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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 <div> <div>2010</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011






B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization BISBEE HOSPITAL ASSOCIATION INC		D Employer identification number 86-0334996
	Doing Business As COPPER QUEEN COMMUNITY HOSPITAL		E Telephone number (520) 432-5383
	Number and street (or P O box if mail is not delivered to street address) 101 COLE AVENUE	Room/suite	G Gross receipts \$ 22,021,329
	City or town, state or country, and ZIP + 4 BISBEE, AZ 856031327		
	F Name and address of principal officer JAMES DICKSON 101 COLE AVENUE BISBEE, AZ 856031327		
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
J Website: ▶ WWW.CQCH.ORG			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE HEALTHCARE SERVICES TO THE BISBEE ARIZONA COMMUNITY		
	2 Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	11
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	276
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	191,898	123,533
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	19,755,178	21,747,190
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-433	-149,491
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	135,311	115,492
		20,081,954	21,836,724
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	38,748	74,703
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	11,450,183	12,335,165
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="text" value="0"/>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	7,605,529	7,774,642
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	19,094,460	20,184,510
	19 Revenue less expenses Subtract line 18 from line 12	987,494	1,652,214
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	17,018,469	19,720,901
	21 Total liabilities (Part X, line 26)	7,019,802	8,070,020
	22 Net assets or fund balances Subtract line 21 from line 20	9,998,667	11,650,881

Part II Signature Block

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

Sign Here	***** Signature of officer			2012-03-21 Date	
	JAMES DICKSON CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name DAVID B BARBER CPACFE		Preparer's signature DAVID B BARBER CPACFE		Date
	Check if self-employed <input checked="" type="checkbox"/> 				PTIN
	Firm's name  REGIER CARR & MONROE LLP				Firm's EIN 
	Firm's address  4801 E BROADWAY BLVD STE 501 TUCSON, AZ 857113648				Phone no  (520) 624-8229

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1

Briefly describe the organization’s mission

TO PROVIDE HEALTHCARE SERVICES TO THE BISBEE ARIZONA COMMUNITY

2

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

☐ Yes

☒ No

If “Yes,” describe these new services on Schedule O

3

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

☐ Yes

☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the exempt purpose achievements for each of the organization’s three largest program services by expenses

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 16,832,117 including grants of \$) (Revenue \$ 21,787,525)

TO PROVIDE HEALTHCARE SERVICES THROUGH IN-PATIENT, OUT-PATIENT,24-HOUR EMERGENCY SERVICES AND RURAL HEALTH CLINIC TO THE RESIDENTS OF BISBEE & SURROUNDING COMMUNITIES

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

















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

4e

Total program service expenses \$ 16,832,117

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>	5	
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Parts II and IV.</i>	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34		No
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance					
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>					
			Yes	No	
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	50		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return.	2a	276		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a			No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7 Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?					
8					
9 Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10 Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b			
11 Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?					
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b			
c	Enter the amount of reserves on hand.	13c			
14a Did the organization receive any payments for indoor tanning services during the tax year?					
14a					
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b			No

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	11		
b	Enter the number of voting members included in line 1a, above, who are independent	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		No
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c		No
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filed▶AZ
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ THE ORGANIZATION 101 COLE AVENUE BISBEE, AZ 856031327 (520) 432-5383

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors , institutional trustees, officers, key employees, highest compensated employees, and former such persons

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BOB HOWELL PRESIDENT	1 00	X						0	0	0
(2) ROSALIE BUTLER SECRETARY	1 00	X						0	0	0
(3) JOHN HARRIS TREASURER	1 00	X						0	0	0
(4) DENNIS NELSON DIRECTOR	1 00	X						0	0	0
(5) JOHN GOLDTHORPE DIRECTOR	1 00	X						0	0	0
(6) DIANE BENAVIDEZ DIRECTOR	1 00	X						0	0	0
(7) KATHLEEN HEARD DIRECTOR	1 00	X						0	0	0
(8) BRENA MERCER DIRECTOR	1 00	X						0	0	0
(9) LAURA CHAVEZ DIRECTOR	1 00	X						0	0	0
(10) GARY DILLARD DIRECTOR	1 00	X						0	0	0
(11) PETER CARBERRY DIRECTOR	1 00	X						0	0	0
(12) JAMES DICKSON CEO	40 00			X				208,936	0	26,150
(13) DIANE MOORE CFO	40 00			X				112,200	0	12,543
(14) JOSE ROMO DOCTOR	40 00					X		303,075	0	18,269
(15) PATRICK COGHLAN DOCTOR	40 00					X		180,936	0	14,605
(16) HEIDI LODGE DOCTOR	40 00					X		295,141	0	18,031

Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) DANIEL ROE DOCTOR	40 00					X		496,957	0	24,086
(18) MURADI NAJIBULLAH DOCTOR	40 00					X		176,392	0	14,469
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								1,773,637	0	128,153

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶19

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization		
(A) Name and business address	(B) Description of services	(C) Compensation
LABORATORY CORP OF AMERICA 3930 E WATKINS SUITE 300 PHOENIX, AZ 85034	LAB SERVICES	291,883
THE CFP GROUP LLC 1305 CLINTON ST SUITE 300 NASHVILLE, TN 37203	ARCHITECTURE SERVICES	207,616
HARVEY ZELIGMAN C/O STEVEN PHILLIPS CPA 7457 E BROA TUCSON, AZ 85710	MEDICAL SERVICES	140,635
ADAPTIVE MEDICAL PARTNERS 204 CHURCH ST SULPHUR SPRINGS, TX 75482	ADVERTISING	131,260
JOHN P WAYTUK MD 4119 E SELLS DR PHOENIX, AZ 85018	MEDICAL SERVICES	108,200
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization 5		

