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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)

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

OMB No 1545-0047

2010

Open to Public Inspection

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

B Check if applicable
☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization
MID-VALLEY REHABILITATION INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 16700 S HWY 99W | Room/suite

City or town, state or country, and ZIP + 4
AMITY, OR 97101

D Employer identification number
93-0568833

E Telephone number
(503) 835-2971

G Gross receipts $ 7,189,337

F Name and address of principal officer

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☑ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www midvalleyrehab com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1966 | **M** State of legal domicile OR

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
To assist persons with disabilities to develop their highest potential and achieve fulfilling lives

2 Check this box ▶☐ 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	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	362
6	Total number of volunteers (estimate if necessary)	6	15
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	

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	4,826,324	4,469,549
	9	Program service revenue (Part VIII, line 2g)	155,688	162,751
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	83,398	-8,610
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	803,641	887,720
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,869,051	5,511,410
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	4,560,593	4,399,498
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	1,237,662	1,129,767
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	5,798,255	5,529,265
	19	Revenue less expenses Subtract line 18 from line 12	70,796	-17,855

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	4,829,166	4,811,197
	21	Total liabilities (Part X, line 26)	1,518,261	1,518,147
	22	Net assets or fund balances Subtract line 21 from line 20	3,310,905	3,293,050

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 | Date 2011-09-15

Tony Meeker Board Member
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
KATHLEEN L BERNARDS 2944	KATHLEEN L BERNARDS 2944		▶ ☑	

Firm's name ▶ Kathleen Bernards CPA | Firm's EIN ▶

Firm's address ▶ 441 NW Hill Road PO BOX 1038 McMinnville, OR 97128 | Phone no ▶ (503) 472-2179

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 assist persons with disabilities to develop their highest potential and achieve fulfilling lives

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 $ 2,189,941 including grants of $) (Revenue $ 2,507,064)

Residential Services - Operates four group homes serving 26 residents with disabilities and provides supported living services for 20 others living in a "tenant support community"

4b (Code) (Expenses $ 1,562,773 including grants of $) (Revenue $ 2,121,611)

Business Operations - Provides employment and job training for 154 individuals with disabilities

4c (Code) (Expenses $ 820,305 including grants of $) (Revenue $ 806,854)

Community Integration Services - Provides a variety of activities and experiences to a group of 56 disabled persons for whom employment is not desirable

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶$ 4,573,019

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)? *If "Yes," complete Schedule A*	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? *If "Yes," complete Schedule C, Part 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? *If "Yes," complete Schedule C, Part II*	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? *If "Yes," complete Schedule C, Part III*	5		No
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? *If "Yes," complete Schedule D, Part 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? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	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? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	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, line10? *If "Yes," complete Schedule D, Part VI.*	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? *If "Yes," complete Schedule D, Part VII.*	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? *If "Yes," complete Schedule D, Part VIII.*	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? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
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)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	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? *If "Yes," complete Schedule F, Parts I and IV*	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 ? *If "Yes," complete Schedule F, Parts II and IV*	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 ? *If "Yes," complete Schedule F, Parts III and IV*	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? *If "Yes," complete Schedule G, Part I (see instructions)*	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? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a		No
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		

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? *If "Yes," complete Schedule I, Parts I and II*	21		No
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? *If "Yes," complete Schedule I, Parts I and III*	22		No
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? *If "Yes," complete Schedule J*	23		No
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? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
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		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part II*	26	Yes	
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? *If "Yes," complete Schedule L, Part III*	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? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	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? *If "Yes," complete Schedule L, Part IV*	28c		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	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? *If "Yes," complete Schedule R, Part I*	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	Yes	
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)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	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? *If "Yes," complete Schedule R, Part VI*	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 . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	25		
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	362		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
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	No
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	No
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	No
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	No
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	0		
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	No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	No
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	No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			9a	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	No
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?			12a	No
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	No
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	No
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	1a 17			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 17			
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		No
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	Yes	
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	Yes	
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		No

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶OR

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

☐ Own website ☑ Another's website ☑ 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 ▶

Mid-Valley Rehabilitation Inc
16700 S Hwy 99W
Amity, OR 97101
(503) 835-2971

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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
(1) Tony Meeker Board Member	1 00	X						0	0	0
(2) Scott Larsen Vice President	1 00	X		X				0	0	0
(3) Rose Lorenzen Board Member	1 00	X						0	0	0
(4) Robert Laughlin Treasurer	1 00	X		X				0	0	0
(5) Lynn Hurt Board Member	1 00	X						0	0	0
(6) Linda Schwichtenberg Board Member	1 00	X						0	0	0
(7) Ken Schmidt MD Board Member	1 00	X						0	0	0
(8) Joyce Robinson Executive Direc	40 00			X				77,140	0	1,624
(9) Jeremy D Hajdu-Paulen Board Member	1 00	X						0	0	0
(10) Jere Jackson Secretary	1 00	X		X				0	0	0
(11) Herald Levy Board Member	1 00	X						0	0	0
(12) Donn Williams Board Member	1 00	X						0	0	0
(13) Dean Klaus Board Member	1 00	X						0	0	0
(14) Dave Morgan Board Member	1 00	X						0	0	0
(15) Dave Haugeberg President	1 00	X		X				0	0	0
(16) Chris Browne Board Member	1 00	X						0	0	0

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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
(17) Carole Burcham Board Member	1 00	X						0	0	0
(18) Ann Scott Board Member	1 00	X						0	0	0

		(D)	(E)	(F)
1b	**Sub-Total** . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . ▶	77,140		1,624

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 ▶0

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		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? *If "Yes," complete Schedule J for such individual*	**4**		No
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		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

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 ▶0

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	756				
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d	83,645				
	e Government grants (contributions) 1e	4,373,051				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	12,097				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . ▶		4,469,549			
Program Service Revenue		Business Code				
	2a Client Fees		150,556	150,556		
	b Baker & Davis Street Apts		12,195	12,195		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . ▶		162,751			
Other Revenue	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		484			484
	4 Income from investment of tax-exempt bond proceeds . . ▶		0			
	5 Royalties . . . . ▶		0			
	(i) Real	(ii) Personal				
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) . . . . ▶		0			
	(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	19,023				
	b Less cost or other basis and sales expenses	28,117				
	c Gain or (loss)	-9,094				
	d Net gain or (loss) . . . . ▶		-9,094			-9,094
	8a Gross income from fundraising events (not including $ ______ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶		0			
	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 . . . ▶		0			
	10a Gross sales of inventory, less returns and allowances . a	2,513,004				
	b Less cost of goods sold . . b	1,649,810				
	c Net income or (loss) from sales of inventory . . ▶		863,194	863,194		
	Miscellaneous Revenue	Business Code				
	11a Other Income		24,526	24,526		
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . . ▶		24,526			
	12 **Total revenue.** See Instructions . . . ▶		5,511,410	1,050,471		-8,610

