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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)

OMB No 1545-0047

2005**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 2005 calendar year, or tax year beginning

, and ending

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 Name of organization

Catholic Health System - Attn: Finance

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

2605 Harlem Road

City or town

State or country

ZIP + 4

Cheektowaga

NY

14225-4097

D Employer identification number

22-2565278

E Telephone number

716-828-3766

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? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶ N/A

H(c) Are all affiliates included? N/A ☐ Yes ☐ No

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

H(d) Is this a separate return filed by an organization covered by a group ruling? ☒ Yes ☐ No**I** Group Exemption Number ▶ 0928**G** Website: ▶ www.chsbuffalo.org**J** Organization type (check only one) ▶ ☒ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527**K** Check here ☐ if the organization's gross receipts are normally not more than \$25,000 The organization need not file a return with the IRS, but if the organization chooses to file a return, be sure to file a complete return Some states require a complete return.**M** Check ☒ if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF).**L** Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶

46,574,620

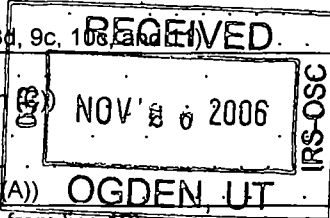
Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue

Expenses

Net Assets

1	Contributions, gifts, grants, and similar amounts received			
a	Direct public support	1a	0	
b	Indirect public support	1b	0	
c	Government contributions (grants)	1c	0	
d	Total (add lines 1a through 1c) (cash \$ 0 noncash \$ 0)	1d		0
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		45,969,625
3	Membership dues and assessments	3		0
4	Interest on savings and temporary cash investments	4		138,443
5	Dividends and interest from securities	5		69,419
6a	Gross rents	6a		
b	Less: rental expenses	6b		
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		0
7	Other investment income (describe ▶)	7		0
8a	Gross amount from sales of assets other than inventory	(A) Securities	0	(B) Other
b	Less: cost or other basis and sales expenses	8a	0	0
c	Gain or (loss) (attach schedule)	8b	0	0
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c	0	0
8d				0
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>			
a	Gross revenue (not including \$ 0 of contributions reported on line 1a)	9a	0	
b	Less: direct expenses other than fundraising expenses	9b	0	
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		0
10a	Gross sales of inventory, less returns and allowances	10a	0	
b	Less: cost of goods sold	10b	0	
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		0
11	Other revenue (from Part VII, line 103)	11		397,133
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		46,574,620
13	Program services (from line 44, column (B))	13		40,746,050
14	Management and general (from line 44, column (D))	14		5,828,570
15	Fundraising (from line 44, column (D))	15		0
16	Payments to affiliates (attach schedule)	16		0
17	Total expenses (add lines 16 and 44, column (A))	17		46,574,620
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		0
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		-10,365,572
20	Other changes in net assets or fund balances (attach explanation) Statement #1	20		-129,892
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		-10,495,464



501

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. (See the instructions.)

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
22	Grants and allocations (attach schedule) (cash \$ 0 noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>	0	0		
23	Specific assistance to individuals (attach schedule)	0	0		
24	Benefits paid to or for members (attach schedule)	0			
25	Compensation of officers, directors, etc	3,203,702	2,428,316	775,386	
26	Other salaries and wages	21,128,765	20,981,548	147,217	
27	Pension plan contributions	1,451,178	1,451,178		
28	Other employee benefits	2,073,446	2,073,446		
29	Payroll taxes	1,436,963	1,436,963		
30	Professional fundraising fees	0			
31	Accounting fees	592,618		592,618	
32	Legal fees	899,656	450,901	448,755	
33	Supplies	513,379	489,277	24,102	
34	Telephone	129,487	129,487		
35	Postage and shipping	37,846	24,393	13,453	
36	Occupancy	686,135	578,042	108,093	
37	Equipment rental and maintenance	125,207	125,207		
38	Printing and publications	148,953	148,577	376	
39	Travel	251,069	222,935	28,134	
40	Conferences, conventions, and meetings	122,748	76,848	45,900	
41	Interest	730,304	730,304		
42	Depreciation, depletion, etc. (attach schedule) Statement #2	631,134	631,134		
43	Other expenses not covered above (itemize)				
a	Dues	2,983,345	46,094	2,937,251	0
b	Public Relations	69,897	69,897	0	0
c	Contracted Services	5,876,803	5,831,038	45,765	0
d	Consulting Fees	1,817,701	1,352,278	465,423	0
e	Miscellaneous Expenses	1,664,284	1,468,187	196,097	0
f		0	0	0	0
g		0	0	0	0
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	46,574,620	40,746,050	5,828,570	0

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 \$ 0, (ii) the amount allocated to Program services \$; (iii) the amount allocated to Management and general \$, and (iv) the amount allocated to Fundraising \$

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? ► See Statement #3 Attached		Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
<p>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.)</p> <p>a See Statement #3 Attached: Catholic Health System Community Service Report For The Year 2005</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>	40,746,050	
<p>b</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>c</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>d</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►</p>	40,746,050	

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	6,488,133	45	159,748
	46 Savings and temporary cash investments	239,014	46	7,231,854
	47 a Accounts receivable	47a 0		
	b Less allowance for doubtful accounts	47b 0	47c 0	0
	48 a Pledges receivable	48a 0		
	b Less allowance for doubtful accounts	48b 0	48c 0	0
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)	0	50	0
	51 a Other notes and loans receivable (attach schedule)	51a 0		
	b Less allowance for doubtful accounts	51b 0	51c 0	0
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	1,031,240	53	1,792,677
	54 Investments—securities See Statement #4 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	2,375,993	54	2,445,412
	55 a Investments—land, buildings, and equipment basis	55a 0		
	b Less accumulated depreciation (attach schedule)	55b 0	55c 0	0
56 Investments—other (attach schedule)	0	56	0	
57 a Land, buildings, and equipment basis	57a 7,398,037			
b Less accumulated depreciation (attach schedule) Statement #5	57b 2,137,832	57c 2,281,577	5,260,205	
58 Other assets (describe <input type="checkbox"/> See attached statement Statement #6)	20,511,352	58	20,977,000	
59 Total assets (must equal line 74). Add lines 45 through 58	32,927,309	59	37,866,896	
Liabilities	60 Accounts payable and accrued expenses	10,447,016	60	12,861,987
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	0	63	0
	64 a Tax-exempt bond liabilities (attach schedule)	0	64a	0
	b Mortgages and other notes payable (attach schedule) See Statement #7	10,108,467	64b	33,488
	65 Other liabilities (describe <input type="checkbox"/> See Statement #9)	22,737,398	65	35,466,885
66 Total liabilities. Add lines 60 through 65	43,292,881	66	48,362,360	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	-10,365,572	67	-10,495,464
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	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 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19; column (B) must equal line 21)	-10,365,572	73	-10,495,464
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73	32,927,309	74	37,866,896

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

a	Total revenue, gains, and other support per audited financial statements		a	46,574,619
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify) _____	b4	0	
	Add lines b1 through b4		b	0
c	Subtract line b from line a		c	46,574,619
d	Amounts included on Part I, line 12, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify) _____	d2	0	
	Add lines d1 and d2		d	0
e	Total revenue (Part I, line 12) Add lines c and d		e	46,574,619

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

a	Total expenses and losses per audited financial statements		a	46,574,619
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify) _____	b4	0	
	Add lines b1 through b4		b	0
c	Subtract line b from line a		c	46,574,619
d	Amounts included on Part I, line 17, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify) _____	d2	0	
	Add lines d1 and d2		d	0
e	Total expenses (Part I, line 17) Add lines c and d		e	46,574,619

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 & deferred compensation plans	(E) Expense account and other allowances
Name <u>See Statement #8 str Attached</u>	Title			
City <u>ST</u> ZIP <u></u>	Hr/WK	3,203,702	449,227	
Name <u></u>	Title			
City <u>ST</u> ZIP <u></u>	Hr/WK			
Name <u></u>	Title			
City <u>ST</u> ZIP <u></u>	Hr/WK			
Name <u></u>	Title			
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Name <u></u>	Title			
City <u>ST</u> ZIP <u></u>	Hr/WK			
Name <u></u>	Title			
City <u>ST</u> ZIP <u></u>	Hr/WK			
Name <u></u>	Title			
City <u>ST</u> ZIP <u></u>	Hr/WK			

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

	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 23		
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 Statement #10	75b X	
c 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 this organization through common supervision or common control? . . .	75c	X
Note. Related organizations include section 509(a)(3) supporting organizations If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.		
d Does the organization have a written conflict of interest policy? Statement # 11	75d 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	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name _____ Str _____ City _____ ST _____ ZIP _____	N/A			
Name _____ Str _____ City _____ ST _____ ZIP _____				
Name _____ Str _____ City _____ ST _____ ZIP _____				
Name _____ Str _____ City _____ ST _____ ZIP _____				
Name _____ Str _____ City _____ ST _____ ZIP _____				
Name _____ Str _____ City _____ ST _____ ZIP _____				
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Name _____ Str _____ City _____ ST _____ ZIP _____				
Name _____ Str _____ City _____ ST _____ ZIP _____				
Name _____ Str _____ City _____ ST _____ ZIP _____				

Part VI Other Information (See the instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b N/A	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a 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?	80a X	
b If "Yes," enter the name of the organization ► <u>Buffalo Mercy Hospital, Sisters Of Charity Hospital, Kenmore Mercy Hospital, St. Joseph Hospital</u> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a Enter direct and indirect political expenditures (See line 81 instructions) 81a None		
b Did the organization file Form 1120-POL for this year?	81b	X

Part VI Other Information (continued)

		Yes	No
82 a	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	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)		
	82b N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible? N/A		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A		
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members? N/A		
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, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members	85c N/A	
d	Section 162(e) lobbying and political expenditures	85d N/A	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e N/A	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f N/A	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g N/A	
h	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?	85h N/A	
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a N/A	
b	Gross receipts, included on line 12, for public use of club facilities	86b N/A	
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a N/A	
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them)	87b N/A	
88	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	88	X
89 a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under: section 4911 None, section 4912 None, section 4955 None		
b	501(c)(3) and 501(c)(4) orgs. 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	89b	X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	None	
d	Enter Amount of tax on line 89c, above, reimbursed by the organization	None	
90 a	List the states with which a copy of this return is filed NY		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b	514
91 a	The books are in care of Name Catholic Health System Finance Telephone no. (716)828-3766 Located at 515 Abbott Road City Buffalo ST NY ZIP + 4 14220		
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)? If "Yes," enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country	91c	X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here 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 Management Fees					45,969,625
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	138,443	
96 Dividends and interest from securities			14	69,419	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue	a Other Revenue				397,133
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		207,862	46,366,758
105 Total (add line 104, columns (B), (D), and (E))					46,574,620

Note: Line 105 plus line 1d, 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.)

