

Form 990-T

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e)) 1906

OMB No 1545-0687

For calendar year 2018 or other tax year beginning 07/01, 2018, and ending 06/30, 2019

2018

Department of the Treasury Internal Revenue Service

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

Part I: Name of organization (SALEM HEALTH), Employer identification number (93-0579722), Unrelated business activity code (621500), and other identifying information.

Part II: Group exemption number (1399234388), Check organization type (501(c) corporation), and number of unrelated trades or businesses (4).

Part III: During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? (Yes)

Part IV: The books are in care of SALEM HEALTH, Telephone number 503-814-1938

Table with 3 columns: (A) Income, (B) Expenses, (C) Net. Rows include Gross receipts or sales, Less returns and allowances, Cost of goods sold, etc. Total income is 1,021,090.

Table with 3 columns: (A) Income, (B) Expenses, (C) Net. Rows include Compensation of officers, Salaries and wages, Repairs and maintenance, etc. Total deductions are 562,266.

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Part III Total Unrelated Business Taxable Income

Table with 3 columns: Line number, Description, Amount. Includes lines 33-38 for unrelated business taxable income calculation.

Part IV Tax Computation

Table with 3 columns: Line number, Description, Amount. Includes lines 39-44 for tax computation.

Part V Tax and Payments

Table with 3 columns: Line number, Description, Amount. Includes lines 45a-55 for tax and payments.

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

Table with 3 columns: Question number, Question text, Yes/No. Includes questions 56-58 regarding foreign activities and tax-exempt interest.

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 (Lisa M Meyer), Date (5/21/20), Title (CFO).

Paid Preparer Use Only: Print/Type preparer's name (LISA M MEYER), Preparer's signature (Lisa M Meyer), Date (5/19/2020), Firm's name (KPMG LLP), Firm's address (1918 EIGHTH AVENUE, SUITE 2900, SEATTLE, WA 98101).

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

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				N/A	
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		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(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)	
(1)		
(2)		
(3)		
(4)		
Total	Total	
(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) ►

**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)	Enter here and on page 1, Part I, line 7, column (B)
Total dividends-received deductions included in column 8 . . . . . ►				

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

Table with 6 columns: 1 Name of controlled organization, 2 Employer identification number, 3 Net unrelated income (loss), 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.

Nonexempt Controlled Organizations

Table with 5 columns: 7 Taxable Income, 8 Net unrelated income (loss), 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. Includes a Totals row with instructions for adding columns 5 and 10, and 6 and 11.

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

Table with 5 columns: 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). Includes a Totals row with instructions for entering data on page 1, Part I, line 9.

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

Table with 7 columns: 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, 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). Includes a Totals row with instructions for entering data on page 1, Part I, line 10 and page 1, Part II, line 26.

Schedule J-Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

Table with 7 columns: 1 Name of periodical, 2 Gross advertising income, 3 Direct advertising costs, 4 Advertising gain or (loss) (col 2 minus col 3), 5 Circulation income, 6 Readership costs, 7 Excess readership costs (column 6 minus column 5, but not more than column 4). Includes a Totals row with instruction to carry to Part II, line (5).

**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)						
<b>Totals from Part I . . . . .</b> ▶						
	Enter here and on page 1, Part I, line 11, col (A)	Enter here and on page 1, Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
<b>Totals, Part II (lines 1-5) . . . . .</b> ▶						

**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)		%	
<b>Total. Enter here and on page 1, Part II, line 14 . . . . .</b> ▶			

**SCHEDULE M  
(Form 990-T)**

**Unrelated Business Taxable Income for  
Unrelated Trade or Business**

OMB No 1545-0687

**2018**

For calendar year 2018 or other tax year beginning 07/01, 2018, and ending 06/30, 2019

Department of the Treasury  
Internal Revenue Service

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501(c)(3) Organizations Only