Part VIII

Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	59,336			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	64,197			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		123,533			
	Program Service Revenue	2a		Business Code			
		PATIENT SERVICE REVENU	900099	21,747,190	21,747,190		
b							
c							
d							
e							
f		All other program service revenue					
g		Total. Add lines 2a-2f		21,747,190			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		14,614		
	4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties					
	6a	Gross Rents	(i) Real	(ii) Personal			
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)			-164,105		-164,105
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
	b	Less direct expenses					
	c	Net income or (loss) from fundraising events . .					
	9a	Gross income from gaming activities See Part IV, line 19 . .	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities . .					
	10a	Gross sales of inventory, less returns and allowances					
	b	Less cost of goods sold					
	c	Net income or (loss) from sales of inventory . .					
	Miscellaneous Revenue	Business Code					
11a	CAFETERIA	900099	71,068			71,068	
b	OTHER INCOME	900099	40,335	40,335			
c	MEDICAL RECORDS	900099	4,089			4,089	
d	All other revenue						
e	Total. Add lines 11a-11d		115,492				
12	Total revenue. See Instructions		21,836,724	21,787,525	0	-74,334	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	46,653	46,653		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	28,050	28,050		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	402,359		402,359	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	9,767,725	8,724,488	1,043,237	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	188,845	174,425	14,420	
9	Other employee benefits	1,347,563	1,176,312	171,251	
10	Payroll taxes	628,673	541,406	87,267	
a	Fees for services (non-employees)				
	Management				
b	Legal	97,189		97,189	
c	Accounting	68,034		68,034	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	742,402	725,998	16,404	
12	Advertising and promotion	362,535		362,535	
13	Office expenses				
14	Information technology				
15	Royalties				
16	Occupancy	35,039	22,691	12,348	
17	Travel	140,170	99,836	40,334	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	202,621	202,621		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	964,224	964,224		
23	Insurance	324,946		324,946	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	SUPPLIES AND OTHER	1,677,381	1,610,287	67,094	
b	GENERAL SERVICES	880,242	880,242		
c	PROVISION FOR UNCOLLECT	851,061	851,061		
d	ADMINISTRATIVE SERVICES	560,708		560,708	
e	REPAIRS AND MAINTENANCE	425,636	408,611	17,025	
f	All other expenses	442,454	375,212	67,242	
25	Total functional expenses. Add lines 1 through 24f	20,184,510	16,832,117	3,352,393	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

						(A)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1,964,193	1	2,381,873
	2	Savings and temporary cash investments				2,429,692	2	2,999,800
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				3,501,527	4	3,241,055
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L					5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Schedule L					6	
	7	Notes and loans receivable, net					7	
	8	Inventories for sale or use				433,975	8	527,687
	9	Prepaid expenses and deferred charges				191,559	9	72,649
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	17,769,203	8,437,722	10c	10,446,162	
	b	Less: accumulated depreciation	10b	7,323,041				
	11	Investments—publicly traded securities					11	
	12	Investments—other securities. See Part IV, line 11					12	
	13	Investments—program-related. See Part IV, line 11					13	
	14	Intangible assets				59,801	14	51,675
	15	Other assets. See Part IV, line 11					15	
16	Total assets. Add lines 1 through 15 (must equal line 34)				17,018,469	16	19,720,901	
Liabilities	17	Accounts payable and accrued expenses				2,860,642	17	2,472,811
	18	Grants payable					18	
	19	Deferred revenue					19	
	20	Tax-exempt bond liabilities					20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D					21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L					22	
	23	Secured mortgages and notes payable to unrelated third parties					23	
	24	Unsecured notes and loans payable to unrelated third parties					24	
	25	Other liabilities. Complete Part X of Schedule D				4,159,160	25	5,597,209
	26	Total liabilities. Add lines 17 through 25				7,019,802	26	8,070,020
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.							
	27	Unrestricted net assets				9,820,251	27	11,555,269
	28	Temporarily restricted net assets				178,416	28	95,612
	29	Permanently restricted net assets					29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				9,998,667	33	11,650,881
	34	Total liabilities and net assets/fund balances				17,018,469	34	19,720,901

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	21,836,724
2	Total expenses (must equal Part IX, column (A), line 25)	2	20,184,510
3	Revenue less expenses Subtract line 2 from line 1	3	1,652,214
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	9,998,667
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	11,650,881

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC

Employer identification number
86-0334996

Part I

Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9

☐

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 exempt 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).** (Complete Part III)

10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**

11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶		
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶		

Part IIIPart III

Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	
16	Public support percentage from 2009 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage			
17	Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18	Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a	33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ▶		
b	33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ▶		
20	Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶		

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Attach to Form 990. See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization BISBEE HOSPITAL ASSOCIATIONINC	Employer identification number 86-0334996
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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div>YesNo</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit <div>YesNo</div>	