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	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	78,764		78,764	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	3,265,986	2,882,673	383,313	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	47,505	44,223	3,282	
9	Other employee benefits	570,300	524,518	45,782	
10	Payroll taxes	436,943	376,304	60,639	
a	Fees for services (non-employees) Management	0			
b	Legal	0			
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	4,428	2,361	2,067	
13	Office expenses	31,361	9,333	22,028	
14	Information technology	0			
15	Royalties . .	0			
16	Occupancy	161,610	161,610		
17	Travel	9,313	4,979	4,334	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	14,741	13,510	1,231	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	177,211	103,122	74,089	
23	Insurance	78,781	33,310	45,471	
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	Telephone	140,194	120,496	19,698	
b	Repairs & Maintenance	243,279	197,295	45,984	
c	Other	72,381	12,212	60,169	
d	Food	38,122	38,122		
e	Contractual Services	78,209	12,519	65,690	
f	All other expenses	80,137	36,432	43,705	
25	**Total functional expenses.** Add lines 1 through 24f	5,529,265	4,573,019	956,246	0
26	**Joint costs.** Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		424,970	1	675,102
	2	Savings and temporary cash investments		84,789	2	5,179
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		665,196	4	609,696
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	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	0
	7	Notes and loans receivable, net			7	0
	8	Inventories for sale or use		218,152	8	255,379
	9	Prepaid expenses and deferred charges		22,315	9	19,770
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 5,996,521			
	b	Less accumulated depreciation	10b 2,761,711	3,402,857	10c	3,234,810
	11	Investments—publicly traded securities		10,887	11	11,261
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11			15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		4,829,166	16	4,811,197
Liabilities	17	Accounts payable and accrued expenses		550,433	17	581,720
	18	Grants payable			18	
	19	Deferred revenue		24,574	19	24,023
	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*		20,669	22	7,930
	23	Secured mortgages and notes payable to unrelated third parties		922,585	23	904,474
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		1,518,261	26	1,518,147
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		3,310,905	27	3,293,050
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ 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		3,310,905	33	3,293,050
	34	Total liabilities and net assets/fund balances		4,829,166	34	4,811,197

Part XI **Reconcilliation 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	5,511,410
2	Total expenses (must equal Part IX, column (A), line 25)	2	5,529,265
3	Revenue less expenses Subtract line 2 from line 1	3	-17,855
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	3,310,905
5	Other changes in net assets or fund balances (explain in Schedule O)	5	
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	3,293,050

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 ☐ Cash ☑ Accrual ☐ 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? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	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	2c	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 ☐ Separate basis ☑ Consolidated basis ☐ 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?	3a		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 . .	3b		No

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
MID-VALLEY REHABILITATION INC

Employer identification number
93-0568833

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 331/3% 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 331/3% 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?

		Yes	No
(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?	**11g(i)**		
(ii) a family member of a person described in (i) above?	**11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

(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 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 ")	3,130,002	3,525,375	4,326,543	4,982,012	4,632,300	20,596,232
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	2,831,756	2,904,522	2,293,362	2,347,675	2,532,027	12,909,342
3	Gross receipts from activities that are not an unrelated trade or business under section 513						0
4	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
5	The value of services or facilities furnished by a governmental unit to the organization without charge						0
6	**Total.** Add lines 1 through 5	5,961,758	6,429,897	6,619,905	7,329,687	7,164,327	33,505,574
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons	103,000	100,100		1,000	5,300	209,400
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	21,058	96,660	180,569	60,761	11,752	370,800
c	Add lines 7a and 7b	124,058	196,760	180,569	61,761	17,052	580,200
8	**Public Support** (Subtract line 7c from line 6)						32,925,374

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	5,961,758	6,429,897	6,619,905	7,329,687	7,164,327	33,505,574
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	16,902	11,003	4,265	2,161	484	34,815
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c	Add lines 10a and 10b	16,902	11,003	4,265	2,161	484	34,815
11	Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12	Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	3,544	16,925	14,193	24,148	24,526	83,336
13	**Total support** (Add lines 9, 10c, 11 and 12)	5,982,204	6,457,825	6,638,363	7,355,996	7,189,337	33,623,725

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	97 920 %
16	Public support percentage from 2009 Schedule A, Part III, line 15	16	97 480 %

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17	0 100 %
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18	0 340 %

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
Part III, Line 12--SAIF Dividend of $16,767 and miscellaneous refunds and receipts.
Part III, Line 12--SAIF Dividend of $16,767 and miscellaneous refunds and receipts.

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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	Employer identification number
MID-VALLEY REHABILITATION INC	93-0568833

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? ☐ Yes ☐ No

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 ☐ Yes ☐ No

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)

☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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? ☐ Yes ☐ No

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)? ☐ Yes ☐ No

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

			Amount
c	Beginning balance	1c	
d	Additions during the year	1d	
e	Distributions during the year	1e	
f	Ending balance	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

			Yes	No
	(i) unrelated organizations	3a(i)		
	(ii) related organizations	3a(ii)		
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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		699,229		699,229
b Buildings		4,063,267	1,651,213	2,412,054
c Leasehold improvements		97,952	90,097	7,855
d Equipment		1,136,073	1,020,401	115,672
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				3,234,810

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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	5,511,410
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	5,529,265
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-17,855
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	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-17,855

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	5,511,410
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	
3	Subtract line **2e** from line **1**			3	5,511,410
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	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	5,511,410

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	5,529,265
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	
3	Subtract line **2e** from line **1**			3	5,529,265
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	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	5,529,265

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

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MID-VALLEY REHABILITATION INC

Employer identification number
93-0568833

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) Sidney and Claudia Huwaldt Loan for Land & Bldg		X	165,000	7,930		No	Yes		Yes	
Total . . . . ▶ $				7,930						

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

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
MID-VALLEY REHABILITATION INC

Employer identification number
93-0568833

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	The Organization provides hard copies of its governing documents, conflict of interest policy, and financial statements to the public upon request

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	The Personnel Committee of the Board of Directors sets compensation for the Executive Director

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	Each officer, director, and key employee completes a disclosure form annually

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	A copy is provided to each member of the Audit Committee for review prior to a meeting where it is discussed with the preparer

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MID-VALLEY REHABILITATION INC