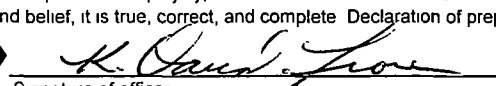
Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93a	Dues and assessments used to provide services to the tax-exempt facilities in a manner consistent with its mission of enhancing the facilities.
103a	Miscellaneous Income and reduction of expenses due to intercompany relationships

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
N/A	%		0	0
	%		0	0
	%		0	0
	%		0	0

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).

Please Sign Here	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.			
	 Signature of officer		11/6/06 Date	
Paid Preparer's Use Only	K. David Crone, Sr. Vice President Finance/CFO Type or print name and title			
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
Firm's name (or yours if self-employed), address, and ZIP + 4		EIN	Phone no	

Part II (Sch A (990/990-EZ)) - Compensation of the Five Highest Paid Independent Contractors**Part II-A: Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Name <u>Phillip Lytle Hichcook LLP</u> Check here if a business <input checked="" type="checkbox"/> Str <u>3400 HSBC Center</u> City <u>Buffalo</u> ST <u>NY</u> ZIP <u>14203</u> Country <u>USA</u>	Legal	643,144
Name <u>Pershing Yoakley & Association</u> Check here if a business <input checked="" type="checkbox"/> Str <u>P.O. Box 111746</u> City <u>Knoxville</u> ST <u>TN</u> ZIP <u>37939</u> Country <u>USA</u>	Consulting	508,768
Name <u>Pricewaterhouse Coopers LLP</u> Check here if a business <input checked="" type="checkbox"/> Str <u>P.O. Box 7247-8001</u> City <u>Philadelphia</u> ST <u>PA</u> ZIP <u>19170-8001</u> Country <u>USA</u>	Consulting/Audit	345,318
Name <u>Gernold Agency</u> Check here if a business <input checked="" type="checkbox"/> Str <u>5800 Big Tree Road</u> City <u>Orchard Park</u> ST <u>NY</u> ZIP <u>14217</u> Country <u>USA</u>	Consulting	219,537
Name <u>Buffalo Emergency Associates</u> Check here if a business <input checked="" type="checkbox"/> Str <u>6245 Sheridan Dr. Suite 212</u> City <u>Williamsville</u> ST <u>NY</u> ZIP <u>14221</u> Country <u>USA</u>	Physician Services	125,000
Total number of others receiving over \$50,000 for professional services	15	

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

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Name <u>Siemens Medical Solutions</u> Check here if a business <input checked="" type="checkbox"/> Str <u>Dept AT 40065</u> City <u>Atlanta</u> ST <u>GA</u> ZIP <u>31192</u> Country <u>USA</u>	Information System Support	5,244,770
Name <u>GE Healthcare Services, Inc</u> Check here if a business <input checked="" type="checkbox"/> Str <u>P.O. Box 640944</u> City <u>Pittsburg</u> ST <u>PA</u> ZIP <u>15264-0944</u> Country <u>USA</u>	Clinical Equipment Maintenance	2,346,243
Name <u>Eastern Great Lakes Pathology</u> Check here if a business <input checked="" type="checkbox"/> Str <u>P.O. Box 815</u> City <u>Niagara Falls</u> ST <u>NY</u> ZIP <u>14303</u> Country <u>USA</u>	Pathology Services	859,500
Name <u>Systems Personnel</u> Check here if a business <input checked="" type="checkbox"/> Str <u>968 B Union Road Suite 3</u> City <u>West Seneca</u> ST <u>NY</u> ZIP <u>14224</u> Country <u>USA</u>	Supplemental Staffing for IT	573,486
Name <u>Nova Healthcare Admin</u> Check here if a business <input checked="" type="checkbox"/> Str <u>P.O. Box 9010</u> City <u>Buffalo</u> ST <u>NY</u> ZIP <u>14231</u> Country <u>USA</u>	Administer Healthcare Plan	199,554
Total number of others receiving over \$50,000 for professional services	10	

Part III Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 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>\$ See Statement #12</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1	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		
2 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.) See Statement #13		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities? See Statement #10	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Statement #10	2d	X
e Transfer of any part of its income or assets?	2e	X
3 a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	3a	X
b Do you have a section 403(b) annuity plan for your employees?	3b	X
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c	X
4 a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a	X
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b	X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)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 ▶ _____ City _____ ST _____ Country _____
- 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.)
- 11 a ☐ 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.)
- 11 b ☐ 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 supports organizations described in (1) lines 5 through 12 above, or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization ▶ ☐ Type 1 ☐ Type 2 ☐ Type 3

Provide the following information about the supported organizations (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) *Use cash method of accounting.***Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)					0
16 Membership fees received	42,193,351	52,185,899	46,583,864	46,950,134	187,913,248
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose.					0
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	208,401	232,177	249,143	354,443	1,044,164
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.	1,295,521	476,816	3,784,114	3,186,780	8,743,231
23 Total of lines 15 through 22	43,697,273	52,894,892	50,617,121	50,491,357	197,700,643
24 Line 23 minus line 17	43,697,273	52,894,892	50,617,121	50,491,357	197,700,643
25 Enter 1% of line 23	436,973	528,949	506,171	504,914	
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24				
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.	26a N/A				
c Total support for section 509(a)(1) test. Enter line 24, column (e).	26b N/A				
d Add: Amounts from column (e) for lines 18 N/A, 19 N/A, 22 N/A, 26b N/A.	26c N/A				
e Public support (line 26c minus line 26d total)	26d N/A				
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26e N/A				
27 Organizations described on line 12:	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:				
(2004) _____ (2003) _____ (2002) _____ (2001) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.					
(2004) _____ (2003) _____ (2002) _____ (2001) _____					
c Add: Amounts from column (e) for lines 15 0, 16 187,913,248, 17 0, 20 0, 21 0.	27c 187,913,248				
d Add: Line 27a total 0 and line 27b total 0.	27d 0				
e Public support (line 27c total minus line 27d total)	27e 187,913,248				
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e).	27f 197,700,643				
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g 95.05%				
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h 0.53%				
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 7 of the instructions)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	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)		
34 a 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		

Part VI-A**Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions)(To be completed **ONLY** by an eligible organization that filed Form 5768)Check ☒ **a** if the organization belongs to an affiliated group Check ☐ **b** if you checked "a" and "limited control" provisions apply**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations												
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36													
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37													
38	Total lobbying expenditures (add lines 36 and 37)	38	0												
39	Other exempt purpose expenditures	39													
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0												
41	Lobbying nontaxable amount Enter the amount from the following table—														
	<table border="0"> <tr> <td>If the amount on line 40 is—</td> <td>The lobbying nontaxable amount is—</td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	If the amount on line 40 is—	The lobbying nontaxable amount is—	Not over \$500,000	20% of the amount on line 40	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000	41	0
If the amount on line 40 is—	The lobbying nontaxable amount is—														
Not over \$500,000	20% of the amount on line 40														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0												
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	0												
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	0												

Caution: 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 on page 11 of the instructions)

Calendar year (or fiscal year beginning in) ►	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45	Lobbying nontaxable amount				0
46	Lobbying ceiling amount (150% of line 45(e))				0
47	Total lobbying expenditures				0
48	Grassroots nontaxable amount				0
49	Grassroots ceiling amount (150% of line 48(e))				0
50	Grassroots lobbying expenditures				0

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

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the 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

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means See Statement #9
- i Total lobbying expenditures (Add lines c through h.)

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

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
X		
		0

Schedule A (Form 990 or 990-EZ) 2005

S.O.A.R in two areas: Patient Care Attendant, and Medical/Clerical Office Procedures. Of these students, almost 80% completed the program, and approximately 85% have gained employment. Kenmore Mercy Hospital, including our clinics and other off-sites locations, provides all on-the-job training and remains the largest employer of **Project S.O.A.R** graduates.

Rehabilitation Education & Prevention – Through its Rehabilitation Services division, the Catholic Health System provides presentations to community groups on specific health care topics that enhance awareness, prevention and promote early assessment.

Associate Outreach

HeartWalk 2005 – Supporting the American Heart Association, the Catholic Health System was an active participant in the 2005 American Heart Association's HeartWalk. CHS associates pledged a record breaking \$110,000 for the event. CHS was also a major sponsor of the AHA HeartBall.

United Way Day of Caring – The Catholic Health System annually supports the United Way Day of Caring. A volunteer work force of 144 CHS associates spent a day working to clean up and fix up businesses and homes in the City of Buffalo.

Christmas Family Giving Program – Associates across the Catholic Health System participate annually in holiday giving programs for the needy. Food, clothing and gifts are given to dozens of families across the community.

Clothing Drive - St. Joseph Hospital associates conduct an annual clothing drive to support the St. Vincent De Paul Society.

Good Neighbor Fund – The associates of St. Joseph Hospital contribute to community charities and outreach programs through the hospitals Good Neighbor Fund.

"Project Mustard Seed" – Based at Sisters Hospital, this program provides assistance for prescription costs, transportation and food to patients of the Sisters Family Health Center and perinatal care continuum.

Helping Hand Program – Many Mercy associates have made payroll deductions to be put into the Helping Hand fund, which assists other associates/families in time of need. Additional opportunities are provided throughout the year for associates to extend their generosity and contribute to this fund. Needs of associates are many and varied, including the option of taking a loan and paying back via payroll deduction.

The Giving Place - A Sisters Hospital nurse volunteers to provide warm clothing to pregnant patients and their children. Sisters Hospital associates and physicians donate new and gently used clothing.

Spiritual Care

Clinical Pastoral Education – Sisters Hospital has been accepting interns from around the world since 1996 who are interested in becoming chaplains or adding a pastoral component to their service as

Line 20 (990) - Other changes in net assets or fund balances

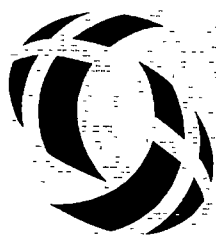
1	Change in Minimum Pension Liability	1	-182,549
2	Contribution for purchase of equipment per financial statements	2	52,657
3		3	
4		4	
5		5	
6		6	
7		7	
8		8	
9		9	
10	Total	10	-129,892

Catholic Health System
Form 990
As of December 31, 2005
Depreciation Expense Detail

22-2565278

<u>EQUIPMENT TYPE</u>	<u>DEPRECIATION EXPENSE</u>
LEASEHOLD	803.52
EQUIPMENT - CHS	319,593.74
LAB EQUIPMENT	44,063.16
AUTOMOBILE	46,074.87
CAPITALIZED LEASES	114,340.00
FIXED EQUIPMENT - CHS	37,140.39
FIXED EQUIPMENT - IT	69,117.90
CTR - TIME & ATTENDANCE	0.00
	<u>631,133.58</u>

Catholic Health System Community Service Report For The Year 2005



Catholic Health System

Medical excellence with a tradition of caring.