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

1	Purpose(s) of conservation easements held by the organization (check all that apply) <div><div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)</div><div><input type="checkbox"/> Preservation of an historically importantly land area</div><div><input type="checkbox"/> Protection of natural habitat</div><div><input type="checkbox"/> Preservation of a certified historic structure</div><div><input type="checkbox"/> Preservation of open space</div></div>
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year
4	Number of states where property subject to conservation easement is located
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <div>YesNo</div>
6	Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year
7	Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year \$
8	Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? <div>YesNo</div>
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a	If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b	If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items
	(i) Revenues included in Form 990, Part VIII, line 1
	(ii) Assets included in Form 990, Part X
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items
a	Revenues included in Form 990, Part VIII, line 1
b	Assets included in Form 990, Part X

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3a(i)

3a(ii)

3b

	Yes	No

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		651,856		651,856
b Buildings		11,522,084	4,433,808	7,088,276
c Leasehold improvements				
d Equipment		5,428,509	2,889,233	2,539,276
e Other		166,754		166,754
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				10,446,162

Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	21,836,724
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	20,184,510
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,652,214
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,652,214

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	21,836,724
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	21,836,724
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	21,836,724

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	20,184,510
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	20,184,510
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	20,184,510

Part XIV

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2010

Open to Public
Inspection

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC

Employer identification number
86-0334996

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?		
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?		No
6b	If "Yes," did the organization make it available to the public?		
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			395,000		395,000	2 040 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			6,820,259	4,829,192	1,991,067	10 300 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			7,215,259	4,829,192	2,386,067	12 340 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			743,478	634,610	108,868	0 560 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			46,653		46,653	0 240 %
j Total Other Benefits			790,131	634,610	155,521	0 800 %
k Total. Add lines 7d and 7j			8,005,390	5,463,802	2,541,588	13 140 %

Part II

Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	751,604
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	5,439,490
6	Enter Medicare allowable costs of care relating to payments on line 5	6	5,324,417
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	115,073
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

Schedule H (Form 990) 2010

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 3

Name and address		Type of Facility (Describe)
1	COPPER QUEEN MEDICAL ASSOCIATES-DOUGLAS 100 E 5TH ST DOUGLAS, AZ 85607	RURAL HEALTH CLINIC
2	COPPER QUEEN MEDICAL ASSOCIATES-DOUGLAS 100 E 5TH ST DOUGLAS, AZ 85607	RURAL HEALTH CLINIC
3	COPPER QUEEN MEDICAL ASSOCIATES-DOUGLAS 100 E 5TH ST DOUGLAS, AZ 85607	RURAL HEALTH CLINIC
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COST ACCOUNTING SYSTEM WAS USED TO REPORT THE SUBSIDIZED HEALTH SERVICES REVENUE AND EXPENSE THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS (INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, AND ETC)

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 851061

Identifier	ReturnReference	Explanation
		PART II N/A

Identifier	ReturnReference	Explanation
		PART III, LINE 4 FINANCIAL NOTES REGARDING BAD DEBTSTHE HOSPITAL PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, THE AGE OF ACCOUNTS, THE PAYOR MIX, HISTORICAL COLLECTION INFORMATION, AND EXISTING ECONOMIC CONDITIONS BAD DEBTS ARE MONITORED BY MANAGEMENT AND ARE DETERMINED TO BE DELINQUENT BASED UPON REVIEW OF AGING REPORTS COUPLED WITH CORRESPONDENCE WITH PATIENTS AND THIRD-PARTY PAYORS BAD DEBTS ARE WRITTEN OFF WHEN ALL REASONABLE ATTEMPTS TO COLLECT THE DEBT HAVE BEEN EXHAUSTED A COST TO CHARGES RATIO IS USED TO DETERMINE THE BAD DEBT EXPENSE AT COST SHORTFALL IS NOT INCLUDED AS PART OF COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
COPPER QUEEN COMMUNITY HOSPITAL		PART V, SECTION B, LINE 19D ANY PATIENT THAT DOES DOES HAVE INSURANCE IS AUTOMATICALLY GIVEN A 50% ON THE COST OF THEIR MEDICAL CARE IF THE PATIENT MAKES LESS THAN 200% OF THE FEDERAL POVERTY LEVEL THEY WILL RECEIVE AN ADDITIONAL DISCOUNT BEYOND THE INITAL 50% THE DISCOUNT WILL BE DETERMINED USING A SLIDING FEE SCALE DISCOUNT

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES BASED UPON HISTORICAL SERVICES PROVIDED

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 IT IS DONE UNDER ADMISSION THE PATIENTS ARE PROVIDED A COPY OF FINANCIAL ASSISTANCE POLICY UPON ADMISSION FINANCIAL ASSISTANCE CONTACT INFORMATION IS ALSO POSTED IN THE LOBBY, EMERGENCY ROOM AND OTHER PATIENT AREA PATIENTS WITH PAST DUE BALANCES ARE SENT A LETTER ADVISING THEM OF THE AVAILABILITY OF ASSISTANCE BEFORE THEY ARE SENT TO COLLECTIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE HOSPITAL PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY SERVICES TO RESIDENTS WITHIN BISBEE, ARIZONA COMMUNITY AND ADJACENT AREAS THE HOSPITAL ALSO OPERATES A HOME HEALTH AGENCY IN THE SAME GEOGRAPHIC AREA AND THREE RURAL HEALTH CLINICS LOCATED IN BISBEE, DOUGLAS AND PALOMINAS, ARIZONA

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 N/A

Department of the Treasury
Internal Revenue Service

Employer identification number

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ▶

[illegible]