Employer identification number
93-0568833

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MV LLC 16700 S Hwy 99W Amity, OR 97128 93-1279411	To hold title and collect income from property fbo MVR	OR	111,508	783,915	N/A

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization Yes	No
(1) Mid-Valley Charitable Fund Inc 16700 S Hwy 99W Amity, OR 97128 94-3030991	Provide support for Mid-Valley Rehabilitation, Inc	OR	501(c)3	509(a)3, II	N/A		No

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V **Transactions With Related Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i		No
j Lease of facilities, equipment, or other assets from other organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n		No
o Reimbursement paid to other organization for expenses	1o		No
p Reimbursement paid by other organization for expenses	1p		No
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(a) Name of other organization	**(b)** Transaction type(a-r)	**(c)** Amount involved	**(d)** Method of determining amount involved
(1)	Mid-Valley Charitable Fund Inc	c	83,645	
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

And

Supplementary Financial Information

With

Independent Auditor's Report

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES

Table of Contents

KATHLEEN L. BERNARDS CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

August 26, 2011

To The Boards of Directors
Mid-Valley Rehabilitation, Inc. and Mid-Valley Charitable Fund, Inc.
Amity, OR

I have audited the accompanying consolidated statement of financial position of Mid-Valley Rehabilitation, Inc. and Subsidiaries as of June 30, 2011 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 Organization's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mid-Valley Rehabilitation, Inc. and Subsidiaries as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

These financial statements are intended for the use of the Organization's board of directors and management, Yamhill County Mental Health, Polk County Mental Health, Marion County Mental Health, and Washington County Mental Health. The report is not intended to be and should not be used by anyone other than these specified parties.

Kathleen L. Bernards
Kathleen L. Bernards, CPA

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MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidated Statement of Financial Position
June 30, 2011

ASSETS	Unrestricted	Temporarily Restricted	Total
Current assets			
Cash and cash equivalents *(Note 2)*	$ 688,431	$ 17,010	$ 705,441
Marketable securities	11,261	-	11,261
Accounts receivable -less allowance for doubtful accounts of $ 4,000	609,696	-	609,696
Inventories *(Note 3)*	255,379	-	255,379
Prepaid expenses	19,770	-	19,770
Total current assets	1,584,537	17,010	1,601,547
Investments *(Note 4)*:			
Cash surrender value of life insurance	6,419		6,419
Equity and fixed income mutual funds	1,716,119		1,716,119
Receivable under split -interest agreement *(Note 5)*		148,218	148,218
Property, equipment and leasehold improvements (partially pledged) - net *(Note 6)*	3,234,810	-	3,234,810
Total Assets	$ 6,541,885	$ 165,228	$ 6,707,113
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	$ 127,786	$ -	$ 127,786
Accrued payroll and payroll taxes	279,550	-	279,550
Accrued employee benefits	49,129	-	49,129
Accrued personal leave	93,749	-	93,749
Other accrued expenses	31,506	-	31,506
Deferred revenue	24,023	-	24,023
Current portion of long-term debt *(Note 7)*	19,184	-	19,184
Total current liabilities	624,927	-	624,927
Long-term notes payable - net of current portion *(Note 7)*	632,944	-	632,944
Total liabilities	1,257,871	-	1,257,871
Commitments and contingencies *(Notes 8 and 9)*	-	-	-
Net assets			
Unrestricted	5,284,014	-	5,284,014
Temporarily restricted	-	165,228	165,228
Total net assets	5,284,014	165,228	5,449,242
Total Liabilities & Net Assets	$ 6,541,885	$ 165,228	$ 6,707,113

The accompanying notes are an integral part of the consolidated financial statements

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidated Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Product sales and services	$ 2,513,004	$ -	$ 2,513,004
Cost of sales:			
Raw materials	794,888	-	794,888
Payroll and related taxes	732,096	-	732,096
Production services and freight	122,826	-	122,826
Total Cost of Sales	1,649,810	-	1,649,810
Gross profit	863,194	-	863,194
Service fees	4,324,778	-	4,324,778
Client fees	150,556	-	150,556
Contributions, grants & fund-raising *(Note 11)*	26,752	27,036	53,788
ODOT grants for transportation	48,273	-	48,273
Other grants received	1,603	-	1,603
Interest and dividends	44,806	-	44,806
Rent	57,369	-	57,369
Other	22,924	-	22,924
Gain (Loss) on Sale of Assets	(9,094)		(9,094)
Unrealized change in market value of investments and assets held under split-interest agreements	211,178	24,160	235,338
Net assets released from	106,645	-	106,645
restrictions *(Note 10)*	-	(106,645)	(106,645)
Total Support and Revenue	5,848,983	(55,449)	5,793,534
Expenses:			
Business Operations	1,562,773	-	1,562,773
Community inclusion services	820,305	-	820,305
Residential services	2,135,802	-	2,135,802
Contributions to other orgs.	4,780	-	4,780
Administration	1,047,785	-	1,047,785
Total Expenses	5,571,445	-	5,571,445
Change in Net Assets	277,538	(55,449)	222,089
Net Assets, Beginning of Year	5,006,476	220,677	5,227,153
Net Assets, End of Year	$ 5,284,014	$ 165,228	$ 5,449,242

The accompanying notes are an integral part of the consolidated financial statements

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidated Statement of Cash Flows
For the Year ended June 30, 2011

Cash flows from operating activities:	
Cash received from product sales and services	$ 2,567,978
Interest and dividends received	44,806
Cash received for fees and contributions	4,712,034
Cash paid to suppliers and employees	(7,027,421)
Donations paid	(4,806)
Interest paid	(36,560)
Net cash from operating activities	256,031
Cash flows from investing activities:	
Proceeds from sale of property	19,024
Purchases of property and equipment	(70,075)
Collections on notes receivable	7,518
Net purchases (maturities) of investments	(10,691)
Net cash from investing activities	(54,224)
Cash flows from financing activities:	
Payments on long-term notes payable	(30,849)
Payments on split-interest liability	(8,014)
Net cash from financing activities	(38,863)
Net change in cash and cash equivalents	162,944
Cash and cash equivalents, beginning of year	542,497
Cash and cash equivalents, end of year	$ 705,441
Reconciliation of change in net assets to net cash from operating activities:	
Change in net assets	$ 222,089
Adj. to reconcile change in net assets to net cash from operating activities:	
(Gain)/Loss on sale of property and equipment	9,094
Depreciation and amortization	210,003
Change in market value of securities	(236,326)
Interest on split-interest laibility	614
Change in operating assets and liabilities:	
Accounts receivable	75,434
Inventories	(37,227)
Prepaid expenses	2,545
Accounts payable and accrued expenses	10,356
Deferred revenue	(551)
Net cash from operating activities	$ 256,031