**515 Abbott Road, Suite 508
Buffalo, New York 14220
PH: (716) 828-2700
FAX: (716) 828-2703**



Dear Community Leader,

We are pleased to present to the Western New York community the Catholic Health System Community Service Report for the year 2005.

This report demonstrates the commitment by the Catholic Health System ministry in our community to continue a legacy of providing area residents with access to a wide range of high quality, comprehensive services that make a difference in the lives of Western New Yorkers, each and every day.

In 2005, the Catholic Health System provided \$32.2 million in services to the community for which our facilities receive no payment from insurance companies or individuals, or payments that were insufficient to cover operating costs. These services help to enhance the health status, access to health care and social welfare of our community. This combination of quality care enriched by highly spiritual values and a deep reverence for life is something the public has come to expect from Catholic health providers for nearly 160 years.

For Catholic health providers, delivering uncompensated community services is more than a social obligation. It is an intrinsic part of our mission as a Gospel inspired ministry – to preserve the health of all people, protecting those who are poor and vulnerable, and improving the quality of life in Western New York.

In addition, the Catholic Health System provides non-reimbursed medical education in connection with colleges and universities from across the region, helping to train future health care professionals. CHS also continues to build upon its proud history of seeking innovative ways to improve the delivery of health care through numerous uncompensated health promotion and disease prevention programs that are designed to enhance the well being of the community-at-large. Specific programs and services in this report are in direct response to community needs.

If after reading this plan you have any comments or suggestions on how the Catholic Health System can better meet the needs of the community, please write to us in care of:

Catholic Health System
Department of Public Relations & Government Affairs
c/o Sisters of Charity Hospital
2157 Main Street
Buffalo, NY 14214

If you would like additional copies of this report, please call (716) 862-1700. The report is also available on the Catholic Health System web site at www.chsbuffalo.org.

Sincerely,

Joseph D. McDonald
President & CEO, Catholic Health System

Catholic Health System

Community Service Report For The Year 2005

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Catholic Health System Mission, Vision & Values

OUR MISSION

Committed to a common mission, Western New York's Catholic health providers continue the healing ministry of Jesus. Seeking to improve the health of individuals and communities, we provide high quality service that is holistic, compassionate and respectful of human dignity. Central to this endeavor is the service of those who are poor and disadvantaged.

OUR VISION

- To be a leading health care system progressively transforming care delivery to enhance the quality of life in Western New York.
- We will do this in partnership with physicians, associates and community providers who share our faith-based values.

OUR VALUES

Reverence for the dignity of each person

- Respect for the whole person
- Fair and just treatment of individuals
- Non-judgmental behavior

Compassion

- Empathy
- Responsiveness to need
- Sensitivity

Justice for all, especially those who are poor and disadvantaged

- Unconditional acceptance of each person
- Serving as advocates for the most vulnerable
- Collaborating with others to empower individuals

Excellence

- Personal and professional integrity
- Promoting and facilitating quality health care services
- Commitment to embrace new technology

Performance in Providing Charity Care

SOCIAL ACCOUNTABILITY NEEDS ASSESSMENT

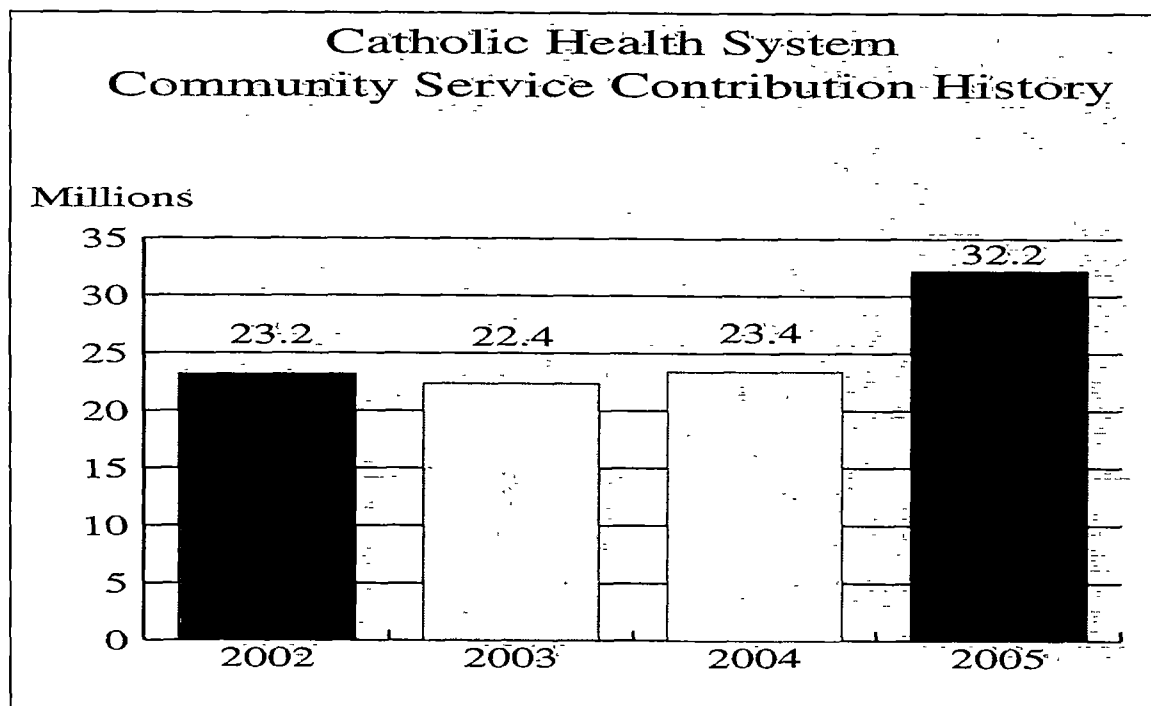
One of the fundamental reasons for the creation of the Catholic Health System and its member organizations was to ensure the continued viability of health care institutions to meet the varied needs of the communities they serve in keeping with the mission, vision and values of our religious sponsors.

BENEFITS TO THOSE WHO ARE POOR AND THE BROADER COMMUNITY

Integral in this effort is caring for the needs of those who are poor. The services provided by Catholic Health System organizations are developed and funded in response to identified community needs, and reflect our emphasis on caring for the underserved. The Catholic Health System also strives to collaborate with other organizations to expedite and maximize the provision of services to our neighboring communities.

To effectively present these services in a meaningful fashion, a reporting and accountability process was developed that quantifies the cost of these services. This process also provides a basis of accountability to communities for the way in which resources are used to meet identified needs.

In 2005, the Catholic Health System's hospitals, long term care facilities and home care programs contributed **\$32.2 million in community service to Western New York**. This substantial financial commitment to the community, as outlined in the Social Accountability Financial Statement attachment, represents more than eight percent of the Catholic Health System's total net operating revenues of \$576 million. We provided **\$18.5 million in community service at our acute facilities** including benefits to the broader community, which includes non-billed services and provided services where we were paid below our costs. An additional **\$13.2 million in charity care and benefits to the community was provided through our long term care facilities and home care programs** and another \$219,196 in CHS system wide community programs.



Catholic Health System Healthcare Assistance Program

Inspired by our tradition of caring for the poor, and together with the Sisters of Mercy, Regional Community of Buffalo, the Franciscan Sisters of St. Joseph, the Daughters of Charity, and the Diocese of Buffalo, the Catholic Health System will explicitly identify and pursue active services to meet the special needs of those who are poor.

Service to those who are poor is central to our mission. The Catholic Health System (CHS) desires to strengthen its commitment to this principle through well managed, integrated planning and budgeting processes as the framework for this policy. To ensure these objectives are met, the Catholic Health System has established its Healthcare Assistance Program (HAP) and Care of the Poor, Community Benefit, and Advocacy Plan.

In 2005 the Catholic Health System HAP program approved 286 requests for assistance under the program and provided \$2.7 million in discounted or free health care for the individuals assisted.

Confidentiality of information and individual dignity will be maintained for all those requesting consideration for healthcare assistance. A plain language consumer guide to the Catholic Health System Healthcare Assistance Program is available at all CHS hospital admissions offices and patient service locations or by visiting the CHS website at www.chsbuffalo.org.

Complete Policy – See Attachment C

Catholic Health System Overview

OUR HISTORY

Formed in 1998 under four religious sponsors, the Catholic Health System provides health care to hundreds of thousands of Western New Yorkers across a network of four acute care hospitals, eleven primary care centers, nine diagnostic and treatment centers, one ambulatory surgery center, eight long term care facilities, two adult homes, three home care agencies, counseling services, social service and behavioral health programs.

One of the largest providers of health care in Western New York, the Catholic Health System's 7,800 associates and 1,200 physicians are part of a healing ministry dating back to 1848 when six Sisters of Charity came to Buffalo to open the city's first hospital. Among others, its facilities are known for excellence in such areas as women's services, cancer services, cardiology, bariatrics, and rehabilitative services and are well known for personal and compassionate care. The Catholic Health System is the largest provider of maternity services, rehab services, and care to the elderly in Erie County.

OUR SPONSORS

Instrumental in our efforts is our emphasis on Catholic sponsorship and guiding principles that emphasize care for the whole person – body, mind and spirit. Steering us along this noble path are our four religious sponsors: the Diocese of Buffalo, the Daughters of Charity of St. Vincent de Paul, the Franciscan Sisters of St. Joseph and the Sisters of Mercy, Regional Community of Buffalo. While focusing on the healing ministry of Jesus, each sponsoring group brings its own individual strengths, ensuring that Catholic values-based health care will grow and prosper in Western New York.

Medical Excellence with a tradition of caring...

Throughout the country, and especially in New York State, health care continues to undergo tremendous change – not only in the way care is delivered – but also in the way it is financed. The emergence of the Catholic Health System is a living testament to these facts. The Catholic Health System brings together the strengths and talents of 7,800 associates and 1,200 physicians under one health care ministry stretching across Western New York.

The Catholic Health System is a full-service health care delivery system dedicated to providing superior medical care to the community at each stage of life from conception and birth, through childhood, adolescence and adulthood, to the special needs associated with the elderly. The primary service area for the Catholic Health System is Erie County. Kenmore Mercy Hospital, Sisters of Charity Hospital and St. Joseph Hospital provide care for residents in Buffalo and its eastern and northern suburbs while Mercy Hospital continues its historic tradition of caring for patients throughout South Buffalo, Lackawanna and the Southtowns.

