

Form 990-T

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

OMB No 1545-0687

For calendar year 2017 or other tax year beginning JUL 1, 2017 and ending JUN 30, 2018

2017

Go to www.irs.gov/Form990T for instructions and the latest information.

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury Internal Revenue Service

Form header section including: A Check box if address changed; B Exempt under section 501(c)(3); Name of organization SALEM HEALTH; Number, street, and room or suite no. 890 OAK STREET; City or town, state or province, country, and ZIP or foreign postal code SALEM, OR 97301; D Employer identification number 93-0579722; E Unrelated business activity codes 621500 446110

C Book value of all assets at end of year 1,306,434,818; F Group exemption number; G Check organization type: [X] 501(c) corporation

H Describe the organization's primary unrelated business activity: SEE STATEMENT 1

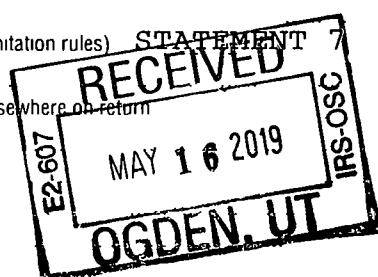
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? [X] Yes; If "Yes," enter the name and identifying number of the parent corporation: SEE STATEMENT 2 Salem Health Hospitals and Clinics

J The books are in care of: SALEM HEALTH; Telephone number: (503) 814-1938

Table with 4 columns: Part I Unrelated Trade or Business Income, (A) Income, (B) Expenses, (C) Net. Rows 1a-13 showing total income of 2,552,225.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions) (Except for contributions, deductions must be directly connected with the unrelated business income.)

Table with 4 columns: Line number, Description, Amount, Total. Rows 14-34 showing total deductions of 2,275,428 and final unrelated business taxable income of 276,797.



SCANNED JUL 02 2019

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation.
 Controlled group members (sections 1561 and 1563) check here See instructions and:
 a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
 (1) \$ 45,750. (2) \$ 22,875. (3) \$ 207,172.
 b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ 9,215.
 (2) Additional 3% tax (not more than \$100,000) \$
 c Income tax on the amount on line 34 SEE STATEMENT 9 35c 75,217.
 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from:
 Tax rate schedule or Schedule D (Form 1041) 36
 37 Proxy tax. See instructions 37
 38 Alternative minimum tax 38
 39 Tax on Non-Compliant Facility Income. See instructions 39
 40 Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies 40 75,217.

Part IV Tax and Payments

41a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 41a
 b Other credits (see instructions) 41b
 c General business credit. Attach Form 3800 41c
 d Credit for prior year minimum tax (attach Form 8801 or 8827) 41d
 e Total credits. Add lines 41a through 41d 41e
 42 Subtract line 41e from line 40 42 75,217.
 43 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule) 43
 44 Total tax. Add lines 42 and 43 44 75,217.
 45a Payments: A 2016 overpayment credited to 2017 45a 27,172.
 b 2017 estimated tax payments 45b 28,668.
 c Tax deposited with Form 8868 45c
 d Foreign organizations: Tax paid or withheld at source (see instructions) 45d
 e Backup withholding (see instructions) 45e
 f Credit for small employer health insurance premiums (Attach Form 8941) 45f
 g Other credits and payments: Form 2439 Form 4136 Other Total 45g
 46 Total payments. Add lines 45a through 45g 46 55,840.
 47 Estimated tax penalty (see instructions). Check if Form 2220 is attached 47 116.
 48 Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed 48 19,493.
 49 Overpayment. If line 46 is larger than the total of lines 44 and 47, enter amount overpaid 49
 50 Enter the amount of line 49 you want Credited to 2018 estimated tax Refunded 50

Part V Statements Regarding Certain Activities and Other Information (see instructions)

51 At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here Yes No
 52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file. Yes No
 53 Enter the amount of tax-exempt interest received or accrued during the tax year \$