2	Enter total number of section 501(c)(3) and government organizations	1
3	Enter total number of other organizations	

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIP	17	28,050			

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION HAS A LEADERSHIP MEETING TO REVIEW STUDENTS' SCHOLARSHIP APPLICATION THE APPLICATIONS ARE ON FILE IN THE HUMAN RESOURCE DEPARTMENT

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization BISBEE HOSPITAL ASSOCIATIONINC	Employer identification number 86-0334996
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
<input type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input checked="" type="checkbox"/> Form 990 of other organizations		
<input type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment from the organization or a related organization?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
c Participate in, or receive payment from, an equity-based compensation arrangement?		No
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a The organization?		No
b Any related organization?		No
If "Yes," to line 5a or 5b, describe in Part III		
6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?		No
b Any related organization?		No
If "Yes," to line 6a or 6b, describe in Part III		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) JAMES DICKSON	(i)	208,936	0	0	16,973	9,177	235,086	0
	(ii)	0	0	0	0	0	0	0
(2) JOSE ROMO	(i)	303,075	0	0	9,092	9,177	321,344	0
	(ii)	0	0	0	0	0	0	0
(3) PATRICK COGHLAN	(i)	180,936	0	0	5,428	9,177	195,541	0
	(ii)	0	0	0	0	0	0	0
(4) HEIDI LODGE	(i)	295,141	0	0	8,854	9,177	313,172	0
	(ii)	0	0	0	0	0	0	0
(5) DANIEL ROE	(i)	496,957	0	0	14,909	9,177	521,043	0
	(ii)	0	0	0	0	0	0	0
(6) MURADI NAJIBULLAH	(i)	176,392	0	0	5,292	9,177	190,861	0
	(ii)	0	0	0	0	0	0	0
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization BISBEE HOSPITAL ASSOCIATIONINC	Employer identification number 86-0334996
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Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE DRAFT OF 990 FORM AND RELATED SCHEDULES ARE SENT TO AND REVIEWED BY BOARD MEMBERS AND MANAGEMENT BEFORE FILING COMMENTS AND CHANGES ARE COMMUNICATED WITH THE TAX PREPARER AND ADDRESSED ACCORDINGLY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	EXECUTIVE COMPENSATION IS SET BY THE BOARD BASED UPON REVIEW OF AN ANNUAL SALARY SURVEY BY THE ARIZONA HOSPITAL ASSOCIATION THE HOSPITAL ALSO CONTRACTS WITH AN OUTSIDE CONSULTANT WHO ADVISES THE BOARD REGARDING EXECUTIVE COMPENSATION THE ABOVE MENTIONED PROCESS IS UTILIZED IN SETTING SALARIES OF ALL OF THE EXECUTIVE TEAM AT THE HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICTS OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE FINANCIAL STATEMENTS ARE ALSO AVAILABLE TO THE PUBLIC THROUGH THE STATE UAR REPORT AND THE FEDERAL MEDICARE COST REPORT

Identifier	Return Reference	Explanation
CHANGE IN COMMITTEE OVERSIGHT REVIEW FROM PRIOR YEAR	FORM 990, PART XI, LINE 2C	THE ORGANIZATION HAS A FINANCE COMMITTEE SERVING AS THE AUDIT COMMITTEE. THE FINANCE COMMITTEE SELECTS THE ENGAGEMENT OF INDIVIDUAL AUDITOR AND OVERSEES THE INDIVIDUAL AUDITOR'S WORK. THERE IS NO CHANGE FROM PRIOR YEAR.

Form

4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2010

Attachment
Sequence No 67

Department of the Treasury
Internal Revenue Service (99)

See separate instructions. Attach to your tax return.

Name(s) shown on return BISBEE HOSPITAL ASSOCIATIONINC	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 86-0334996
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Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount See the instructions for a higher limit for certain businesses	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12 .	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	956,097
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	956,097
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) A mortization period or percentage	(f) A mortization for this year
42 A mortization of costs that begins during your 2010 tax year (see instructions)					
43 A mortization of costs that began before your 2010 tax year				43	8,127
44 Total. Add amounts in column (f) See the instructions for where to report				44	8,127

**BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2011 AND 2010

**BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bisbee Hospital Association, Inc.
d/b/a Copper Queen Community Hospital
Bisbee, Arizona

We have audited the accompanying balance sheets of Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital (the Hospital), a nonprofit organization, as of June 30, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital, as of June 30, 2011 and 2010 and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Regier Carr & Monroe, L.L.P.

October 17, 2011
Tucson, Arizona

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
BALANCE SHEETS

June 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,381,873	\$ 1,964,193
Short-term certificates of deposit	2,768,348	2,139,629
Patient accounts and other receivables, net of allowance	3,241,055	3,501,527
Supplies	527,687	433,975
Prepaid expenses	<u>72,649</u>	<u>191,559</u>
Total current assets	<u>8,991,612</u>	<u>8,230,883</u>
ASSETS LIMITED AS TO USE		
Restricted cash	95,646	179,996
Internally designated cash	<u>135,806</u>	<u>110,067</u>
Total assets limited as to use	<u>231,452</u>	<u>290,063</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	651,856	645,356
Buildings and improvements	11,522,084	9,567,836
Equipment	<u>5,428,509</u>	<u>4,672,920</u>
Total	<u>17,602,449</u>	<u>14,886,112</u>
Less accumulated depreciation	<u>7,323,041</u>	<u>6,658,404</u>
Total property, plant and equipment - in service	<u>10,279,408</u>	<u>8,227,708</u>
Construction in progress	<u>166,754</u>	<u>210,014</u>
Total property, plant and equipment	<u>10,446,162</u>	<u>8,437,722</u>
OTHER ASSETS		
Intangible assets, net	<u>51,675</u>	<u>59,801</u>
Total assets	<u><u>\$ 19,720,901</u></u>	<u><u>\$ 17,018,469</u></u>