Catholic Health System Facilities and Services

Acute Care/Hospitals

- Kenmore Mercy Hospital
- St. Joseph Hospital
- Mercy Hospital of Buffalo
- Sisters of Charity Hospital

Freestanding Surgery

- Sisters Ambulatory Surgery Center –
Williamsville

Adult Homes

- St. Elizabeth's Home of Lancaster
- St. Vincent Home

Diagnostic & Treatment Centers

- Chestnut Ridge Family Practice
- Mercy Diagnostic & Treatment Center – W. Seneca
- Clarence Diagnostic Center
- Kenmore Mercy Medical Office Building
- OLV-Brierwood Medical Centre
- Sheridan Health Care Center
- Mercy Ambulatory Care Center – Orchard Park
- Mercy Diagnostic Center – East Aurora Home for the Aged

Home Care

- LifeLine™
- Mercy Home Care of Western New York
- McAuley Seton Home Care
- Sisters Long Term Home Health Care

Long-Term Care

- Father Baker Manor *
- St. Francis of Buffalo
- McAuley Residence *
- St. Francis Williamsville *
- Mercy Nursing Facility
- St. Joseph Manor
- St. Catherine Laboure' Health Care Center*
- Nazareth Home *
- *Facility offers subacute service

Health Education & Referral

- HealthConnection - Physician and Community Referral Services, Lifestyle, Health and Wellness Programs

Rehabilitation Service

Partners In Rehab Acute Care

- Kenmore Mercy Hospital
- Mercy Hospital of Buffalo
- St. Joseph Hospital

Primary Care Centers

- Chestnut Ridge Family Practice
- Mercy Pediatric Center
- Clarence Sheridan Medical Center
- OLV Family Care Center
- Ken-Ton FamilyCare
- Riverside/Black Rock FamilyCare
- Sisters Lovejoy-St. Vincent Health Center
- Sisters Family Health Center
- Mercy Adult Medical Center
- Sisters School Health Program
- Mercy Health Center
- Specialty Center for Women
- Mercy OB/GYN Center

Health Education & Referral

- HealthConnection
- Physician & Community Referral Services
- Lifestyle, Health & Wellness Programs

Specialties

- The Catholic Health System Heart Center
- Senior Services
- Comprehensive Cancer Center
- Women's Services – Expressly For Women Perinatal Testing

Substance Abuse (Sisters Hospital Programs)

- Pathways (Methadone Maintenance Program)
- STAR Amherst – Substance, Treatment & Recovery
- STAR Bailey – Substance, Treatment & Recovery

- Sisters of Charity Hospital

- Sisters Hospital
- St. Joseph Hospital
- 6199 Transit Road – St. Joseph Hospital

Partners In Rehab - Subacute Care

- St. Catherine Laboure' Health Care Center
- Father Baker Manor
- St. Francis of Buffalo
- St. Francis of Williamsville
- McAuley Residence

Partners In Rehab - Industrial Rehabilitation

- 6199 Transit Road – St. Joseph Hospital

AthletiCare - Sports Outreach Program

- Kenmore Mercy Hospital
- Orchard Park – Mercy Hospital

Partners In Rehab - Medical Rehabilitation

- Kenmore Mercy Hospital
- Mercy Hospital

Catholic Health System Hospitals

KENMORE MERCY HOSPITAL

2950 Elmwood Avenue • Kenmore NY 14217

(716) 447-6100

Kenmore Mercy Hospital has served the Kenmore-Tonawanda community since 1950 and leads the way in orthopedics, having been named one of the nation's top 100 hospitals for knee replacement surgery. The hospital's Knee and Hip Center provides comprehensive care to orthopedic patients and is the home of leading specialists pioneering new knee and hip replacement technology. Kenmore Mercy Hospital also offers the area's largest Neurosurgery program outside the city of Buffalo, state-of-the-art Imaging Services including Interventional Radiology, comprehensive rehabilitation services including an inpatient Medical Rehabilitation Unit, and a wide array of diagnostic services including a modern and well-equipped Endoscopy Center. In addition to acute services, the Kenmore Mercy campus is also home to McAuley Residence, a long term care facility.

Recently, Kenmore Mercy Hospital was the only Buffalo area hospital to be named a Top 100 Hospital in Performance Improvement Leadership. Along with other hospitals throughout the country, Kenmore Mercy and its senior management team were recognized for consistently improving overall performance at a substantially faster rate than other U.S. hospitals.

MERCY HOSPITAL OF BUFFALO

565 Abbott Road • Buffalo, New York 14220

(716) 826-7000

Established in 1904, Mercy Hospital serves South Buffalo and the Southtowns communities. The hospital provides 24-hour emergency care with more than 30,000 visits annually, the busiest in the region. Comprehensive medical and surgical specialties at Mercy Hospital include cardiology, orthopedics, neurosurgery, gynecology, urology and robotic and general surgical services. The hospital's maternity department includes a Level II intensive care nursery. Mercy is also a medical teaching hospital affiliated with the University of Buffalo School of Medicine.

The hospital's operating theater was expanded in 2005 and includes the addition of a dedicated endovascular suite. In 2006, Mercy Hospital will expand its array of cardiovascular services to include electrophysiology.

Opened in 2002, The Heart Center at Mercy Hospital is the centerpiece of cardiac services within Catholic Health System. Annually, CHS hospitals treat more than 7,000 patients for cardiac illness. The Heart Center offers such services as open heart surgery, 24/7 coronary balloon angioplasty, and coronary artery stent placement, Primary Percutaneous Coronary Intervention and a Cardiac Transfer Center. It includes a six-bed post-operative cardiothoracic ICU, two dedicated cardiac surgical suites, and a new advanced interventional cardiac catheterization laboratory. The Heart Center philosophy stresses the seamless delivery of care – from pre-admission testing, to treatment, to care after discharge.

The extensive cardiac services provided by CHS include diet and nutrition counseling, weight control counseling, smoking cessation, and cardiac rehabilitation.

Mercy Hospital also offers the cutting-edge da Vinci™ Surgical System, powered by state-of-the-art robotic technology. The system enhances surgical capabilities by enabling the performance of complex surgeries through tiny surgical openings, using magnified, three-dimensional computer images.

The addition of state-of-the-art robotic surgery and 64-slice CT technologies in 2005, coupled with plans for a construction start of a new Emergency Department in 2007, should assure that status for the foreseeable future.

Mercy's Medical Rehabilitation Unit; pediatrics; women's services, with a maternal/child unit and new women's specialty floor; and an expanding surgery department address the growing health care needs of families throughout the Southtowns.

In addition to acute services the campus is also home to the Mercy Nursing Facility, a medical rehabilitation unit, outpatient rehab services and sports medicine through AthletiCare.

The Mercy Ambulatory Care Center, a freestanding emergency department, includes an array of diagnostic services. The Western New York Medical Park, East Aurora Diagnostic and Treatment center and Brierwood sites, and 6 primary care centers round out the additional outpatient venues throughout Mercy's primary service area.

ST. JOSEPH HOSPITAL

2605 Harlem Road • Cheektowaga, New York 14225

(716) 891-2400

St. Joseph Hospital has served the Buffalo- Cheektowaga area since 1961, when it was founded by the Franciscan Sisters of St. Joseph. The Hospital recently opened a state-of-the-art Interventional Radiology Center, allowing physicians to treat a variety of medical conditions without the need for open surgery. St. Joseph Hospital also houses a Digestive Health Center, Gastrointestinal Unit, and SleepCare, the hospital's fully-equipped sleep laboratory, which offers specialized services to diagnose and treat a variety of sleep related disorders.

In 2005, St. Joseph Hospital finished construction of a new \$10 million emergency department. The first of planned ED redesigns and renovations at other CHS hospitals, this 17,000 square-foot facility brings the latest advancements in emergency care to a community hospital setting. The new ED features eighteen specially-designed private treatment rooms with computer access for bedside registration and sliding glass doors, as well as a state-of the-art electronic medical record system, a comfortable and stress-free two-story lobby, and an open nurses station design that allows greater family access.

In addition to acute care services, the hospital is also home to a full breadth of inpatient and outpatient rehabilitation services, industrial rehabilitation and sports medicine through AthletiCare.

SISTERS OF CHARITY HOSPITAL

2157 Main Street • Buffalo, New York 14214

(716) 862-1000

Sisters of Charity Hospital is Buffalo's first hospital, opened by the Daughters of Charity in 1848. Designated as a Certified Community Cancer Center by the American College of Cancer Surgeons and has also been designated as a Center of Excellence in Bariatric Surgery. Sisters Hospital provides preventive, diagnostic, treatment, and follow-up cancer care. Its Women and Children's program offers a continuum of care through all phases of a women's life, from infertility and reproductive services, to maternal and child care, including the Special Care Nursery and a Level III Neonatal Intensive Care Unit, to breast and ovarian cancer care and other specialty services.

The Special BirthPlace at Sisters Hospital is committed to excellence in the delivery of perinatal care and services, and includes Labor and Delivery, Post Partum, Antepartum, Surgical GYN, the Newborn Nursery, and the Special Care Nursery. Sisters Hospital also offers advanced Interventional Radiology Services, Orthopedics, and Surgical Services.

The hospital also offers several medical teaching programs including Medical Residencies in Osteopathic Medicine, General Medicine, Podiatry, OB/GYN, Anesthesia, and Physician Assistant Rotation in conjunction with Daemen College.

In addition to acute services the campus is also home to the St. Catherine Labouré Health Care Center (skilled nursing and subacute facility) a medical rehabilitation unit, inpatient and outpatient rehab services and sports medicine through AthletiCare.

Primary Care Services

Catholic Health System (CHS) Primary Care Centers provide critically needed care and services to a diverse Community-based population in Western New York. Last year, the Centers realized over 135,000 at their various locations, the vast majority of which are located in urban, inner city areas. Almost 47% of the total population of patients receiving care, are a part of the New York State Medicaid Program or Medicaid Managed Care and about 4% are uninsured.

As Hospital Extension Clinics, each of the Primary Care Centers receives financial support through its sponsoring Hospital facility. Each of the Centers also assists patients through outreach activities, connecting them to specific programs, agencies and services available under the CHS umbrella or within the community-at-large. In providing this support, CHS has made a conscious decision to articulate its Mission directly to those in need: the poor and underserved.

From routine check-ups to treatment of an illness or chronic medical condition, the Catholic Health System primary care centers, conveniently located across the region, are designed to meet the needs of children, adults, and senior citizens. Our centers are staffed by skilled and experienced physicians, nurses, and other professionals who are committed to providing high quality, confidential, compassionate care for the entire family. Most primary care centers offer same day appointments, evening and Saturday hours, wheelchair accessibility, laboratory services, family counseling, and substance abuse assistance. In addition, our primary care centers accept most insurances, including Medicaid and Medicare. Health care assistance on a sliding fee scale is available for those who are underinsured or uninsured. CHS Pediatric Primary Care Services provide the highest quality healthcare for children from birth through age 18. Through an emphasis on health maintenance and "wellness" visits (well-child checkups), CHS encourages parents to be educated about their child's healthcare needs. Opportunities for health education are available at CHS Primary Care Centers for patients,

parents, and their families, including nutritional counseling. These elements are designed to help keep children healthy and to provide the best possible care in an efficient manner.