The accompanying notes are an integral part of the consolidated financial statements

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2011

	Program Services - MVR							
	Business Operations	Community Inclusion Serv.	Residential Services	Total	MVR Administration	MV, LLC	MVCF	Total
Salaries	$ 896,911	$ 502,296	$ 1,483,466	$ 2,882,673	$ 460,453	$ -	$ -	$ 3,343,126
Payroll taxes and benefits	346,409	130,440	468,196	945,045	111,327			1,056,372
Safety bonus	-	-	-	-	-			-
Utilities and telephone	66,303	22,386	31,807	120,496	19,698	20,679		160,873
Interest	-	-	13,510	13,510	1,231	21,818		36,559
Depreciation and amortization	71,342	10,737	21,043	103,122	74,089	32,792		210,003
Contracted transportation services	35	-	-	35	-			35
Vehicle gas, oil, and maintenance	59,119	42,383	18,076	119,578	34,076			153,654
Other repairs and maintenance	41,937	15,746	20,034	77,717	11,908	7,211		96,836
Licenses, dues and subscriptions	8,491	-	120	8,611	16,207	100	287	25,205
Bad debts	-	-		-	637			637
Insurance	15,600	7,889	9,821	33,310	45,471			78,781
Travel	2,096	1,480	1,403	4,979	4,334			9,313
Program supplies	-	5,820	4,417	10,237	-			10,237
Food	-	-	38,122	38,122	-			38,122
Office supplies and printing	6,405	2,105	5,903	14,413	35,716			50,129
Contractual services	9,305	1,235	1,979	12,519	65,690	42	7,776	86,027
Training and education	1,301	363	1,239	2,903	5,842			8,745
Advertising	2,336	25	-	2,361	2,067			4,428
Small equipment	7,123	1,048	1,395	9,566	7,331	808		17,705
Rent	20,429	74,908	12,134	107,471	-			107,471
Other	7,631	1,444	3,137	12,212	60,169	-	4,806	77,187
Total Functional Expenses	$ 1,562,773	$ 820,305	$ 2,135,802	$ 4,518,880	$ 956,246	$ 83,450	$ 12,869	$ 5,571,445

The accompanying notes are an integral part of the consolidated financial statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Mid-Valley Rehabilitation, Inc. is organized to provide ongoing programs of activities to assist in the rehabilitation of people with disabilities in Yamhill, Polk, Marion, and Washington Counties, Oregon. These activities include the production and sale of pallets and other wood products and soap products, as well as packaging services. The Organization also offers day activity programs, employment counseling and a residential program for people with severe disabilities. Its major sources of revenue are the sale of wood products, soap, and industrial services, as well as service fee contracts from state agencies and fees to clients' families. Mid-Valley Rehabilitation, Inc. opened the Serendipity Ice Cream Shop in October 2000. The ice cream shop, along with other employment enclaves at Yamhill County businesses, provides vocational opportunities for clients of the Mid-Valley Rehabilitation, Inc. In the year ended June 30, 2011, the Organization sold its "i catching signs" business as part of a down sizing process that also included the termination of its sales and marketing department. MV, LLC owns and operates an apartment building which has been redesigned to house disabled individuals, plus it acquired an additional complex that is also filled with Mid-Valley clients and houses the supported living staff offices. Mid-Valley Charitable Fund, Inc. was established to raise funds to support the programs of Mid-Valley Rehabilitation, Inc. and other organizations that serve people with disabilities.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958. Therefore, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. The Organization has also adopted "Accounting for Contributions Received and Contributions Made" as codified in FASB ASC Topic 958. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the consolidated financial statements to the reader.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Mid-Valley Rehabilitation, Inc. and the following subsidiaries:

- MV, LLC, of which Mid-Valley Rehabilitation, Inc. is the only member
- Mid-Valley Charitable Fund, Inc., in which Mid-Valley Rehabilitation, Inc. has an economic interest and a controlling interest

All significant intercompany accounts and transactions have been eliminated.

Note 1 - Summary of Significant Accounting Policies - Continued

Basis of Presentation – Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:
Unrestricted net assets – Net assets not subject to donor-imposed stipulations.
Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.
Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets. (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The significant estimates in the Organization's financial statements are the allowance for doubtful accounts and the methods and useful lives for depreciation of property and equipment.

Cash Equivalents - The Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Investments – Investments are carried at fair value and consist of equity mutual funds and fixed income mutual funds. Fair values of investments are provided by independent investment brokers using mutual fund pricing services. Interests in split-interest agreements are invested similarly. Details in Note 4 include assumptions used in the actuarial calculations.

Accounts Receivable and Allowance for Doubtful Accounts – The Organization's accounts receivable relate to product sales and services. Receivables are considered delinquent after 90 days unless contractual terms extend the collection period beyond that date. The Organization had one account that was considered delinquent at June 30, 2011 and four at June 30, 2010. The delinquent customer is making payments on amount overdue. Bad Debt expense of $637 was incurred at June 30, 2011. Prior to 2010, no bad debts had been incurred since 2002, so an allowance for doubtful accounts of approximately 1% of accounts receivable is deemed adequate.

Inventories – Raw materials inventories are stated at lower of cost or market, determined on a first-in, first-out basis. Finished goods inventories are stated at retail less profit margin rate which has been computed based on historical operating results. Inventories of Serendipity Ice Cream and i catching signs are immaterial, so they are charged to cost of sales at the time of purchase.

Deferred Revenue – Amounts received in advance on exchange contracts are recorded as deferred revenue until the contract amounts have been earned.

Note 1 - Summary of Significant Accounting Policies - Continued

Property, Equipment, and Leasehold Improvements – Property, equipment, and leasehold improvements are recorded at cost or estimated fair value at date of donation. The Organization typically capitalizes items costing $1,000 or more. Depreciation and amortization have been computed using the straight-line method over the following estimated useful lives:

Buildings	5-60 years
Furniture and equipment	3-10 years
Vehicles	3-10 years
Leasehold improvements	5 years

Contribution Recognition – Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as 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 a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services – The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated Services have not been reflected in the accompanying consolidated financial statements since the appropriate criteria for recording these services have not been met. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services.

Income and Property Taxes – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation. As of June 30, 2011, the Organization had no assessments of income taxes or related interest and penalties for deemed activities outside of its exempt status. With few exceptions, the Organization is no longer subject to U.S. Federal, state, or local income tax examination by tax authorities for tax years before 2007. Termination of the Dallas CIS facility lease resulted in loss of the property tax exemption for that site. Future use of the site will include a liability for such taxes.