The Notes to Financial Statements are an integral part of these statements

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
BALANCE SHEETS
June 30, 2011 and 2010

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Current maturities of long-term debt and lease obligations	\$ 316,471	\$ 257,944
Accounts payable	981,274	957,388
Patient refunds payable	177,875	295,940
Accrued expenses	913,662	1,217,197
Estimated amounts due to third-party payers	<u>400,000</u>	<u>390,117</u>
Total current liabilities	<u>2,789,282</u>	<u>3,118,586</u>
LONG-TERM LIABILITIES		
Long-term portion of capital lease obligations payable	250,909	406,310
Long-term portion of mortgages payable	<u>5,029,829</u>	<u>3,494,906</u>
Total long-term liabilities	<u>5,280,738</u>	<u>3,901,216</u>
Total liabilities	<u>8,070,020</u>	<u>7,019,802</u>
NET ASSETS		
Unrestricted	11,555,269	9,820,251
Temporarily restricted	<u>95,612</u>	<u>178,416</u>
Total net assets	<u>11,650,881</u>	<u>9,998,667</u>
Total liabilities and net assets	<u><u>\$ 19,720,901</u></u>	<u><u>\$ 17,018,469</u></u>

The Notes to Financial Statements are an integral part of these statements

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT			
Net patient service revenue	\$ 21,747,190	\$ -	\$ 21,747,190
Other service revenue	114,456	-	114,456
Net assets released from restrictions	98,784	(98,784)	-
Total revenues, gains and other support	<u>21,960,430</u>	<u>(98,784)</u>	<u>21,861,646</u>
EXPENSES			
Salaries and wages	10,130,757	-	10,130,757
Employee benefits	2,204,408	-	2,204,408
Medical professional fees	725,998	-	725,998
Repairs and maintenance	425,636	-	425,636
Supplies and other	1,677,382	-	1,677,382
General services	1,377,980	-	1,377,980
Administrative services	1,224,794	-	1,224,794
Depreciation and amortization	964,224	-	964,224
Insurance	324,946	-	324,946
Interest	202,621	-	202,621
Provision for uncollectible accounts	851,061	-	851,061
Total expenses	<u>20,109,807</u>	<u>-</u>	<u>20,109,807</u>
Income from operations	<u>1,850,623</u>	<u>(98,784)</u>	<u>1,751,839</u>
OTHER INCOME (EXPENSE)			
Grant revenue	43,356	15,980	59,336
Interest income	14,614	-	14,614
Loss on sale of assets	(164,105)	-	(164,105)
Unrestricted contributions	64,197	-	64,197
Charitable donations	(74,703)	-	(74,703)
Other	1,036	-	1,036
Total other income (expense)	<u>(115,605)</u>	<u>15,980</u>	<u>(99,625)</u>
CHANGE IN NET ASSETS	1,735,018	(82,804)	1,652,214
NET ASSETS, BEGINNING OF YEAR	<u>9,820,251</u>	<u>178,416</u>	<u>9,998,667</u>
NET ASSETS, END OF YEAR	<u>\$ 11,555,269</u>	<u>\$ 95,612</u>	<u>\$ 11,650,881</u>

The Notes to Financial Statements are an integral part of these statements

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT			
Net patient service revenue	\$ 19,755,178	\$ -	\$ 19,755,178
Other service revenue	119,440	-	119,440
	<u>19,874,618</u>	<u>-</u>	<u>19,874,618</u>
EXPENSES			
Salaries and wages	9,468,541	-	9,468,541
Employee benefits	1,981,642	-	1,981,642
Medical professional fees	603,430	-	603,430
Repairs and maintenance	238,667	-	238,667
Supplies and other	1,594,156	-	1,594,156
General services	1,175,431	-	1,175,431
Administrative services	1,082,226	-	1,082,226
Depreciation and amortization	863,721	-	863,721
Insurance	328,276	-	328,276
Interest	273,892	-	273,892
Provision for uncollectible accounts	1,445,729	-	1,445,729
	<u>19,055,711</u>	<u>-</u>	<u>19,055,711</u>
Income from operations	<u>818,907</u>	<u>-</u>	<u>818,907</u>
OTHER INCOME (EXPENSE)			
Grant revenue	-	178,416	178,416
Interest income	15,266	-	15,266
Loss on sale of assets	(15,699)	-	(15,699)
Unrestricted contributions	55,304	-	55,304
Donations	(38,748)	-	(38,748)
Other	(25,951)	-	(25,951)
	<u>(9,828)</u>	<u>178,416</u>	<u>168,588</u>
Total other income (expense)	<u>(9,828)</u>	<u>178,416</u>	<u>168,588</u>
CHANGE IN NET ASSETS	809,079	178,416	987,495
NET ASSETS, BEGINNING OF YEAR	<u>9,011,172</u>	<u>-</u>	<u>9,011,172</u>
NET ASSETS, END OF YEAR	<u>\$ 9,820,251</u>	<u>\$ 178,416</u>	<u>\$ 9,998,667</u>