Name of organization

SALEM HEALTH

Employer identification number

93-0579722

Unrelated business activity code (see instructions) ▶ 446110

Describe the unrelated trade or business ▶ PHARMACY

<b>Part I Unrelated Trade or Business Income</b>		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales			
b	Less returns and allowances			
c Balance ▶		1 c		
2	Cost of goods sold (Schedule A, line 7)	2		
3	Gross profit Subtract line 2 from line 1c	3		
4 a	Capital gain net income (attach Schedule D)	4 a		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4 b		
c	Capital loss deduction for trusts	4 c		
5	Income (loss) from a partnership or an S corporation (attach statement)	5		
6	Rent income (Schedule C)	6		
7	Unrelated debt-financed income (Schedule E)	7		
8	Interest, annuities, royalties, and rents from a controlled organization (Schedule F)	8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10	Exploited exempt activity income (Schedule I)	10		
11	Advertising income (Schedule J)	11		
12	Other income (See instructions, attach schedule) <u>ATCH, 6</u>	12	1,500,163.	1,500,163.
13	<b>Total</b> Combine lines 3 through 12	13	1,500,163.	1,500,163.

**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)

14	Compensation of officers, directors, and trustees (Schedule K)	14		
15	Salaries and wages	15	246,913	
16	Repairs and maintenance	16	5,946.	
17	Bad debts	17		
18	Interest (attach schedule) (see instructions)	18	4,613.	
19	Taxes and licenses	19	4	
20	Charitable contributions (See instructions for limitation rules)	20		
21	Depreciation (attach Form 4562)	21	20,473	
22	Less depreciation claimed on Schedule A and elsewhere on return	22a		
22b		22b	20,473.	
23	Depletion	23		
24	Contributions to deferred compensation plans	24		
25	Employee benefit programs	25	68,148.	
26	Excess exempt expenses (Schedule I)	26		
27	Excess readership costs (Schedule J)	27		
28	Other deductions (attach schedule) <u>ATCH, 7</u>	28	1,651,445.	
29	<b>Total deductions</b> Add lines 14 through 28	29	1,997,542	
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13	30	-497,379	
31	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	31		
32	<b>Unrelated business taxable income</b> Subtract line 31 from line 30	32	-497,379.	

For Paperwork Reduction Act Notice, see instructions

Schedule M (Form 990-T) 2018

**SCHEDULE M  
(Form 990-T)**

**Unrelated Business Taxable Income for  
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501(c)(3) Organizations Only

Name of organization

SALEM HEALTH

Employer identification number

93-0579722

Unrelated business activity code (see instructions) ▶ 621340

Describe the unrelated trade or business ▶ OCCUPATIONAL MEDICINE

<b>Part I Unrelated Trade or Business Income</b>		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales			
b	Less returns and allowances			
	c Balance ▶	1 c		
2	Cost of goods sold (Schedule A, line 7)	2		
3	Gross profit Subtract line 2 from line 1c	3		
4 a	Capital gain net income (attach Schedule D)	4 a		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4 b		
c	Capital loss deduction for trusts	4 c		
5	Income (loss) from a partnership or an S corporation (attach statement)	5		
6	Rent income (Schedule C)	6		
7	Unrelated debt-financed income (Schedule E)	7		
8	Interest, annuities, royalties, and rents from a controlled organization (Schedule F)	8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10	Exploited exempt activity income (Schedule I)	10		
11	Advertising income (Schedule J)	11		
12	Other income (See instructions, attach schedule) <u>ATCH 8</u>	12	131,223.	131,223
13	<b>Total</b> Combine lines 3 through 12	13	131,223.	131,223

**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)

14	Compensation of officers, directors, and trustees (Schedule K)	14		
15	Salaries and wages	15		70,352.
16	Repairs and maintenance	16		69
17	Bad debts	17		
18	Interest (attach schedule) (see instructions)	18		3,385
19	Taxes and licenses	19		12
20	Charitable contributions (See instructions for limitation rules)	20		
21	Depreciation (attach Form 4562)	21	15,022	
22	Less depreciation claimed on Schedule A and elsewhere on return	22a		
22b		22b		15,022.
23	Depletion	23		
24	Contributions to deferred compensation plans	24		
25	Employee benefit programs	25		103,047.
26	Excess exempt expenses (Schedule I)	26		
27	Excess readership costs (Schedule J)	27		
28	Other deductions (attach schedule) <u>ATCH 9</u>	28		46,434.
29	<b>Total deductions</b> Add lines 14 through 28	29		238,321.
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13	30		-107,098.
31	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	31		
32	<b>Unrelated business taxable income</b> Subtract line 31 from line 30	32		-107,098.