Hospital associated sites include: Chestnut Ridge Family Practice, Mercy Pediatric Center, Clarence Sheridan Medical Center, OLV Family Care Center, Ken-Ton FamilyCare, Riverside/Black Rock FamilyCare, Sisters Lovejoy-St. Vincent Health Center, Sisters Family Health Center, Mercy Adult Medical Center, Sisters School Health Program, Mercy Health Center, Sisters Hospital Specialty Center for Women, Mercy OB/GYN Center. In 2006, the Mercy Health Center will be relocated to better serve the diverse population of the area with new space and better service.

The Refugee Physical Program

Refugees entering the U.S. are required to complete a physical assessment and prescribed laboratory testing within their first 90 days in the country. Catholic Health System Primary Care Centers provide these assessments during regularly scheduled office hours. Working in a collaborative with two Catholic Partners: Catholic Charities (one of the local Refugee resettlement agencies) and FidelisCare New York (the Catholic-sponsored Health Plan), CHS physicians and associates provide a welcoming atmosphere for Refugee guests, offering them quality care and service as well as an opportunity to enroll in health insurance for themselves and their families. Refugees also have the option to remain as patients in the CHS Primary Care Centers where they have had their initial assessments completed.

Convenience Care

Launched in September, 2005, *Convenience Care* is a service line of the CHS Primary Care Centers. In conjunction with CHS's "Mission on the Move" and Community Health Division, *Convenience Care* provides the convenience of a mobile physician's office to service neighborhoods in Western New York. Staffed with a Nurse Practitioner, Registered Nurse and a Patient Services Representative, *Convenience Care* offers patients an opportunity to see a health provider when access to care may be a problem. Patients schedule appointments for *Convenience Care* as they would for any other physician's office. The van is fully equipped with two exam rooms and rest room facilities, providing patients full comfort and privacy in a location convenient to their home. Most insurances are accepted as well as patients who are uninsured. The main focus of the service is aimed at that segment of the community who may not have sought care on a regular basis because of transportation problems or other issues.

College Health Services

In the fall of 2005, two local Colleges expressed an interest in working collaboratively with CHS's Primary Care Centers to obtain urgent care and wrap-around care services for their students. As a result of these discussions, the Sisters Family Health Center is now providing health care to students at Canisius College and Medaille College on an urgent or as-needed basis. Students can either obtain care on a one-time basis, or can align with physicians at the Family Health Center should they require more extended care or treatment.

Near East Side Health Care Task Force (NESHCTF) - The Catholic Health System is a member of the Near East Side Health Care Task Force, sponsored by Buffalo's Black Leadership Forum. NESHCTF is an organization of Buffalo health providers and Buffalo inner city community groups. The NESHCTF mission is to improve the health status of underserved neighborhoods in Buffalo through improved primary care access, better Emergency Department utilization and health education. The task force is currently developing a collaborative action plan to reduce reliance in emergency departments and improved primary care access.

In 2005, CHS was a major participant in *Take A Loved One To The Doctor Week* in September. This collaborative effort of NESHCTF, Catholic Health System, Kaleida Health, ECMC, other area providers, insurers and community organizations, delivered free physician office visits to individuals in Buffalo's poorest neighborhoods. The program has gained national recognition as a model for collaborative initiatives to better serve inner city populations.

The CHAMP Program - The CHAMP Program ("Choosing Healthy Activities through Mentoring and Play") is a volunteer, collaborative effort which has been initiated amongst the Catholic Health System (Primary Care Division and Community Health Division), the Niagara University Learn and Serve Ministry and Catholic Central School. The program addresses health needs identified in the middle school students who attend Catholic Central. The program elements align with the requirements of the New York State Education Department's Health Curriculum for Middle Schools.

The Parish Initiative - This program is aimed at informing Pastors in the Catholic Diocese of Buffalo of the options available for their parishioners for health insurance through FidelisCare New York and primary care services through the Catholic Health System. Meetings are scheduled with Pastors with representatives from FidelisCare and CHS Primary Care Centers. Pastors receive information regarding primary care services through Centers proximal to their parishes, contact information to obtain health care and health insurance for their parishioners who may be in need, and a folder filled with information regarding ancillary health care services available through both Fidelis and CHS. They also receive camera-ready art to include in their weekly Church bulletins and Church bulletin boards to inform their parishioners of available services. Six parishes have been visited locally since January with other Parish meetings scheduled in the next month.

The Uninsured Initiative. - This program is a collaborative effort between Catholic Health System and FidelisCare New York to more aggressively enroll uninsured individuals in order to provide them with health insurance and health care services. When a potential new patient calls one of the CHS Primary Care Centers for an appointment and has no insurance, the appointment is readily scheduled. Upon arrival for the visit, the patient receives a form to complete which inquires whether the patient would like a home visit from FidelisCare to assist them with enrolling in a health insurance option. Once the form is completed, it is faxed by CHS PCC personnel to FidelisCare, where a representative contacts the patient and sets up an appointment for a home visit. Since FidelisCare is a facilitated enroller, Fidelis representatives discuss all local HMO health insurance options, government options such as Family Health Plus and Child Health Plus as well as Medicaid with patients. Subsequently, they assist the patient and the patient's family with enrolling in the plan of their choice all in the convenience of their own homes. Thus far, the effort has resulted in the enrollment of almost 600 individuals in FidelisCare, with a number of enrollments to other local health insurers as well.

Women and Children's Services

Breast Screening Services –As one of the area's leading providers of breast care service, the Breast Center at Sisters Hospital offers comprehensive care to women including easily accessible and state-of-the-art mammography and sonography breast screening services. On-site breast surgical oncologists provide a full-range of surgical options. Education, counseling, breast reconstruction and support groups for breast cancer survivors round out the complement of services. Kenmore Mercy and its physicians offer a free Breast Cancer Detection Program, professional breast exams and instruction in breast self-examination to women without health insurance or financial resources – with the hope that these women will continue to seek preventative health care practices.

Specialty Center for Women - Located on the third floor at Sisters Hospital, the Specialty Center for Women provides a variety of specialized health care services to meet the unique needs of women throughout the local community. The Center is staffed with a highly skilled team of physicians who are recognized locally and nationally as leaders in their fields. The center also conducts screening programs for women without insurance.

Along with a team of dedicated, caring nurses and other health professionals, the specialty center provides a unique atmosphere where all women regardless of their economic or social status, are treated with respect and dignity. Accepting referrals from the Sisters Family Health Center and other CHS primary care centers, the Specialty Center provides a continuity of care for women who may not otherwise have access to these needed services.

Healthy Births - The Catholic Health System leads the region in births through Sisters of Charity Hospital and Mercy Hospital of Buffalo. CHS offers an extensive array of services and ongoing educational programs aimed at helping mothers and fathers have healthy babies and build strong families. The past year, Sisters Hospital and Mercy Hospital helped more than 800 parents and parents-to-be in Western New York prepare for childbirth, learn prenatal care, breast-feeding, infant care and more. Sisters Hospital and Mercy Hospital staff delivered nearly 6,000 babies in 2004, and the Sisters Hospital Neonatal Intensive Care Unit helped nearly 600 premature or sick babies get the specialized medical attention they needed.

PCAP - Sisters Family Health Center sees a high number of OB/GYN patients. Through the Prenatal Care and Assistance Program (PCAP), women who would otherwise go without care receive prenatal care and counseling. The program serves 750 women annually; half of these women do not carry health insurance. Approximately 70% of the women served by this program are African American. Women in the PCAP program also receive free prenatal classes at Sisters Hospital free of charge.

Natural Family Planning – Offered at CHS facilities and charging a sliding fee scale based on income.

Pregnancy Testing and HIV Counseling & Testing - In addition, the Sisters Family Health Center (SFHC) offers a free pregnancy-testing program through its women's services division to anyone in the community interested in learning their pregnancy status. Services are available regardless of the ability to pay. HIV pretest counseling, HIV testing and post test counseling are available. All services are provided confidentially by registered nurses who have additional training in HIV counseling. Referrals are made, when appropriate, to SFHC or Lovejoy/ St. Vincent Health Center. Clients needing crisis

intervention or other services are introduced to appropriate behavioral health personnel, social services, pastoral care, Erie County Health Department or ECMC.

Project Truth - Administered through Catholic Charities in conjunction with CHS, Project Truth is a multi-faceted abstinence until marriage education initiative built on a foundation of character education. The program is designed for all adolescents with the goal of reducing the proportion of young people engaging in premarital sex, reducing the rate of teen pregnancies and other behavioral issues including drug, alcohol and tobacco use.

Social Services and WIC - In an arrangement with the Erie County Department of Health, Sisters Hospital provides a community office for WIC free of charge on the hospital campus. This office services Sisters Hospital, the Family Health Center and the surrounding community. In exchange the Erie County Department of Health provides a lactation consultant for new mothers at Sisters of Charity Hospital two-days per week.

Perinatal Bereavement Program – Sisters Hospital offers an active perinatal bereavement program to help couples cope with the loss of a child at any stage of pregnancy. A dedicated perinatal bereavement nurse meets with couples experiencing such loss and provides emotional and spiritual support, along with community resources and community support.

Home Care

Comprised of McAuley Seton Home Care, Mercy Home Care of WNY, and Sisters Long Term Home Health Care Program, CHS Home Care offers an inclusive array of programs designed to assist individuals in maintaining independence in their own homes. Home Care services include skilled nursing care, rehabilitation services, private duty nurses, home health care aide services, spiritual care, medical equipment services, a personal emergency response system (Lifeline™), and in-home meal services. Recently, CHS Home Care was named one of the best places to work in WNY in a Business First survey conducted by Quantum Market Research Associates.

Continuing Care Services

Long Term Care - Within its Continuing Care division, Catholic Health System operates six free standing long term care facilities including Father Baker Manor, McAuley Residence, St. Francis of Buffalo, St. Francis of Williamsville, St. Joseph Manor and Nazareth Home along with two hospital-based long term care facilities, St. Catherine Labouré Health Care Center, located at Sisters of Charity Hospital and Mercy Nursing Facility, located at Mercy Hospital. Father Baker Manor, McAuley Residence, St. Francis of Williamsville, St. Catherine Labouré and Nazareth Home are also home to subacute services.

Rehabilitation Services – The Catholic Health System has one of the most comprehensive rehabilitation programs in Western New York through Partners In Rehab & AthletiCare. Some of the services that are offered through our rehabilitation programs include: Physical Therapy, which includes a full range of services to help individuals recover from orthopedic injuries, musculoskeletal injuries, and neurologic disorders; Occupational Therapy, which offers patients with orthopedic and neurological dysfunctions the ability to reach their optimal level of independence in areas of daily living, including skills required for self-care, work, and leisure; and Speech Therapy, which includes evaluation and

treatment of dysphagia, dysarthria, aphasia, and voice problems. Specialty Services offered through CHS Rehabilitation Services include Aquatic Therapy, Hand Therapy, Industrial Rehabilitation and Functional Testing, Myofascial and CranioSacral Therapy, Neuro-rehabilitation Services, Speech-Language Pathology, Sports Outreach Program, Speakers' Bureau, Vestibular Therapy, and Wound Management.