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 taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer: [Signature] Date: 5/8/19 Title: CFO
 May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only: Print/Type preparer's name: JOYLYN M. ANKENY, CPA; Preparer's signature: [Signature]; Date: 04/27/19; Check if self-employed; PTIN: P00366587; Firm's name: ALDRICH CPAS AND ADVISORS, LLP; Firm's EIN: 93-0623286; Firm's address: 680 HAWTHORNE AVE. SE #140 SALEM, OR 97301; Phone no.: (503) 585-7774

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ► **N/A**

1	Inventory at beginning of year	1		6	Inventory at end of year	6			
2	Purchases	2		7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7			
3	Cost of labor	3		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?			Yes	No
4a	Additional section 263A costs (attach schedule)	4a							
b	Other costs (attach schedule)	4b							
5	Total. Add lines 1 through 4b	5							

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property

(1)	
(2)	
(3)	
(4)	

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	0.	Total 0.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ►

(b) Total deductions Enter here and on page 1, Part I, line 6, column (B) ► 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)	
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			Enter here and on page 1, Part I, line 7, column (A) 0.	Enter here and on page 1, Part I, line 7, column (B) 0.
Total dividends-received deductions included in column 8			►	0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
Totals			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B)	
			0.	0.	

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
Totals		Enter here and on page 1, Part I, line 9, column (A)		Enter here and on page 1, Part I, line 9, column (B)
		0.		0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals		Enter here and on page 1, Part I, line 10, col (A)	Enter here and on page 1, Part I, line 10, col (B)			Enter here and on page 1, Part II, line 25
		0.	0.			0.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis)

1 Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.

▶ Go to www.irs.gov/Form4626 for instructions and the latest information

2017

Name SALEM HEALTH		Employer identification number 93-0579722
<p>Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).</p>		
1	Taxable income or (loss) before net operating loss deduction	275,797.
2	Adjustments and preferences:	
a	Depreciation of post-1986 property	2a
b	Amortization of certified pollution control facilities	2b
c	Amortization of mining exploration and development costs	2c
d	Amortization of circulation expenditures (personal holding companies only)	2d
e	Adjusted gain or loss	2e
f	Long-term contracts	2f
g	Merchant marine capital construction funds	2g
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h
i	Tax shelter farm activities (personal service corporations only)	2i
j	Passive activities (closely held corporations and personal service corporations only)	2j
k	Loss limitations	2k
l	Depletion	2l
m	Tax-exempt interest income from specified private activity bonds	2m
n	Intangible drilling costs	2n
o	Other adjustments and preferences	2o
3	Pre adjustment alternative minimum taxable income (AMTI) Combine lines 1 through 2o	275,797.
4	Adjusted current earnings (ACE) adjustment:	
a	ACE from line 10 of the ACE worksheet in the instructions	275,797.
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See instructions	0.
c	Multiply line 4b by 75% (0.75). Enter the result as a positive amount	
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. See instructions. Note: You must enter an amount on line 4d (even if line 4b is positive)	
e	ACE adjustment	
	<ul style="list-style-type: none"> • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount 	0.
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT	275,797.
6	Alternative tax net operating loss deduction. See instructions	6
7	Alternative minimum taxable income Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	275,797.
8	Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c)	
a	Subtract \$150,000 from line 7. If completing this line for a member of a controlled group, see instructions. If zero or less, enter -0-	125,797.
b	Multiply line 8a by 25% (0.25)	31,449.
c	Exemption. Subtract line 8b from \$40,000. If completing this line for a member of a controlled group, see instructions. If zero or less, enter -0-	8,551.
9	Subtract line 8c from line 7. If zero or less, enter -0-	267,246.
10	Multiply line 9 by 20% (0.20)	53,449.
11	Alternative minimum tax foreign tax credit (AMTFTC). See instructions	11
12	Tentative minimum tax. Subtract line 11 from line 10 STMT 11 BLENDED RATE	26,944.
13	Regular tax liability before applying all credits except the foreign tax credit	75,217.
14	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return	0.