Tax Sheltered Annuity Plan – The Organization has a 403(b) Tax Sheltered Annuity (TSA) plan for all eligible employees. The Organization did not make any contributions to the Plan for the year ended June 30, 2011.

Retirement Plan – The Organization has a retirement plan under IRC Sec. 401(a). For the year ended June 30, 2011, the Organization accrued a contribution of $49,129 to this plan on behalf of all eligible employees.

Note 1 - Summary of Significant Accounting Policies – Continued

Functional Allocation of Expenses – Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits

Advertising – Advertising costs are charged to expense as incurred in accordance with FASB ASC 720-35-05-01. The Organization does not utilize direct-response advertising, which would be capitalized as an asset.

Financial Instruments and Concentrations – Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash, bank certificates of deposit, receivables, marketable securities, equity and pooled income funds, split-interest agreements, trade payables, and notes payable. Concentration with respect to cash is limited due to the Organization maintaining cash balances that are generally fully insured by the FDIC. Concentrations of credit risk related to receivables are caused by the limited customer base in a small geographical area. No financial instruments are available for sale or held for trading purposes.

Subsequent Events through August 26, 2011 have been evaluated by management for disclosure in the financial statements. This is the date when the financial statements were available for issuance.

Fair Value Disclosures – Since June 30, 2009 the Financial Accounting Standards Board (FASB) has released three Accounting Standards Updates (ASU) related to fair values found in FASB ASC Topic 820. These clarify and enhance the disclosures in Note 12 that the Organization adopted in the year ended June 30, 2009. ASU No. 2009-05 addresses the fair value measurement of liabilities. When measuring the fair value of a liability, and a quoted price in an active market for an identical liability is not available, the reporting entity must use one or more of the following methods to determine the fair value:

1. A valuation technique that uses:
    a. The quoted price of the identical liability when traded as an asset
    b. Quoted prices for similar liabilities or "similar liabilities when traded as assets"
2. Another valuation technique that is consistent with the principles of Topic 820

The Organization's fair value measurements use the first technique.

ASU No. 2009-12 covers fair value measurements of investments in entities with pooled assets that do not have readily determinable fair values such as real estate funds. The Organization does not typically invest in this type of asset. In January 2010, the FASB released ASU 2010-06, *Improving Disclosures about Fair Value Measurements,* which further enhances the disclosures that need to be made in financial statements for transfers in and out of level 3 valuation inputs, of which the Organization has none.

Note 2 – Cash and Cash Equivalents

At June 30, 2011, cash and cash equivalents include interest-bearing bank deposits of $347,572 in excess of federally insured limits of $250,000 per customer relationship pursuant to the Economic Stabilization Act of 2008. This temporary limit was made permanent on July 21, 2010 by the Wall Street Reform and Consumer Protection Act. All non-interest bearing transaction accounts are insured by the FDIC without limit. $12,750 of cash equivalents are designated for capital projects.

Cash and cash equivalents as of June 30, 2011 consisted of:

	Interest Rate	Amount
Mid-Valley Rehabilitation, Inc.		
West Coast Bank – McMinnville Branch (Checking)	0%	$584,068
Key Bank – McMinnville Branch (Checking: MV, LLC)	0%	65,385
Citizens Bank – McMinnville Branch (Checking: Capital Projects)	0%	12,750
West Coast Bank – Salem Branch (Section 125 Checking Account)	0%	5,000
OnPoint Community Credit Union – McMinnville Branch (Money Market)	.40%	4,903
West Coast Bank – McMinnville Branch (Checking: Res. Accounts)	0%	3,700
West Coast Bank – McMinnville Branch (Checking: Serendipity)	0%	750
Key Bank – McMinnville Branch (Checking: Freight & Supply)	0%	500
OnPoint Community Credit Union – McMinnville Branch (Savings)	10%	276
Petty Cash Funds		2,950
Mid-Valley Charitable Fund, Inc.		
Edward Jones – McMinnville Branch (Money Market)	.01%	22,950
West Coast Trust – Salem Branch (Money Market)	.10%	1,760
OnPoint Community Credit Union – McMinnville Branch (Checking)	0%	444
OnPoint Community Credit Union – McMinnville Branch (Checking)	.10%	5
Total		**$705,441**

Note 3 – Inventories

Raw materials:	
Wood Products	$228,098
Soap	19,495
Total Raw Materials	247,593
Finished goods:	
Wood Products	6,690
Soap	1,096
Total Finished Goods	7,786
Total Inventories	$255,379

Note 4 - Investments

Equity mutual funds	$ 1,525,563
Fixed income mutual funds	190,556
Total Equity and Fixed Income Mutual Funds	$ 1,716,119

The Organization is the owner and beneficiary of four whole life insurance policies on the life of a donor. The cash surrender value of such policies as of June 30, 2011 was $6,419, which approximates market.

Mid-Valley Charitable Fund, Inc. acted as trustee and had a remainder interest in one charitable remainder annuity trust. Assets held under this trust by West Coast Trust Services as custodian were recorded at fair value determined by Fund Web Mutual Fund Pricing. The trust terminated in November 2010 after the final required annuity payment to the income beneficiaries. At that time, the assets were transferred in tact to the Charitable Fund's unrestricted investments.

Note 5 - Receivable Under Split-Interest Agreement

The Charitable Fund has a remainder interest in two unitrusts established by Paul A. Barber; however, the Charitable Fund does not hold the assets or act as trustee. Upon the death of the income beneficiary, the Charitable Fund will receive a portion of each trust's remaining assets. The assets of the trust are included in investment pools held by the trustees. The Charitable Fund's interest in the trusts has been discounted to present value over the life expectancy of the income beneficiary using a 8.2% discount rate applied to the market values of the pooled investments as supplied by the trustees' investment advisors. All of the investments are held in publicly traded equity and fixed income mutual funds with market values that are published daily. Details of the Charitable Fund's interest in these trusts follows:

	Paul A. Barber Charitable Remainder Unitrust	Paul A. Barber Charitable Remainder Unitrust II
Trustee	John R. Peterson	Linfield College
Payout rate to income beneficiary	7.75%	7.75%
Discount rate assumed on earnings	8.2%	8.2%
Market value of pooled investments at 6-30-11	$ 387,358	$ 377,588
Discounted present value of remainder interest	$ 260,072	$ 253,512
Charitable Fund's share of remainder interest	18%	40%
Receivable under split-interest agreement	$ 46,813	$ 101,405