Our Lady of Victory Renaissance Corporation - The Catholic Health System is taking health care into the 21st century with the Our Lady of Victory (OLV) senior neighborhood, a comprehensive, state-of-the-art living facility for senior citizens being developed at the OLV Hospital campus. The OLV senior neighborhood will offer a range of senior housing options including a skilled nursing facility, low and moderate income housing, PACE Program (Program for All-inclusive Care for the Elderly), on-campus shopping, social activities, and medical care. Occupancy of the senior apartment component of the new complex is set to begin in the Spring of 2006.

The PACE Program, a new approach in the treatment of frail elderly, allows individuals to remain in their own homes while receiving needed medical and support services in a community-based setting. The proposed PACE program at OLV will support up to 150 participants offering a variety of services including adult day care. Plans call for extensive interior renovations to the five-building complex, including a centrally located, two-story "Main Street" area with convenient medical office and retail space.

To add to the neighborhood feel, existing parking lots throughout the campus will be replaced with new "green-space" to create a more park-like setting on the 8.6 acre site, located minutes from the area's other major landmarks – the Buffalo & Erie County Botanical Gardens and Our Lady of Victory Basilica.

Laboratory Services - Catholic Health System's centralized laboratory offers standardized instrumentation and computer systems in support of state-of-the-art diagnostic testing to integrate the network of centralized operations and provide seamless delivery of care to our community. Our laboratory services include a highly-advanced and centralized operations laboratory at Sisters Hospital; urgent response labs at each CHS hospital that are open 24-hours-a-day, 7 days-a-week to meet immediate patient testing needs; and 32 laboratory patient service centers, conveniently located throughout Western New York, that provide area residents with easy access points to laboratory services. Catholic Health System's centralized laboratory boasts the area's only state-of-the-art robotics laboratory unit – the first of its kind in Western New York. This system helps CHS to automate the preparation and analysis process, and provide fast and accurate results to patients and their physicians.

Each site is staffed by skilled and experienced professionals committed to providing patients with high quality, confidential and compassionate service. Patients' individualized lab reports are automatically forwarded to their doctors.

Community Health/Outreach and Education Activities

As part of the Catholic Health System mission, its facilities participate and give back to the communities they serve. Some of those initiatives are as follows:

Screening Programs

The Catholic Health System offers a wide range of screening programs free of charge to the public including:

- Prostate Cancer
- Oral Cancer
- Vascular Disease
- Thyroid Disease
- Diabetes
- Cholesterol
- Glucose Testing
- Blood Pressure

AthletiCare – Through its AthletiCare sports outreach program the Catholic Health System provides training programs to 18 area high schools and colleges. The program also provides medical and athletic training coverage for charity events such as the Gus Macker Basketball Tournament, Girls Athletic League and Frontier Falcons Services.

CHS Website – In 2001, the Catholic Health System launched a community oriented Internet site, www.chsbuffalo.org. This site offers the community complete information on the services offered across the system. Included in this site is a comprehensive section offering up-to-date resource information on health and wellness issues for the consumer.

Diabetes Education and Management – Diabetes is a primary health concern in all Americans, but incidence is even higher in African-American Hispanic and Native Americans. The Catholic Health System is a member of the WNY Coalition for Diabetes Prevention whose goal is to promote diabetes awareness and provide outreach materials to local communities, especially minority or under-served populations. Sisters Hospital, along with the other sites, is actively involved in this provision of services and supplies. Approximately 50% of all clients serviced by the Diabetes Education Service at Sisters Hospital are African-Americans.

HealthConnection - Through the Catholic Health System's Community Education Department, the system reached out to 5,000 people in the community with health education, screening and prevention programs.

Mission on the Move Mobile Health Van

Mission on the Move is a mobile health program operated jointly by CHS and FidelisCare New York. This program is dedicated to improving the health of the Western New York community by providing health education programs and screening services where people live, work and worship. In 2005, the van visited more than 150 sites and provided health screenings and education to more than 4,500 people. In an effort to bring medical care directly to neighborhoods in need, Mission on the Move collaborated with CHS primary care centers to implement the first mobile health care clinic in Erie County called *Convenience Care*. *Convenience Care*, staffed by nurse practitioners, provides routine health check ups, medical care for illnesses, school physicals and laboratory services to those who do not have a primary care physician or who have transportation issues preventing access to traditional medical care centers.

Project S.O.A.R - **Project S.O.A.R** (Success, Opportunity, Action, Retraining) is a unique, highly-successful community/work experience program to assist people who have had to utilize public assistance or who have become dislocated workers. Begun in 1991, this collaborative effort includes Kenmore Mercy Hospital, Kenmore -Tonawanda School District and the Erie County Department of Social Services, along with funding is from the US Department of Labor. Basic literacy skills, high school equivalency exams, case management, on-the-job training, childcare, transportation assistance, and career counseling are key elements of the program. Almost 500 students have enrolled in **Project**

doctors, teachers, and psychologists. There are three different programs, based on the ministry sites of each. All programs are inter-faith programs. Since 1990, the health-care based program has focused on helping interns to develop their pastoral identity as hospital chaplains.

They've ministered in hospitals, nursing homes, primary care centers, Benedict House, AIDs Family Services, homes for the aged and the homes of persons served by the CHS Home Care Division. Since 2001, the community-based-urban program in conjunction with the St. Patrick's Friary has placed interns in community sites such as the Warde Center, St. Vincent's Dining Room, VIVE Refugee Re-settlement, TRY (teaching and rehabilitating youth) and prisons.

This is a focused effort to educate chaplains for ministry in non-traditional settings while at the same time making a difference in the lives of people who are the fringe members of our society and the poor to whom the Catholic Health System has a special call to serve. Since 2004, Sisters has collaborated with Samaritan Counseling Center, a Lutheran entity, to provide a congregation-based program. In this program, pastors or pastoral ministers of different denominations minister in their parishes with the congregation. The group process focuses on their identities as parish ministers. The Clinical Pastoral Education endeavors to provide formation in ministry to interns in almost any setting one might find oneself as a minister.

Quarterly Ecumenical Memorial Prayer Service – To provide further healing for the loss family members have experienced. Additional prayer services are held in response to patient and staff needs. Funerals, wakes and other bereavement services are an important part of the services provided by the Spiritual Care staff.

Spiritual Care Staff - Provide spiritual counseling and other support services for inpatients, outpatients, and nursing home residents of all faiths in addition to our staff and their families. The Spiritual Care Staff in the acute care facilities provide a variety of services ranging from sacramental care to providing community education. Chaplains counsel patients, families, and staff and provide additional services as needed. Chaplains participate in interdenominational associations in their respective areas. Chaplains are certified professional trained in spiritual direction, pastoral counseling and medical ethics, committed to enhancing the holistic care patients and residents receive throughout the Catholic Health System.

Community Feedback

The Catholic Health System remains in constant touch with the communities it serves through formal and informal information gatherings to help measure performance, community need and opportunities for improvement.

Health Care Needs Assessment Survey – Through CHS primary care centers, hospital admission departments and outpatient ancillary sites, a survey was distributed to individuals to gain an understanding about their health care needs and how well their needs were being met. Questions are asked regarding their needs in primary care, hospital services, home care, long term care, and community education. Completed surveys provide feedback about services they had used and whether they felt their needs were met.

Home Care Satisfaction Survey Process – Just as our hospitals and nursing homes conduct satisfaction surveys of their population, on a quarterly basis, our home care agency surveys its home care clients using the NRC product. This process allows us to continually modify the service we provide to our home care clients.

Inpatient Satisfaction Survey Process – Through a cooperative effort with the Buffalo Niagara Health Quality Coalition, Catholic Health System hospitals continue to participate in a regional patient satisfaction survey. Participation in this program is voluntary and paid for by the hospitals. Surveying takes place twice a year. It holds up hospital performance in patient experiences to national benchmarks. The program opens up the patient experience to public viewing through extensive publication of results in local media and offers opportunities for the hospitals to further improve performance. In the Cycle 9 survey of 14 Western New York hospitals, three earned 3-star ratings from surgical patients. Two of those hospitals, Sisters of Charity and Kenmore Mercy hospitals, are from the Catholic Health System. However, in 2005 the hospitals have agreed to transition to the new HCAHPS survey tool. The decision has caused a slight delay in reporting Cycle 10 outcomes. The results are expected around the end of the first quarter of 2006. Eventually, these results will be publicly reported through NHQC and in the near future, will also be publicly reported through the Centers of Medicare and Medicaid Services (CMS) in an effort to increase awareness of patient perceptions on a much broader scale nationally.

Nursing Home Family/Resident Satisfaction Survey Process – Just as our hospitals conduct satisfaction surveys of their patient population, Catholic Health System nursing homes also conduct satisfaction surveys of their population on a semi-annual basis. Survey responses are compared to other nursing homes within Catholic Health East for eastern state benchmarks.

Partners In Rehab & AthletiCare Patient Satisfaction – As part of the rehabilitation division's mission of providing quality and evidence-based practices, we recognize that only through surveying our patient population are we able to identify those areas that we could improve our service. All of the discharged patients in our two Medical Rehabilitation Units (MRU), five subacute facilities and nine outpatient facilities are surveyed monthly. Our guiding questions are (1) *Overall Satisfaction* where the response of *excellent* and *very good* are only used in the tally and (2) *Would you definitely recommend our service?*

Physician Satisfaction Survey Process – CHS began a process of surveying its medical staff on a regular, frequent basis in 2002. A web-enabled survey product was purchased which allows for the timely development of survey tools to allow physicians easy access to voice their opinion. CHS physicians were surveyed in regards to their information technology capabilities and needs. Their input is being utilized to plan the work that is necessary to ensure the System and its physicians have ready access to patient information electronically so better health care decisions can be made on a timely basis.

Focus Groups – The Catholic Health System conducts focus groups as needed when developing and evaluating new and existing programs and services. For instance, focus groups were conducted with women in the community to gain their input in the development of specialty services for women at one of our primary care centers. Their input was invaluable in directing us to offer the right kind of services to meet their unique needs.