For Paperwork Reduction Act Notice, see Instructions

Schedule M (Form 990-T) 2018

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(Form 990-T)**

**Unrelated Business Taxable Income for  
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Name of organization  
**SALEM HEALTH**

Employer identification number  
**93-0579722**

Unrelated business activity code (see instructions) ▶ **523999**

Describe the unrelated trade or business ▶ **PARTNERSHIP INVESTMENTS**

<b>Part I Unrelated Trade or Business Income</b>		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales			
b	Less returns and allowances			
	<b>c Balance ▶</b>	<b>1 c</b>		
2	Cost of goods sold (Schedule A, line 7)	<b>2</b>		
3	Gross profit Subtract line 2 from line 1c	<b>3</b>		
4 a	Capital gain net income (attach Schedule D)	<b>4 a</b>		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	<b>4 b</b>		
c	Capital loss deduction for trusts	<b>4 c</b>		
5	Income (loss) from a partnership or an S corporation (attach statement) <b>ATCH 10</b>	<b>5</b>	21,775.	21,775
6	Rent income (Schedule C)	<b>6</b>		
7	Unrelated debt-financed income (Schedule E)	<b>7</b>		
8	Interest, annuities, royalties, and rents from a controlled organization (Schedule F)	<b>8</b>		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	<b>9</b>		
10	Exploited exempt activity income (Schedule I)	<b>10</b>		
11	Advertising income (Schedule J)	<b>11</b>		
12	Other income (See instructions, attach schedule)	<b>12</b>		
13	<b>Total.</b> Combine lines 3 through 12	<b>13</b>	21,775.	21,775

**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 )

14	Compensation of officers, directors, and trustees (Schedule K)	<b>14</b>		
15	Salaries and wages	<b>15</b>		
16	Repairs and maintenance	<b>16</b>		
17	Bad debts	<b>17</b>		
18	Interest (attach schedule) (see instructions)	<b>18</b>		
19	Taxes and licenses	<b>19</b>		
20	Charitable contributions (See instructions for limitation rules) <b>ATCH 11</b>	<b>20</b>		2,178
21	Depreciation (attach Form 4562)	<b>21</b>		
22	Less depreciation claimed on Schedule A and elsewhere on return	<b>22 a</b>		
		<b>22 b</b>		
23	Depletion	<b>23</b>		
24	Contributions to deferred compensation plans	<b>24</b>		
25	Employee benefit programs	<b>25</b>		
26	Excess exempt expenses (Schedule I)	<b>26</b>		
27	Excess readership costs (Schedule J)	<b>27</b>		
28	Other deductions (attach schedule)	<b>28</b>		
29	<b>Total deductions</b> Add lines 14 through 28	<b>29</b>		2,178.
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13	<b>30</b>		19,597
31	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	<b>31</b>		
32	<b>Unrelated business taxable income</b> Subtract line 31 from line 30	<b>32</b>		19,597.

For Paperwork Reduction Act Notice, see Instructions

Schedule M (Form 990-T) 2018



SALEM HEALTH

93-0579722

ATTACHMENT 1

NAME AND FEIN OF PARENT CORPORATION

SALEM HEALTH HOSPITALS & CLINICS  
93-0823471

SALEM HEALTH

93-0579722

ATTACHMENT 2

PART I - LINE 12 - OTHER INCOME

REGIONAL LAB

1,021,090.

PART I - LINE 12 - OTHER INCOME

1,021,090.

SALEM HEALTH

93-0579722

ATTACHMENT 3

FORM 990T - PART II - LINE 18 - INTEREST

LABORATORY SERVICES

1,860.

PART II - LINE 18 - INTEREST

1,860.

