visits and 3,755 births.

***Remaining Program Service Expenses: \$289,817,355***

***Total Program Service Expenses: \$345,088,098***

SALEM HOSPITAL

93-0579722

9/30/2007

Statement 24

Statement of Other Program Service Revenue  
(Form 990, Part VII, Line 93C)

Other Program Service Departmental Revenue	\$2,784,878
Other G&A Departmental Revenue	1,113,541
WV Support Revenue	<u>985,507</u>
	\$4,883,926