Line 54 (990) - Investments - Securities

Check one box below to indicate how securities are reported

☐ Cost☒ End of year market value (FMV)

			0	2,375,993	2,445,412
		Number of shares/ face value	Value at time of donation	Beginning balance book value FMV	Ending balance book value FMV
Securities at end of year					
1	M&T Securities, Inc.			2,375,993	2,445,412
2					0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13					0
14					0
15					0
16					0
17					0
18					0
19					0
20					0

Line 57 (990) - Land, buildings, and equipment

Land (net of any amortization)		Land (net of any amortization)	
		Beginning	End
1 Land	1	0	0
2	2		
3	3		
4	4		
5	5		
6 Total land (net of any amortization)	6	0	0

Buildings and equipment		Buildings and equipment		Accumulated depreciation	
		Beginning	End	Beginning	End
7 Equipment	7	2,195,301	2,715,111	1,051,789	1,521,703
8 Leasehold Improvements	8	36,010	46,723	36,010	36,814
9 Automobiles	9	162,595	215,252	94,937	141,012
10 Capital Leases	10	571,700	571,700	323,963	438,303
11 Constrution In Progress	11	822,670	3,849,251	0	0
12	12				
13	13				
14	14				
15	15				
16	16				
17 Total buildings and equipment	17	3,788,276	7,398,037	1,506,699	2,137,832
18 Buildings and equipment (less accumulated depreciation)	18			2,281,577	5,260,205
19 Total land, buildings and equipment	19			2,281,577	5,260,205

Category or Item		Cost/Other Basis	Accumulated Depreciation	Book Value
1 Equipment	1			
2 Leasehold Improvements	2			
3 Capital Leases	3			
4 Constrution In Progress	4			
5	5			
6	6			
7	7			
8	8			
9	9			
10	10			
11 Total	11	0	0	0

Line 58 (990) - Other assets

		20,511,352	20,977,000
		Beginning	End
1	Due From Facilities	19,491,000	19,984,000
2	Other Receivables	1,020,352	993,000
3			
4			
5			
6			
7			
8			
9			
10			

Total Other Assets

Line 64b (990) - Mortgages and other notes payable

Lender's name		Check if lender is a business	Original amount	Balance due beginning of year	Balance due end of year
1	M&T Bank	<input checked="" type="checkbox"/>	20,000,000	10,028,197	0
2	Kronos	<input checked="" type="checkbox"/>	571,700	10,849	0
3	Ford Motor Credit	<input checked="" type="checkbox"/>	106,153	45,249	12,571
4	GMAC	<input checked="" type="checkbox"/>	29,361	24,172	20,917
19	Totals	19	20,707,214	10,108,467	33,488

Security provided		Date of note	Maturity date	Repayment terms	Interest rate
1	Facility Related	Various	Various	Various	Prime -50bp
2	Leased Equipment				Prime -50bp
3	Automobiles	Various	Various	Various	Various
4	Automobiles	Various	Various	Various	Various

Purpose of loan		Description of consideration	FMV of consideration
1	Provide working capital		
2	Equipment Funding		
3	Automobiles		
4	Automobiles		

Catholic Health System
FORM 990 (2004) 22-2565278
Schedules and Explanations
For The Year Ended December 31, 2005

Part V - List of Officers, Directors, Trustees and Key Employees.

Name and Address	Title and Time Devoted to Position	Compensation	Contributions to Employee Benefit Plan	Expenses and other Allowances
Ralph Macey 515 Abbott Road Buffalo, NY 14220-1700	Chairman Hours worked per week = 1 hr	None	None	None
Carl J. Montante 515 Abbott Road Buffalo, NY 14220-1700	Vice Chairman Hours worked per week = 1 hr	None	None	None
Sr. Paulene Tirone, FSSJ 515 Abbott Road Buffalo, NY 14220-1700	Officer Hours worked per week = 1 hr	None	None	None
Paul Bauer 515 Abbott Road Buffalo, NY 14220-1700	Treasurer Hours worked per week = 1 hr	None	None	None
Joseph McDonald 515 Abbott Road Buffalo, NY 14220-1700	President/CEO & Secretary Hours worked per week = 37.5 hr	775,386	42,935	None
Joseph Anain, MD 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Mecca S. Cranley, Ph.D. 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Dennis Dombek 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Shelley Drake 515 Abbott Road Buffalo, NY 14220-1700	Hours worked per week = 1 hr	None	None	None
David Durante, M.D. 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Alexander Gelfer, M.D. 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
James P. Giambone, M.D. 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None

Catholic Health System

FORM 990 (2004) 22-2565278

Schedules and Explanations

For The Year Ended December 31, 2005

Part V - List of Officers, Directors, Trustees and Key Employees.

Name and Address	Title and Time Devoted to Position	Compensation	Contributions to Employee Benefit Plan	Expenses and other Allowances
Marguerite Hambleton 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr.	None	None	None
Sr. Nancy Hoff, RSM 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Michael Landi, M D 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Ramesh Luther, M D 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Sr. Kathleen Natwlin, DC 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Michael Pelechaty, M D 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Marcus Romanowski, M D 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Arthur A. Russ, Jr., Esq 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Judge Hugh Scott 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Datta Wagle, MD 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None
Monsignor Robert E. Zapfel 515 Abbott Road Buffalo, NY 14220-1700	Director Hours worked per week = 1 hr	None	None	None

Catholic Health System
FORM 990 (2004) 22-2565278
Schedules and Explanations
For The Year Ended December 31, 2005

Part V - List of Officers, Directors, Trustees, and Key Employees

Included Pension, Life Insurance & Attached Worksheet

Name and Address	Title and Time Devoted to Position	Compensation	Contributions to Employee Benefit Plan	Expenses and other Allowances
Thomas Brody Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	Sr. VP - Senior Services Hours worked per week = 37 5 hr	251,713	30,121	NONE
Lisa Ciliano Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP - Finance/Revenue Cycle Hours worked per week = 37 5 hr	141,828	27,345	NONE
K. David Crone Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	Sr. VP - CFO Hours worked per week = 37 5 hr	406,515	52,412	NONE
Brian J. D'Arcy MD Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	Sr. VP Medical Affairs Hours worked per week = 37 5 hr	385,305	97,918	NONE
James Dunlop Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP of Finance & Controller Hours worked per week = 37 5 hr	234,438	28,743	NONE
Maria Foti Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP Planning & Marketing Hours worked per week = 37 5 hr	180,852	24,732	NONE
Christine Kluckhohn Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	Sr. VP - Senior Services Hours worked per week = 37 5 hr	170,001	24,087	NONE
C. Anthony Lyons Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP Compliance & Administrative Services Hours worked per week = 37 5 hr	188,876	28,813	NONE
Sr. Sally Maloney Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	Sr. VP - Mission Integration Hours worked per week = 37 5 hr	108,808	13,653	NONE
Dennis McCarthy Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP Public Relations & Government Affairs Hours worked per week = 37 5 hr	140,400	23,152	NONE
Michael Moley Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP Human Resources Hours worked per week = 37 5 hr	239,783	57,318	NONE
Shae Peters Catholic Health System 515 Abbott Road Buffalo, NY 14220-1700	VP Strategic Development Hours worked per week = 37 5 hr	43,339	13,287	NONE
Grand Totals		3,203,702	449,227	0

Note: The Board of Directors is a voluntary service. No compensation, contributions to benefit plans, or expense account allowances are provided for board services. Compensation listed above is for service as an employee and not related to Board of Director service.

* Line 65 (990) - Other liabilities

22,737,398 35,466,885

		Beginning	End
1	Accrued Pension	4,064,398	4,743,885
2	Due To Affiliates	18,673,000	30,723,000
3			
4			
5			
6			
7			
8			
9			
10			

Catholic Health Systems
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Year End 12/31/05

Form 990, Part V-A, Page 6, Line 75b

Schedule A, Part III, Statement About Activities, page 2, Lines 2c & 2d

Arthur Russ is a member of the Catholic Health System board. The Catholic Health System utilizes Phillips Lytle, a firm at which Mr. Russ is a partner, for legal services. Such services are provided at fair market value.

Statement #10

<p>This document is not intended to create, nor is it to be construed to constitute a contract between CHS and any of its employees for either employment or the provision of any benefit. This policy supercedes any and all policies of any CHS organizations and any descriptions of such policies in any handbook of such organization</p>			
<p>POLICY AND PROCEDURE</p>			
<p>TITLE: Conflict of Interest</p>	<p>RESPONSIBLE DEPARTMENT: Human Resources</p>	<p>POLICY #: HR-012-PC</p>	<p>PAGE# 1:2</p>
<p>PREPARED BY: Corporate Compliance/Human Resources</p>		<p>SIGNATURE: C. Anthony Lyons/</p>	

PURPOSE: To maintain a professional work environment and to prevent a potential conflict of interest situation. To ensure that no employee or his or her immediate family members personally benefit from business activities with any organization or program within the Catholic health System.

APPLIES TO: All employees, Medical Staff, contractors, volunteers, and students.

GENERAL STATEMENT:

In all cases, the Catholic Health System will avoid conflicts of interest in contractual and other business relationships. The Board of Directors and other leaders of the Organization will review possible business relationships carefully with respect to potential harm to the people and communities served. A conflict of interest may exist in an instance where the actions or activities of an individual working on behalf of CHS result in a personal gain or advantage, or an adverse effect on CHS interests. Conflicts of interest may also arise in other instances.

GUIDELINES: Although it is impossible to list every circumstance giving rise to a possible conflict of interest, the following serves as a guide to the types of activities that might cause conflicts and that must be reported to a manager or the Compliance Officer.

1. To solicit and/or accept a gift or excessive entertainment directly or indirectly from any person or company which could be reasonably interpreted as having been given to influence the organization or individual to act favorably toward the person or entity. This does not include acceptance of items of a nominal or minor value that are clearly tokens of respect or friendship and not related to any particular transaction or activity of the Organization. (See HR – 088-PC Tips Gratuities and Vendor Discounts for further details)
2. To disclose or use information relating to the Organization's business for the personal profit or advantage of the individual or his/her immediate family or of his/her business associates or affiliates.
3. To obtain, disclose or use privileged, confidential or proprietary organizational information without authorization.
4. To hold, directly or indirectly, a position or a material financial interest in any outside concern from which the individual has reason to believe that CHS secures goods or services, or that provides services competitive with the CHS.
5. To induce, through direct or indirect benefit, patient referrals for an item or service reimbursable by a patient or third party.

Forms HR74 Conflict of Interest Management Disclosure
Forms HR75 Conflict of Interest Disclosure and Confidentiality

- 6 To make or accept patient referrals or other business to or from providers or vendors that may result in personal gain to the individual or a member of his or her immediate family.
7. To compete, directly or indirectly, with CHS in the purchase or sale of property or property rights, interests or services
- 8 To render directive, managerial or consulting services to any outside concern that does business with or competes with the services of the Catholic Health System or to render services in competition with the Organization.
9. To engage in outside employment with entities that do business, potentially do business, or compete with any organization or program within CHS. The individual shall disclose the name of the outside employer and the job duties to their supervisor.
10. Goods and services shall be negotiated using Fair Market Value or permissible industry standards, such as discounts that are fully and accurately disclosed and reported.