JWA For Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (2017)

* SEE ALSO

STATEMENT 10

Adjusted Current Earnings (ACE) Worksheet

▶ See ACE Worksheet Instructions.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626		1	275,797.
2	ACE depreciation adjustment:			
	a AMT depreciation	2a		
	b ACE depreciation:			
	(1) Post-1993 property	2b(1)		
	(2) Post-1989, pre-1994 property	2b(2)		
	(3) Pre-1990 MACRS property	2b(3)		
	(4) Pre-1990 original ACRS property	2b(4)		
	(5) Property described in sections 168(f)(1) through (4)	2b(5)		
	(6) Other property	2b(6)		
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)		
	c ACE depreciation adjustment. Subtract line 2b(7) from line 2a		2c	
3	Inclusion in ACE of items included in earnings and profits (E&P):			
	a Tax-exempt interest income	3a		
	b Death benefits from life insurance contracts	3b		
	c All other distributions from life insurance contracts (including surrenders)	3c		
	d Inside buildup of undistributed income in life insurance contracts	3d		
	e Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e		
	f Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e		3f	
4	Disallowance of items not deductible from E&P			
	a Certain dividends received	4a		
	b Dividends paid on certain preferred stock of public utilities that are deductible under section 247 (as affected by P.L. 113-295, Div. A, section 221(a)(4)(A), Dec. 19, 2014, 128 Stat. 4043)	4b		
	c Dividends paid to an ESOP that are deductible under section 404(k)	4c		
	d Nonpatronage dividends that are paid and deductible under section 1382(c)	4d		
	e Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e		
	f Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e		4f	
5	Other adjustments based on rules for figuring E&P.			
	a Intangible drilling costs	5a		
	b Circulation expenditures	5b		
	c Organizational expenditures	5c		
	d LIFO inventory adjustments	5d		
	e Installment sales	5e		
	f Total other E&P adjustments. Combine lines 5a through 5e		5f	
6	Disallowance of loss on exchange of debt pools		6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts		7	
8	Depletion		8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property		9	
10	Adjusted current earnings . Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626		10	275,797.

FORM 990-T DESCRIPTION OF ORGANIZATION'S PRIMARY UNRELATED BUSINESS ACTIVITY STATEMENT 1

REGIONAL LAB, PHARMACY, OCCUPATIONAL MED. & PARTNERSHIP INCOME

TO FORM 990-T, PAGE 1

FORM 990-T OTHER INCOME STATEMENT 2

DESCRIPTION	AMOUNT
REGIONAL LAB	1,123,437.
CONTRACT PHARMACY	1,066,155.
OCCUPATIONAL MEDICINE	99,628.
AMOUNTS PAID FOR DISALLOWED FRINGES	248,290.
TOTAL TO FORM 990-T, PAGE 1, LINE 12	2,537,510.

FORM 990-T INTEREST PAID STATEMENT 3

DESCRIPTION	AMOUNT
INTEREST EXPENSE	1,141.
TOTAL TO FORM 990-T, PAGE 1, LINE 18	1,141.

FORM 990-T CONTRIBUTIONS STATEMENT 4

DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV	AMOUNT
VARIOUS PUBLIC CHARITIES	N/A	502,846.
TOTAL TO FORM 990-T, PAGE 1, LINE 20		502,846.

FORM 990-T	OTHER DEDUCTIONS	STATEMENT	5
DESCRIPTION		AMOUNT	
ADMINISTRATIVE OVERHEAD		394,621.	
DUES & SUBSCRIPTIONS		859.	
MEDICAL SUPPLIES		1,387,182.	
SUPPLIES		4,458.	
OTHER PURCHASED SERVICES		1,112.	
PROFESSIONAL FEES		843.	
OTHER EXPENSES		3,837.	
TOTAL TO FORM 990-T, PAGE 1, LINE 28		1,792,912.	