SALEM HEALTH

ATTACHMENT 4

FORM 990T - PART II - LINE 20 - CHARITABLE CONTRIBUTIONS

UNRELATED TRADE OR BUSINESS INCOME	1,021,090.
ADD: DOMESTIC PRODUCTION ACTIVITIES DEDUCTION (DPAD)	0.
LESS: DEDUCTIONS W/O CHARITABLE CONTRIBUTIONS & DPAD & NOL CARRYOVER	511,285.
	<u>0.</u>
	* 10%
CHARITABLE CONTRIBUTION LIMITATION (10%)	50,981.
CHARITABLE CONTRIBUTION	2,057,768.
<u>CHARITABLE CONTRIBUTION DEDUCTION (SMALLER OF THE ABOVE TWO)</u>	<u>50,981.</u>

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ATTACHMENT 5

FORM 990T - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

ADMINISTRATIVE OVERHEAD	96,287.
DUES & SUBSCRIPTIONS	190.
MEDICAL SUPPLIES	340,556.
SUPPLIES	779.
OTHER PURCHASED SERVICES	367.
PROFESSIONAL FEES	254.
RENT	403.
TELEPHONE	62.
OTHER EXPENSE	638.

PART II - LINE 28 - OTHER DEDUCTIONS 439,536.

SALEM HEALTH

ATTACHMENT 6

SCHEDULE M - LINE 12 - OTHER INCOME

PHARMACY

1,500,163.

LINE 12 - OTHER INCOME

1,500,163.

SCHEDULE M - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

ADMINISTRATIVE OVERHEAD	290,639
DUES & SUBSCRIPTIONS	304
MEDICAL SUPPLIES	1,354,507.
SUPPLIES	4,362.
OTHER PURCHASED SERVICES	376
PROFESSIONAL FEES	152.
RENT	1.
OTHER EXPENSE	1,104.

PART II - LINE 28 - OTHER DEDUCTIONS

1,651,445.

SALEM HEALTH

ATTACHMENT 8

SCHEDULE M - LINE 12 - OTHER INCOME

OCCUPATIONAL MEDICINE

131,223.

LINE 12 - OTHER INCOME

131,223.



SCHEDULE M - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

ADMINISTRATIVE OVERHEAD & OTHER EXPENSES	40,372.
DUES & SUBSCRIPTIONS	246
MEDICAL SUPPLIES	3,965
SUPPLIES	487
PROFESSIONAL FEES	1,364

PART II - LINE 28 - OTHER DEDUCTIONS 46,434.

PARTNERSHIP INVESTMENTS

SCHEDULE M LINE 5 -INCOME (LOSS) FROM PARTNERSHIPS AND/OR S CORPORATIONS

PREMIER HEALTHCARE ALLIANCE LP	21,775.
INCOME (LOSS) FROM PARTNERSHIPS AND/OR S CORPORATIONS	<u>21,775.</u>

SALEM HEALTH

ATTACHMENT 11

SCHEDULE M - PART II - LINE 20 - CHARITABLE CONTRIBUTIONS

UNRELATED TRADE OR BUSINESS INCOME	21,775.
ADD: DOMESTIC PRODUCTION ACTIVITIES DEDUCTION (DPAD)	
LESS: DEDUCTIONS W/O CHARITABLE CONTRIBUTIONS & DPAD & NOL CARRYOVER	
	<hr/>
	* 10%
CHARITABLE CONTRIBUTION LIMITATION (10%)	2,178.
CHARITABLE CONTRIBUTION	2,057,768.
<u>CHARITABLE CONTRIBUTION DEDUCTION (SMALLER OF THE ABOVE TWO)</u>	<u>2,178.</u>

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ATTACHMENT 12FORM 990-T - PART II - LINE 20 - CHARITABLE CONTRIBUTION CARRYFORWARD

Year	Carryover of Prior Years Unused Contributions	Allowable Contributions Deduction	Expired Contributions Deduction	Remaining Unused Contributions Carried Forward
6/30/2014	368,272		(368,272)	-
6/30/2015	194,100			194,100
6/30/2016	281,422			281,422
6/30/2017	474,161			474,161
6/30/2018	472,202			472,202
<b>Total</b>	<b>1,790,157</b>	<b>-</b>	<b>(368,272)</b>	<b>1,421,885</b>

Total Carryover	1,790,157
Current Year 10% Contributions	267,611
<b>Total Contributions Available</b>	<b>2,057,768</b>