Disclosure of real or potential conflicts of interest is of the most importance. The individual is required to report to his or her immediate supervisor/manager or the Corporate Compliance Officer any potential conflicts of interest whenever the situation presents itself.

Once the conflict of interest is reported, the supervisor/manager or Compliance Officer will review the information and determine whether the arrangement is in conflict with any legal or regulatory constraints or whether it is in the best interests of the organization. Human Resources may also be consulted in employment or other applicable situations.

An individual's failure to disclose a known conflict of interest or compliance to arrangements of a previously disclosed conflict shall result in appropriate performance counseling up to termination. Furthermore, cases of willful disregard for this policy will also be referred for performance counseling. If an individual believes a coworker is disregarding this policy, he or she is obliged to report such information to his/her immediate supervisor/manager or the Corporate Compliance Officer. The concern can be called directly to the Compliance Office or relayed through the Compliance Line 1-888-200-5380.

Catholic Health System Senior Management, and other staff members and Physicians in positions identified as sensitive in nature or having potential for conflict of interest will be required to read this policy, the Conflict of Interest Disclosure Statement Requirement (**Form HR74**) and sign a Conflict of Interest Disclosure Statement and Confidentiality Agreement (**Form HR75**) on a regular basis as determined by the Corporate Compliance Officer. These Agreements will be kept confidential and on file in the Corporate Compliance Office.

Origination/Effective Date: 12-01-01										
	Date	Initial	Date	Initial	Date	Initial	Date	Initial	Date	Initial
Reviewed	10/02	TL								
Revised	10/02	TL								
References: Federal Law NYS Law JCAHO Standards										

Forms HR74 Conflict of Interest Management Disclosure
Forms HR75 Conflict of Interest Disclosure and Confidentiality



Conflict of Interest Disclosure Statement Requirement

In accordance with the CHS Corporate Compliance Plan, it is the policy of CHS to obtain a Conflict of Interest Disclosure Statement completed and signed by each Senior Manager, employed Physician, Physician leader and employee holding identified sensitive positions throughout CHS organizations. Especially due to CHS' and its member organizations' not-for-profit status, sensitivity must be raised to conflicts of interest, excess profit and related party matters.

It is the responsibility of each person to read the Corporate Compliance Plan, Conflict of Interest Policy (HR-012-PC), be familiar with its contents, and to fill out and return the Conflict of Interest Disclosure Statement and Confidentiality Agreement (**Form HR75**).

Conflict of Interest Disclosure Statements will be required of, but not limited to, those in the following positions:

- ❖ CHS Senior Management
- ❖ Physicians in Leadership positions/Physician Liaisons/Employed Physicians
- ❖ Organizational Senior Management
- ❖ Purchasing Agents
- ❖ Those responsible for contracts in a CHS organization
- ❖ Case Managers/Discharge Planners
- ❖ Product Evaluation Committee members

The information disclosed on the "Conflict of Interest Disclosure Statements" is held in confidence. It is further disclosed only on a "need to know" basis as determined by the Compliance Officer.

DEFINITIONS:

- a) **Catholic Health System Employee** is defined as any officer, director, manager or employee in a position of sensitivity within any CHS entity who has direct or indirect financial interest as defined below, or has access to proprietary information pertaining to any CHS entity. These individuals may also be referred to as "related parties".
- b) **Interest:** "Interest" refers to a financial interest. A person has a financial interest if he/she personally has,
 - (1) an ownership or investment interest in any entity with which CHS has a transaction or arrangement, or
 - (2) a compensation arrangement with CHS or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CHS is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.
- c) **Not for Profit (tax-exempt)** is a status granted by the IRS. The organization has a legal and ethical obligation to act in compliance with applicable laws as well as to engage in appropriate activities in furtherance of its charitable purpose, and to ensure that its resources are used in a manner which furthers the public good rather than the private or personal interests of any individual. Consequently,

Conflict of Interest Disclosure Statement Requirement

CHS, its employees and others must avoid compensation arrangements which are inappropriate or in excess of fair market value (private inurement), accurately report payments to appropriate taxing authorities and file all tax and information returns in a manner consistent with applicable laws. CHS,

its officers and employees will also comply with all federal and state laws regarding lobbying, political contributions, gifts to government officials and other political activities.

- d) **Fair market value** is that dollar amount at which a purchaser of the same or substantially similar goods and/or services and under comparable circumstances can acquire such in the open market.

To this end, CHS employees may not be employed by, act as a consultant to, or have an independent business relationship with any CHS service providers, competitors, or third party payors without proper disclosure to the CHS Corporate Compliance Officer. Nor may employees invest in any payor, provider, supplier, or competitor (other than through mutual funds or through holdings less than 0.5 percent of the outstanding shares of publicly traded securities) unless they appropriately disclose such interest to their Supervisor and/or the Compliance Officer.

An example of an ownership or investment interest is where you presently have or are contemplating the making of an investment in an entity, which does business with CHS. Another example is where you are aware, or become aware that CHS is contemplating a transaction with an entity that you either presently have an ownership or investment in, or in which you are contemplating such an interest.

Employees should avoid other outside employment or business interests that place them in the position of (i) appearing to represent CHS, (ii) providing goods or services substantially similar to those CHS provides or is considering making available, or (iii) lessening their efficiency, productivity, or dedication to CHS in performing their everyday duties.

CHS employees may not use CHS assets for personal benefit or personal business purposes. Interest in products or real estate the value of which may be affected by CHS' business must be disclosed. CHS confidential information such as, financial data, payor information, computer programs, and patient information must not be divulged or used for their own personal or business purposes.

Any personal or business activities by a CHS employee that may raise concerns along these lines must be reviewed with, and approved in advance, by their immediate supervisor or the Compliance Officer.

CHS relies on the good faith of its employees in the exercise of their responsibilities to the organization. All business judgements on behalf of CHS should be made by its employees on the basis of such trust and in CHS' best interests. We fully respect the rights of employees to privacy in their personal affairs and financial activities. The purpose of this policy is to provide guidance and protection to employees in avoiding situations in their personal activities, which are, or appear to be, in conflict with their responsibilities to CHS.

Although it is impractical to attempt to define every situation, which might be considered a conflict of interest, generally speaking, a conflict exists when an employee's personal interests or activities may influence his judgment in the performance of his duty to CHS.

Conflict of Interest Disclosure Statement Requirement

Each situation must be evaluated on the facts. CHS employees should promptly disclose any circumstances, which might constitute a violation of these guidelines. CHS employees are expected to obtain assistance from a supervisor or through the CHS Corporate Compliance Office to determine if a conflict exists and, if so, how it should be resolved.

Adherence to this policy ensures that CHS employees act with total objectivity in carrying out their duties on behalf of CHS.

Catholic Health System

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Year End 12/31/05

Form 990, Schedule A, Part III, Page 2, Line 1

The organization pays membership dues to member organizations which may engage in lobbying activities. Therefore, a portion of the dues may be attributable to lobbying activities.

Catholic Health Systems

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Year End 12/31/05

Form 990, Schedule A, Part III, Page 2, Line 2

Members of Governance of the organization may be affiliated with or have a business relationship with the organization. Purchasing decisions are not made by these individuals. All transactions are made within the normal course of business and are conducted at arm's length.

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

► 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)

Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile.

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization <u>Catholic HEALTH SYSTEM</u>	Employer identification number <u>22-2565278</u>
	Number, street, and room or suite no. If a P.O. box, see instructions <u>515 ABBOTT ROAD, SUITE 508</u>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <u>BUFFALO, NY 14220</u>	

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 (sec. 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 ► CHS - CORPORATE OFFICE

Telephone No. ► (716) 828-3766 FAX No. ► (716) 828-3723

- 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 **Form 990-T corporation**) extension of time until AUGUST 15, 2006 to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► ☒ calendar year 2005 or
► ☐ tax year beginning _____, 20 ____, and ending _____, 20 ____

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. \$ NONE
- 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. \$ NONE
- c **Balance Due.** 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. \$ NONE

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

- 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—Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization		Employer identification number
	Number, street, and room or suite no. If a P.O. box, see instructions		For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions		

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

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

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 the care of ☐ Telephone No. ☐ FAX No. ☐
- 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 ☐ , 20 ☐
- 5 For calendar year ☐ , or other tax year beginning ☐ , 20 ☐ , and ending ☐ , 20 ☐
- 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 ☐

- 8a 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 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 ☐ \$ ☐
- c **Balance Due.** 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 instructions. ☐ \$ ☐

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 ☐ VP FINANCE/Corp Date ☐ 5/5/06**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 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 ☐

By ☐ Director 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

Type or print	Name
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

RECEIVED AUG 25 2006

Form 8868 (12-2000)

Page 2

- 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—Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions	Name of Exempt Organization <u>CATHOLIC HEALTH SYSTEM</u>	Employer identification number <u>22-2565278</u>
	Number, street, and room or suite no. If a P.O. box, see instructions <u>515 ABBOTT ROAD SUITE 508</u>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <u>BUFFALO NY 14220</u>	

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

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

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

- 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 November 15, 2006
- 5 For calendar year _____, or other tax year beginning _____, 20____ and ending _____, 20____
- 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 ADDITIONAL TIME IS REQUIRED TO PREPARE AN ACCURATE RETURN

- 8a 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 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 \$ _____
- c **Balance Due.** 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 instructions \$ _____

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 James U. Conboy Jr. Title VP FINANCE Date 8/04/06

Corporate Controller

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 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. RECEIVED AUG 11 10 16 AM '06 106
- ☐ We cannot consider this application because it was filed after the due date of the return for which an extension was requested
- ☐ Other _____

Director C. J. Conboy Jr. 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

Type or print	Name
	Number and street (include suite, room, or apt. no.) Or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

Form 8868 (12-2000)

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>	
		B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to:		D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Internal Revenue Service Ogden, UT 84201-0027		If YES, enter delivery address below:	
		<div style="border: 2px solid black; padding: 5px; transform: rotate(-5deg); display: inline-block;">406 RECEIVED AUG 09 2006 OGDEN, UT PS-OSC</div>	
		3. Service Type	
		<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		7005 1160 0000 2973 7071	

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Ogden, UT 84201-0027

2. Article Number
(Transfer from service label)

7005 0390 0004 0088 5348

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ Addressee

B. Received by (Printed Name)

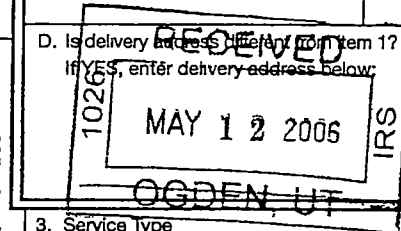
C. Date of Delivery

D. Is delivery address different from item 1?
If YES, enter delivery address below:☐ Yes☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt

102595-02-M-1540