The Notes to Financial Statements are an integral part of these statements

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 1,652,214	\$ 987,495
Items not requiring cash:		
Depreciation and amortization	964,224	863,721
Loss on disposal of fixed assets	164,105	15,699
Changes in:		
Patient accounts and other receivables, net	260,472	(208,734)
Supplies	(93,712)	(40,671)
Prepaid expenses	118,910	(72,698)
Payables and accrued expenses	(397,713)	172,171
Estimated amounts due to and from third-party payers	<u>9,883</u>	<u>294,344</u>
Net cash provided by operating activities	<u>2,678,383</u>	<u>2,011,327</u>
INVESTING ACTIVITIES		
Decrease (increase) in assets limited as to use	58,611	(18,181)
Purchase of certificates of deposit	(628,719)	(1,318,000)
Proceeds from maturity of long-term certificates of deposit	-	99,857
Purchase of intangible assets	-	(54,015)
Proceeds from sale of assets	20,500	-
Purchase of property and equipment	<u>(3,149,172)</u>	<u>(1,051,742)</u>
Net cash used by investing activities	<u>(3,698,780)</u>	<u>(2,342,081)</u>

(continued)

The Notes to Financial Statements are an integral part of these statements

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	1,750,989	1,092,186
Principal payments on long-term liabilities	<u>(312,912)</u>	<u>(1,317,164)</u>
Net cash provided (used) by financing activities	<u>1,438,077</u>	<u>(224,978)</u>
Increase (decrease) in cash and cash equivalents	417,680	(555,732)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,964,193</u>	<u>2,519,925</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,381,873</u></u>	<u><u>\$ 1,964,193</u></u>
ADDITIONAL CASH FLOW INFORMATION		
Interest paid	<u><u>\$ 202,621</u></u>	<u><u>\$ 272,892</u></u>

The Notes to Financial Statements are an integral part of these statements

BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL
NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital (the Hospital), is a non-profit corporation organized under the laws of the State of Arizona in 1977. The Hospital primarily earns revenues by providing inpatient, outpatient, and emergency services to residents within the Bisbee, Arizona community and adjacent areas. The Hospital also operates a home health agency in the same geographic area and three rural health clinics located in Bisbee, Douglas and Palominas, Arizona.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of all liquid investments, other than those limited as to use, with original maturities of three months or less.

Assets Limited as to Use

Assets limited as to use include cash set aside by the Board of Directors for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Hospital, if any, are included in current assets.

Short-term Certificates of Deposit

Investments in short-term certificates of deposit are carried at cost, which approximates fair value.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the patient, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Patient accounts receivable are generally unsecured, due from third-party payers and individuals, and arise from services provided to individuals geographically concentrated in Cochise County, Arizona. The maximum amount of potential loss due to credit risk that the Hospital could incur is the balance of patient accounts receivable as shown on the balance sheet.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset (which range from 3 to 40 years). Assets under capital lease obligations are amortized over the shorter of the lease term or their respective estimated useful lives. Amortization of assets subject to capital leases is reported as part of depreciation expense. Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the asset is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as temporarily restricted. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

Intangible Assets

The Hospital amortizes intangible assets over the estimated life of the asset using straight-line amortization.

Basis of Presentation

The net assets and revenues, expenses, gains and losses included in the financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – net assets that are not subject to donor-imposed stipulations.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily Restricted Net Assets – net assets subject to donor-imposed stipulations that may or will be met by actions of the Hospital and/or the passage of time. Temporarily restricted assets that are expended for the restricted purpose in the same fiscal year as received are reported as unrestricted items.

Permanently Restricted Net Assets – net assets subject to donor-imposed stipulations that will be maintained permanently by the Hospital. There were no permanently restricted net assets at June 30, 2011 and 2010.

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered and include estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known. The Hospital is a critical access hospital for Medicare reimbursement purposes, whereby its Medicare reimbursements are based on allowable costs.

Charity Care

The Hospital provides charity care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. The Hospital operates a 24-hour emergency room that provides care to all patients regardless of ability to pay. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. The Hospital also provides health-related programs and services to benefit the communities it serves.

Contributions

Contributions of cash and other assets are recorded at estimated fair value at the time the promise to give is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when the restriction is met, temporarily restricted net assets are reclassified as unrestricted net assets and reported as an increase in unrestricted net assets.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Medical Malpractice Coverage and Claims

The Hospital pays fixed premiums for medical malpractice insurance under an occurrence basis policy. The Hospital also purchases excess coverage under a claims-made policy. The Hospital accrues the expense of its share of covered claims, if any, plus unasserted claims and unreported incidents occurring during the year by estimating the probable ultimate cost of any claim or incident. Estimates are based on the Hospital's own claims experience. No accrual for medical malpractice claim costs has been made in the accompanying financial statements.

Income from Operations

The Statement of Operations and Changes in Net Assets utilizes the term 'income from operations' as the performance indicator for its operating activities. It excludes investment income, grant revenue, and contributions.

Income Taxes

Based upon information supplied to the Internal Revenue Service, the Hospital is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Corporation received its letter of determination from the Internal Revenue Service in 1977. Certain unrelated business income may be subject to income tax.