Note 6 - Property, Equipment, and Leasehold Improvements

Land	$ 699,229
Buildings	4,063,267
Furniture and equipment	461,275
Vehicles	674,798
Leasehold improvements	97,952
	5,996,521
Less accumulated depreciation and amortization	(2,761,711)
Net Property, Equipment and Leasehold Improvements	$ 3,234,810

Total property and equipment at June 30, 2011 and 2010 includes $2,477,967 and $2,494,323 of items that were funded by grants or donations, rather than operations. Land was acquired in the year ended June 30, 2007 for the purpose of constructing two group homes in McMinnville. The land acquisition was funded by a loan from First Federal Savings & Loan Association of McMinnville (see Note 7) and contributions from donors. Construction in 2008 and 2009 was partially funded by grants from the state of Oregon and private foundations. The state grants are contingent upon a restriction on the use of the facilities for group homes for a minimum of ten years. A change in use or disposition of the facilities would require repayment of the grants or cause foreclosure of the property. Capitalized costs including loan fees, construction period interest and insurance totaled $704,914. Residents moved into these homes in January 2009. An additional group home was acquired in the Cherry Heights subdivision of Dallas and placed in service in June 2009 at a total cost of $307,257 including the land. This purchase was funded by a no-payment loan from the Oregon State Dept of Human Services and a commercial real estate loan from First Federal Savings & Loan Association of McMinnville (Note 7).

The Organization uses transportation equipment that is substantially owned by the Yamhill County Area Transit District and purchased with Oregon Department of Transportation grants. The Organization's cost in such equipment is 10.27% of the purchase price.

Note 7 - Long-Term Debt

Note payable to an individual, who is a related party, in monthly installments of $1,164 including interest at 8.25 percent per annum, due January 2012, secured by land and building.	$	7,930
Less current portion		(7,930)
Long-term portion	$	-
Note payable to First Federal Savings & Loan Association of McMinnville, in monthly installments of $2,398 including interest at 6 0 percent per annum, due November 2034, secured by land and bldg.	$	359,835
Less current portion		(7,389)
Long-term portion	$	352,446
No payment note from the Oregon State Department of Human Services secured by land and building known as Cherry Heights group home (see Note 6). The note bears interest at the rate of 5.0 percent per annum; however, no principal or interest is due if the home is used for the specified purpose through April 2039. The note document specifies that principal and interest are forgiven on a monthly basis. If the home is closed before the end of 30 years, the remaining principal and interest would be due back to the Oregon Department of Human Services.	$	99,131
Less current portion		(1,685)
Long-term portion	$	97,446
Note payable to First Federal Savings & Loan Association of McMinnville, in monthly installments of $1,295 including interest at 7.25 percent annum, due January 2039, secured by land and building known as Cherry Heights home (see Note 6).	$	185,232
Less current portion		(2,180)
Long-term portion	$	183,052

Future principal maturities of long-term debt are as follows:

Years Ending June 30	Individual	DHS Note	2 Notes to F.F. Savings & Loan
2012	$ 7,930	$ 1,685	$ 9,569
2013	-	1,771	10,188
2014	-	1,862	10,848
2015	-	1,957	11,550
2016		2,057	12,298
Thereafter	-	89,799	490,614
Total	$ 7,930	$ 99,131	$ 545,067

Mid-Valley Rehabilitation, Inc. has debt payable to its subsidiary, Mid-Valley Charitable Fund, Inc. in the following amounts and terms. Such debt was used to finance the purchase of property and equipment for operations. The debt and related interest payments are eliminated in the consolidating process. Note payable in monthly installments of $1,949 including interest at 6 percent per annum, due November, 2029, collateralized by property. The balance at June 30, 2011 is $260,276.

Note 8 - Commitments

The Organization leases facilities under various operating lease agreements. All of the contracts except the Brooks Street property are now month-to-month. The Dallas property lease terminated in October 2010 and the Newberg CIS lease will terminate in April 2012. Since the Newberg CIS program was discontinued, the obligation for Newberg CIS lease through April 2012 was accrued at June 30, 2011. There are no contingent rents or escalation clauses. Future obligations under the Brooks Street lease are:

Years Ending June 30	Brooks St
2012	$12,134
2013	12,134
2014	12,134
2015	10,112
Total	$46,514

Note 9 – Contingencies and Subsequent Events

Amounts received from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no material amounts received will be required to be returned in the future for which a provision has not already been made.

Management was notified of the likelihood of additional cuts in funding from state funded mental health programs. As a result, management is analyzing the Organization's various cost centers in anticipation of necessary cuts in services and/or a reduction in force. State budget cuts have been deferred to February 1, 2012.

The Organization has decided to discontinue its 401(a) plan and TSA. A 401(k) plan will be offered to the employees with an effective start date of July 1, 2011.

The Organization is a defendant in two protective service investigations being conducted by the State/County. The outcome of the investigations is not known at this time. However, the fines will be within the limits of the Organization's liability insurance coverage.

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:	
Interest in charitable trusts – available for future periods	$ 165,228
Net assets were released from donor restrictions as follows:	
Barber CRAT Distribution upon termination of trust	$ 96,619
Awarding of scholarships satisfying the restricted purpose	10,026
Total net assets released from restriction	$ 106,645

Note 11 – Fundraising Activities

Although the Organization receives contributions, it engages in very little fundraising activities. There was no grant-writing for the year ending June 30, 2011. The Mid-Valley Charitable Fund conducts a benefit golf tournament annually. The net proceeds of that tournament are included in restricted contribution revenue, because the proceeds are restricted for scholarships. The gross proceeds and fundraising expenses for the 2010 tournament were:

Gross Proceeds	$25,610
Fundraising Expenses	(11,739)
Net proceeds in restricted contributions	$13,871

Note 12 – Fair Values of Financial Instruments

Using the provisions of FASB ASC Topic 820, the Organization has characterized its investments in securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access. These investments are exchange-traded investments in equity securities.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. These investments are comprised of corporate and municipal bonds that trade infrequently.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments are certain private equity investments.