FORM 990-T	PARENT CORPORATION'S NAME AND IDENTIFYING NUMBER	STATEMENT	6
CORPORATION'S NAME		IDENTIFYING NO	
SALEM HEALTH HOSPITALS AND CLINICS		93-0823471	

FORM 990-T

CONTRIBUTIONS SUMMARY

STATEMENT 7

QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2012	384,344
FOR TAX YEAR 2013	368,272
FOR TAX YEAR 2014	194,100
FOR TAX YEAR 2015	281,422
FOR TAX YEAR 2016	474,161

TOTAL CARRYOVER	1,702,299
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TOTAL CURRENT YEAR 10% CONTRIBUTIONS	502,846
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TOTAL CONTRIBUTIONS AVAILABLE	2,205,145
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TAXABLE INCOME LIMITATION AS ADJUSTED	30,644
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EXCESS 10% CONTRIBUTIONS	2,174,501
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EXCESS 100% CONTRIBUTIONS	0
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TOTAL EXCESS CONTRIBUTIONS	2,174,501
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ALLOWABLE CONTRIBUTIONS DEDUCTION	30,644
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TOTAL CONTRIBUTION DEDUCTION	30,644
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FORM 990-T

LINE 35C TAX COMPUTATION

STATEMENT 9

1.	TAXABLE INCOME		275,797	
2.	LESSER OF LINE 1 OR FIRST BRACKET AMOUNT . .		45,750	
3.	LINE 1 LESS LINE 2		230,047	
4.	LESSER OF LINE 3 OR SECOND BRACKET AMOUNT . .		22,875	
5.	LINE 3 LESS LINE 4		207,172	
6.	INCOME SUBJECT TO 34% TAX RATE		207,172	
7.	INCOME SUBJECT TO 35% TAX RATE		0	
8.	15 PERCENT OF LINE 2		6,863	
9.	25 PERCENT OF LINE 4		5,719	
10.	34 PERCENT OF LINE 6		70,438	
11.	35 PERCENT OF LINE 7		0	
12.	ADDITIONAL 5% SURTAX		9,215	
13.	ADDITIONAL 3% SURTAX		0	
14.	TOTAL INCOME TAX			<u>92,235</u>
15.	TAX AT 21% RATE EFFECTIVE AFTER 12/31/2017		<u>57,917</u>	
		DAYS		
16.	TAX PRORATED FOR NUMBER OF DAYS IN 2017	184	46,497	
17.	TAX PRORATED FOR NUMBER OF DAYS IN 2018	181	28,720	
18.	TOTAL TAX PRORATED	<u>365</u>		<u>75,217</u>

FORM 4626	AMT CONTRIBUTIONS	STATEMENT 10
CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS		
FOR TAX YEAR 2012	420,150	
FOR TAX YEAR 2013	427,331	
FOR TAX YEAR 2014	205,399	
FOR TAX YEAR 2015	281,422	
FOR TAX YEAR 2016	474,161	
TOTAL CARRYOVER		1,808,463
CURRENT YEAR CONTRIBUTIONS		502,846
TOTAL CONTRIBUTIONS		2,311,309
10% OF TAXABLE INCOME AS ADJUSTED		30,644
EXCESS CONTRIBUTIONS		2,280,665
ALLOWABLE CONTRIBUTIONS		30,644
AMT CHARITABLE DEDUCTION		30,644
REGULAR CONTRIBUTION DEDUCTION		30,644
AMT CONTRIBUTION ADJUSTMENT		0

TENTATIVE MINIMUM TAX (TMT) PRORATION STATEMENT 11

TENTATIVE MINIMUM TAX FOR THE ENTIRE YEAR . . .	53,449.	
TMT IN EFFECT BEFORE 01/01/2018	53,449.	
TMT IN EFFECT AFTER 12/31/2017	0.	
		DAYS
TMT PRORATED FOR NUMBER OF DAYS IN 2017 . . 184	26,944.	
TMT PRORATED FOR NUMBER OF DAYS IN 2018 . . 181	0.	
TMT PRORATED	365	26,944.