The Hospital follows FASB Codification 740-10-50 for disclosure of income tax related matters. The standard sets a "more likely than not" criterion for recognizing the tax benefits of uncertain tax positions. The Hospital believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, have not recorded any reserves or related accruals for interest and penalties at June 30, 2011 or 2010 for uncertain income tax positions pursuant to the standard. Income tax related interest and penalties are reported in general and administrative expenses when incurred. The accompanying financial statements do not include any interest or penalties related to income taxes. No income tax examinations are currently underway or anticipated. The statute of limitations is three years for federal income tax purposes and four years for the State of Arizona.

Bad Debts

The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, the age of accounts, the payor mix, historical collection information, and existing economic conditions.

Bad debts are monitored by management and are determined to be delinquent based upon review of aging reports coupled with correspondence with patients and third-party payors. Bad debts are written off when all reasonable attempts to collect the debt have been exhausted.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising and Promotion Costs

The Hospital expenses advertising and promotion costs as incurred. Advertising and promotion totaled \$239,060 for 2011 (\$158,095 for 2010).

Reclassification

Certain 2010 items have been reclassified in the accompanying financial statements from their original presentation in the prior year statements.

2. PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

- As a critical access hospital, the Medicare reimbursement is cost-based. The Hospital is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and subsequent audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009.
- AHCCCS – Inpatient services are paid based upon predetermined per diem rates. Outpatient services rendered to AHCCCS program beneficiaries are paid based upon discounts from standard charges, which are established by the State of Arizona.

Approximately 62% (59% in 2010) of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid (AHCCCS) programs. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near-term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

(continued)

2. PATIENT SERVICE REVENUE (continued)

Net patient service revenue for 2011 and 2010 includes:

	<u>2011</u>	<u>2010</u>
Gross patient service revenue	\$ 51,446,470	\$ 43,068,918
Less contractual adjustments for:		
Medicare and AHCCCS	(18,545,279)	(15,034,869)
Other	<u>(11,154,001)</u>	<u>(8,278,871)</u>
Total	<u>\$ 21,747,190</u>	<u>\$ 19,755,178</u>

Net patient service revenue includes \$4,109,718 and \$4,181,571 for 2011 and 2010, respectively of revenue from operating the rural health clinics.

Revenue from home health services included in net patient service revenue was \$688,235 and \$1,143,202 for 2011 and 2010, respectively.

3. PATIENT ACCOUNTS AND OTHER RECEIVABLES, NET

Patient accounts and other receivables as of June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Gross patient accounts and other receivables	\$ 7,348,420	\$ 8,256,090
Allowance for contractual adjustments	(2,501,312)	(2,864,675)
Allowance for uncollectible accounts	<u>(1,606,053)</u>	<u>(1,889,888)</u>
Total	<u>\$ 3,241,055</u>	<u>\$ 3,501,527</u>

4. ASSETS LIMITED TO USE

Assets limited as to use consist of cash in checking and money market funds with a balance of \$231,452 as of June 30, 2011 (\$290,064 at June 30, 2010).

(continued)

5. INTANGIBLE ASSETS

The Hospital implemented a Nextgen software system in its Palominas and Douglas clinics in 2008. The corresponding software licenses and policy and procedure manual concurrent license were being amortized on a straight-line basis over 36 months. The total cost of these licenses was \$37,797. They are fully amortized at June 30, 2011.

In conjunction with the Hospital's expansion project, the Hospital refinanced existing debt into one line of credit. Related loan and legal fees are being amortized over the 25-year life of the loan using the straight-line method. Remaining balances related to existing loan costs were written-off to amortization expense.

Amortization expense for the years ended June 30, 2011 and 2010 was \$8,127 and \$35,294, respectively. Future amortization expense is shown below:

2012	\$ 2,161
2013	2,161
2014	2,161
2015	2,161
2016	2,161
Thereafter	<u>40,870</u>
Total	<u>\$ 51,675</u>

(continued)

6. LONG-TERM DEBT

	<u>2011</u>	<u>2010</u>
Mortgage note payable – due July 2025, monthly payments of \$21,184, including interest of 5.941%; collateralized by real property.	\$ 2,408,685	\$ 2,514,313
Mortgage payable, bank – due June, 2035, monthly interest only payments due until March 2011 at which time monthly interest and principal payments of \$7,677 began, with floating interest of 6.81% at June 30; secured by land and buildings, and liens on other assets. Bank obtained USDA 90% guarantee in August, 2011.	<u>2,782,212</u>	<u>1,092,187</u>
Total	5,190,897	3,606,500
Less current maturities	<u>161,068</u>	<u>111,594</u>
Total	<u>\$ 5,029,829</u>	<u>\$ 3,494,906</u>

Aggregate annual maturities of long-term debt at June 30, 2011 are as follows:

2012	\$ 161,068
2013	169,886
2014	180,881
2015	192,594
2016	198,882
Thereafter	<u>4,287,586</u>
Total	<u>\$ 5,190,897</u>

7. ASSETS AND OBLIGATIONS UNDER CAPITAL LEASES

The hospital leases various items of medical equipment that have been capitalized under the terms of the lease agreements and are included in equipment on the balance sheet. The cost of total medical equipment capitalized was \$696,677 at June 30, 2011 and 2010. Accumulated amortization was \$370,096 and \$242,985 as of June 30, 2011 and 2010, respectively. Amortization expense totaled \$127,985 on these assets in 2011 and 2010.