Fair Value Measurements at Reporting Date Using

Description	6/30/11	Quoted Prices in Active Markets for Identical Assets [Level 1]	Significant Other Observable Inputs [Level 2]	Significant Unobservable Inputs [Level 3]
Equity Mutual Funds	$1,525,563	$1,525,563		
Fixed Income Mutual Funds	190,556	190,556		
Receivables Under Split-Interest Agreements	148,218	148,218		
TOTAL	$1,864,337	$1,864,337	$0	$0

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Independent Auditor's Report on Supplementary Financial Information

August 26, 2011

To The Boards of Directors
Mid-Valley Rehabilitation, Inc. and Mid-Valley Charitable Fund, Inc.,
Amity, OR

My report on the audit of the basic consolidated financial statements of Mid-Valley Rehabilitation, Inc. and Subsidiaries for June 30, 2011 appears on page 1. The audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating and comparative schedules of financial position, activities, and cash flows on pages 17-22 are presented for the purposes of additional analysis of the June 30, 2011 consolidated financial statements. They are not intended to present the financial position of the individual entities and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole. The prior year comparative information for Mid-Valley Rehabilitation, Inc. and MV, LLC has been derived from the Organization's June 30, 2010 financial statements and, in my report dated August 27, 2010, I expressed an unqualified opinion on those financial statements.

Sincerely,

Kathleen L. Bernards

Kathleen L. Bernards, CPA

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MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidating Schedule of Financial Position
June 30, 2011

	Mid-Valley Rehabilitation, Inc	MV, LLC	Mid-Valley Charitable Fund Unrestricted	Mid-Valley Charitable Fund Restricted	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ 614,896	$ 65,385	$ 8,150	$ 17,010	$ -	$ 705,441
Marketable Securities	11,261	-	-	-	-	11,261
Accounts receivable - net	609,696	-	-	-	-	609,696
Notes receivable - current	-	-	7,983	-	(7,983)	-
Inventories	255,379	-	-	-	-	255,379
Prepaid expenses	19,770	-	-	-	-	19,770
Total current assets	1,511,002	65,385	16,133	17,010	(7,983)	1,601,546
Notes Receivable	-	-	252,293	-	(252,293)	-
Investments						
Cash Surrender Value of Life Insurance			6,419			6,419
Mutual and pooled funds	-	-	1,716,119	-	-	1,716,119
Receivable under split-interest agreement	-	-	-	148,218	-	148,218
Ron Edwards Scholarship Fund				-		
Property, equipment and leasehold improvements - net	2,516,280	718,530	-	-	-	3,234,810
Total Assets	$ 4,027,282	$ 783,915	$ 1,990,964	$ 165,228	$ (260,276)	$ 6,707,113
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	$ 121,272	$ 6,514	$ -	$ -	$ -	$ 127,786
Accrued payroll and taxes	279,550	-	-	-	-	279,550
Accrued employee benefits	49,129	-	-	-	-	49,129
Accrued personal leave	93,749	-	-	-	-	93,749
Other accrued expenses	26,728	4,778	-	-	-	31,506
Deferred revenue	24,023	-	-	-	-	24,023
Current portion of long-term debt	11,795	15,372	-	-	(7,983)	19,184
Total current liabilities	606,245	26,664	-	-	(7,983)	624,926
Long-term notes payable - net of current portion	280,498	604,739	-	-	(252,293)	632,944
Total liabilities	886,743	631,403	-	-	(260,276)	1,257,870
Net assets - unrestricted	3,140,538	152,512	1,990,964	-	-	5,284,014
Net assets - temporarily restricted	-	-	-	165,228	-	165,228
Total net assets	3,140,538	152,512	1,990,964	165,228	-	5,449,242
Total Liabilities & Net Assets	$ 4,027,282	$ 783,915	$ 1,990,964	$ 165,228	$ (260,276)	$ 6,707,113

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidating Schedule of Activities
For the Year Ended June 30, 2011

	Mid-Valley Rehabilitation, Inc.	MV, LLC	Mid-Valley Charitable Fund Unrestricted	Mid-Valley Charitable Fund Restricted	Eliminations	Consolidated
Support and Revenue:						
Product sales and services	$ 2,513,004	$ -	$ -	$ -	$ -	$ 2,513,004
Cost of sales:						
Raw materials	794,888	-	-	-	-	794,888
Payroll and related taxes	732,096	-	-	-	-	732,096
Production services and freight	122,826	-	-	-	-	122,826
Total Cost of Sales	1,649,810	-	-	-	-	1,649,810
Gross profit	863,194	-	-	-	-	863,194
Service fees	4,324,778	-	-	-	-	4,324,778
Client fees	150,556	-	-	-	-	150,556
Contributions, grants & fund-raising	96,498	-	13,899	27,036	(83,645)	53,788
ODOT grants for transportation	48,273	-	-	-	-	48,273
Other grants received	1,603					1,603
Interest and dividends	484	-	60,185	-	(15,863)	44,806
Rent	-	111,508	-	-	(54,139)	57,369
Gain (Loss) on Sale of Assets	(9,094)		-	-	-	(9,094)
Other	20,972	1,951	-	-		22,923
Unrealized change in market value of investments and assets held under split-interest agreements	-	-	211,178	24,160	-	235,338
Net assets released from restrictions	-	-	106,645	-	-	106,645
	-	-	-	(106,645)	-	(106,645)
Total Support and Revenue	5,497,263	113,459	391,907	(55,449)	(153,647)	5,793,534
Expenses:						
Business Operations	1,562,773	-	-	-	-	1,562,773
Community inclusion services	820,305	-	-	-	-	820,305
Residential services	2,189,941	-	-	-	(54,139)	2,135,802
Contributions to other orgs	-	-	4,780	-	-	4,780
Administration	956,246	99,313	91,734	-	(99,508)	1,047,785
Total Expenses	5,529,265	99,313	96,514	-	(153,647)	5,571,445
Change in Net Assets	(32,002)	14,146	295,393	(55,449)	-	222,089
Net Assets, Beginning of Year	3,172,539	138,366	1,695,571	220,677	-	5,227,153
Net Assets, End of Year	$ 3,140,537	$ 152,512	$ 1,990,964	$ 165,228	$ -	$ 5,449,242

MID-VALLEY REHABILITATION, INC.
and SUBSIDIARIES
Consolidating Schedule of Cash Flows
For the Year Ended June 30, 2011

	Mid-Valley Rehabilitation, Inc.	MV, LLC	Mid-Valley Charitable Fund, Inc.	Eliminations	Consolidated
Cash flows from operating activities:					
Cash received from product sales and services	$ 2,567,978	$ -	$ -	$ -	$ 2,567,978
Interest and dividends received	484		60,185	(15,863)	44,806
Cash received for fees and contributions	4,642,129	113,612	60,869	(104,576)	4,712,034
Cash paid to suppliers and employees	(6,995,531)	(23,827)	(8,063)		(7,027,421)
Donations paid	-		(109,382)	104,576	(4,806)
Interest paid	(14,741)	(37,682)	-	15,863	(36,560)
Net cash from operating activities	200,319	52,103	3,609	-	256,031
Cash flows from investing activities:					
Proceeds from sale of property	19,024		-		19,024
Net purchases of property and equipment	(58,943)	(11,132)	-		(70,075)
Collections on notes receivable			7,518		7,518
Net (purchases) maturities of investments	-	-	(10,691)	-	(10,691)
Net cash from investing activities	(39,919)	(11,132)	(3,173)	-	(54,224)
Cash flows from financing activities:					
Payments on long-term notes payable	(16,370)	(14,479)	-		(30,849)
Payments on split-interest liability	-	-	(8,014)	-	(8,014)
Net cash from financing activities	(16,370)	(14,479)	(8,014)	-	(38,863)
Net change in cash and cash equivalents	144,030	26,492	(7,578)	-	162,944
Cash and cash equivalents, beginning of year	470,866	38,893	32,738	-	542,497
Cash and cash equivalents, end of year	$ 614,896	$ 65,385	$ 25,160	$ -	$ 705,441
Reconciliation of change in net assets to net cash from operating activities:					
Change in net assets	$ (32,001)	$ 14,146	$ 239,944		$ 222,089
Adjustments to reconcile change in net	-				
assets to net cash from operating activities:	-				
Loss on sale of property and equipment	9,094	-	-		9,094
Depreciation and amortization	177,211	32,792	-		210,003
Change in market value of securities	(374)	-	(235,952)		(236,326)
Interest on split-interest liability	-	-	614		614
Changes in operating assets and liabilities:					
Accounts receivable	55,348	152	19,934		75,434
Inventories	(37,227)	-	-		(37,227)
Prepaid expenses	2,545	-	-		2,545
Accounts payable and accrued expenses	26,274	5,013	(20,931)		10,356
Deferred revenue	(551)	-	-	-	(551)
Net cash from operating activities	$ 200,319	$ 52,103	$ 3,609	$ -	$ 256,031

MID-VALLEY REHABILITATION, INC.
and MV, LLC
Comparative Schedule of Financial Position
June 30, 2010 and 2011

ASSETS	2010	2011
Current assets		
Cash and cash equivalents	$ 509,759	$ 680,281
Marketable Securities	10,887	11,261
Accounts receivable -less allowance for doubtful accounts of $ 4,000 in both 2010 and 2011	665,196	609,696
Inventories *(Note 3)*	218,152	255,379
Prepaid expenses	22,315	19,770
Total current assets	1,426,309	1,576,387
Property, equipment and leasehold improvements (partially pledged) - net *(Note 6)*	3,402,857	3,234,810
Total Assets	$ 4,829,166	$ 4,811,197
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 70,166	$ 127,786
Accrued payroll and payroll taxes	280,962	279,550
Accrued employee benefits	52,128	49,129
Accrued personal leave	103,541	93,749
Other accrued expenses	43,636	31,506
Deferred revenue	24,574	24,023
Current portion of long-term debt *(Note 7)*	30,849	27,167
Total current liabilities	605,856	632,910
Long-term note payable - net of current portion *(Note 7)*	912,405	885,237
Total liabilities	1,518,261	1,518,147
Commitments and contingencies *(Notes 8 and 9)*		
Net assets		
Unrestricted:		
Undesignated	3,172,539	3,140,538
MV, LLC	138,366	152,512
Total unrestricted	3,310,905	3,293,050
Total net assets	3,310,905	3,293,050
Total Liabilities & Net Assets	$ 4,829,166	$ 4,811,197

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MID-VALLEY REHABILITATION, INC.
and MV, LLC
Comparative Schedule of Activities
For the Years Ended June 30, 2010 and 2011

	2010	2011
Support and Revenue:		
Product sales and services	$ 2,184,675	$ 2,513,004
Cost of sales:		
Raw materials	568,822	794,888
Payroll and related taxes	707,723	732,096
Production services and freight	128,637	122,826
Total Cost of Sales	1,405,182	1,649,810
Gross profit	779,493	863,194
Service fees	4,634,951	4,324,778
Client fees	149,042	150,556
Contributions, grants, and fund-raising	136,734	96,498
Rent	110,251	111,508
ODOT grants for transportation	54,639	48,273
Interest	2,161	484
DHS Note - Principal Forgiven	1,525	1,603
Gain (Loss) on Sale of Assets	81,237	(9,094)
Other	22,623	22,923
Total Support and Revenue	5,972,656	5,610,723
Expenses:		
Business Operations	1,707,237	1,562,773
Community inclusion services	974,987	820,305
Residential services	2,216,475	2,189,941
MV, LLC	103,605	99,313
Administration	899,557	956,246
Total Expenses	5,901,861	5,628,578
Change in Net Assets	70,795	(17,856)
Net Assets, Beginning of Year	3,240,110	3,310,905
Net Assets, End of Year	$ 3,310,905	$ 3,293,050

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MID-VALLEY REHABILITATION, INC.
and MV, LLC
Comparative Schedule of Cash Flows
For the Years Ended June 30, 2010 and 2011

	2010	2011
Cash flows from operating activities:		
Cash received from product sales and services	$ 2,105,066	$ 2,567,978
Interest received	2,161	484
Cash received for fees and contributions	5,117,240	4,755,741
Cash paid to suppliers and employees	(7,040,314)	(7,019,358)
Interest paid	(55,985)	(52,423)
Net cash from operating activities	128,168	252,422
Cash flows from investing activities:		
Proceeds from sale of property and equipment	155,030	19,024
Purchases of property and equipment	(87,456)	(70,075)
Net purchases (maturities) of investments	-	
Net withdrawals from certificates of deposit	84,302	-
Net cash from investing activities	151,876	(51,051)
Cash flows from financing activities:		
Proceeds from long-term notes payable	-	-
Payments on long-term notes payable	(174,219)	(30,849)
Net cash from financing activities	(174,219)	(30,849)
Net change in cash and cash equivalents	105,825	170,522
Cash and cash equivalents, beginning of year	403,934	509,759
Cash and cash equivalents, end of year	$ 509,759	$ 680,281
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	$ 70,795	$ (17,855)
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Gain)/Loss on sale of property and equipment	(81,237)	9,094
Depreciation and amortization	217,872	210,002
Change in market value of securities	(3,121)	(374)
Changes in operating assets and liabilities:		
Accounts receivable	(76,640)	55,500
Inventories	(57,009)	(37,227)
Prepaid expenses	(857)	2,545
Accounts payable and accrued expenses	50,698	31,288
Deferred revenue	7,667	(551)
Net cash from operating activities	$ 128,168	$ 252,422