(continued)

7. ASSETS AND OBLIGATIONS UNDER CAPITAL LEASES (continued)

Shown below are the details of the Hospital's obligations on those capitalized leases:

	<u>2011</u>	<u>2010</u>
Equipment lease obligation – due May 2013, monthly payments of \$7,297, including interest 7.5%; collateralized by medical equipment.	\$ 204,642	\$ 273,910
Equipment lease obligation - due November 2013, monthly payments of \$4,119; collateralized by medical equipment.	112,061	154,491
Equipment lease obligation - due November 2013, monthly payments of \$3,245; collateralized by medical equipment.	<u>89,609</u>	<u>124,259</u>
Total	<u>\$ 406,312</u>	<u>\$ 552,660</u>

Aggregate future minimum lease payments are as follows:

2012	\$ 175,936
2013	175,936
2014	<u>80,604</u>
Total	432,476
Less imputed interest	<u>26,164</u>
Net present value of future minimum lease payments	406,312
Less current portion	<u>155,403</u>
Long-term obligations under capital leases	<u>\$ 250,909</u>

8. CHARITY CARE AND OTHER COMMUNITY BENEFITS

The Hospital is dedicated to providing services for the needy and accepts all patients regardless of their ability to pay. Such care is provided without charge or at amounts less than established rates to patients meeting certain criteria under its charity care policy. Because these services are not expected to result in cash flows, charity care is not included in net patient service revenue. The costs incurred in providing these services are included in the Hospital's operating expenses.

(continued)

8. CHARITY CARE AND OTHER COMMUNITY BENEFITS (continued)

The Hospital's approximate charity care, based upon standard rates, for the years ended June 30, 2011 and 2010 was \$786,000 and \$655,000, respectively. The estimated cost of the charity care was \$395,000 and \$329,000 for 2011 and 2010, respectively.

The Hospital also provides care for medically indigent patients covered under the AHCCCS program at rates substantially below its standard charge. Those discounts are not included in the amounts shown above. The Hospital provides wellness programs and health-related information to residents of the communities in which it operates.

9. PENSION PLAN

The Hospital has a defined contribution money purchase pension plan covering substantially all employees. Total pension cost is based on 3% of eligible salaries, less forfeitures, and was approximately \$210,000 and \$128,000 for 2011 and 2010, respectively.

10. CONTINGENCIES

The Hospital is named as a defendant in general liability and malpractice lawsuits arising out of the normal conduct of business. Management believes that damages, if any, assessed against the Hospital will be covered by existing insurance policies and will not materially affect the financial position of the Hospital. Because of the risks involved in providing health care services, it is possible that other events have occurred which may be the basis for a material future claim.

The Hospital participates in federal and state assisted grant and contract programs that are subject to financial and compliance audits. The compliance with applicable grant and contract requirements may be established at some future date. The amount, if any, of audit assessments cannot be determined at this time. Such assessments, if any, resulting from such audits are recorded when they are determinable.

11. CONCENTRATIONS OF CREDIT RISK

The Hospital maintains cash balances on deposit with financial institutions that, at times, exceed the insured limits. At June 30, 2011, the uninsured balance of cash on deposit approximated \$1,200,000.

(continued)

11. CONCENTRATIONS OF CREDIT RISK (continued)

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The mix of net patient accounts receivable at June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Medicare and AHCCCS	35%	23%
Other third-party payers	41%	41%
Patients	<u>24%</u>	<u>36%</u>
Total	<u>100%</u>	<u>100%</u>

12. FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location, including acute inpatient, emergency care, diagnostic services, surgery, and home health care. Expenses related to providing these services are summarized as health care. General and administrative expenses include provisions for uncollectible accounts and interest expense.

	<u>2011</u>	<u>2010</u>
Health care services	\$ 14,770,687	\$ 13,982,654
General and administrative	<u>5,339,120</u>	<u>5,073,057</u>
Total	<u>\$ 20,109,807</u>	<u>\$ 19,055,711</u>

13. SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerability due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustment included in net patient service revenue are described in Notes 1 and 2 of the financial statements.

(continued)

13. SIGNIFICANT ESTIMATES AND CONCENTRATIONS (continued)

Liabilities to Medicare

Liabilities to Medicare are estimated based upon preliminary cost reports prepared by the Hospital's cost report consultant and interim rate adjustments provided by the intermediary using unaudited data.

Other Concentrations

At June 30, 2011, approximately 70% of the Hospital's labor force was covered by a collective bargaining agreement.

14. COMMITMENTS

Leases

The Hospital leases various equipment and facilities under operating leases expiring at various dates through November 2013. Total rental expense in 2011 and 2010 for all operating leases was approximately \$35,000 for 2011 and 2010.

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2011 that have initial or remaining lease terms in excess of one year.

2012	\$ 14,540
2013	<u>3,992</u>
Total	<u>\$ 18,532</u>

Other Commitments

Subsequent to June 30, 2011, the Hospital executed contracts with an architect and contractor for the design and construction of an expansion and renovation to the hospital emergency room. The total estimated cost of the project is \$4,200,000. The project will be principally financed through a long-term mortgage loan from the US Department of Agriculture. The Hospital has obtained a loan commitment from them for \$4,200,000. Construction is expected to begin in early 2012 and be completed in early 2013.

In May 2011, the Hospital entered a lease agreement for reproduction and printing equipment which was delivered, accepted and placed in service subsequent to June 30, 2011. The lease will be accounted for as a capital lease. Terms of the lease require minimum future lease payments of \$109,937.

(continued)

15. SUBSEQUENT EVENTS

Subsequent events have been analyzed through October 17, 2011, the date the financial statements were available for release.