




See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



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

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization VALLEY VIEW REGIONAL HOSPITAL		D Employer identification number 73-0630359
	Doing Business As		E Telephone number (580) 421-1412
	Number and street (or P O box if mail is not delivered to street address) 430 N MONTE VISTA	Room/suite	G Gross receipts \$ 71,827,061
	City or town, state or country, and ZIP + 4 ADA, OK 74820		
	F Name and address of principal officer W KENT ROGERS CEO 430 N MONTE VISTA ADA, OK 74820		

I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(c) Group exemption number <input type="text"/>	
J Website: <input type="text"/> WWW.VALLEYVIEWREGIONAL.COM			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="text"/>		L Year of formation 1935	M State of legal domicile OK

Part I	Summary
---------------	----------------

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THROUGH QUALITY HEALTH CARE, VALLEY VIEW REGIONAL HOSPITAL WILL EXCEED THE EXPECTATIONS OF THOSE WE SERVE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	13
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	816
6 Total number of volunteers (estimate if necessary)	6	100	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	8,645,080	202,539
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	68,097,923	70,607,609
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-116,553	-259,149
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,179,544	888,252
		77,805,994	71,439,251
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	28,795	47,033
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	31,464,573	34,458,999
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	32,998,050	32,195,002
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	64,491,418	66,701,034
	19 Revenue less expenses Subtract line 18 from line 12	13,314,576	4,738,217
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	40,587,483	46,714,771
	21 Total liabilities (Part X, line 26)	6,483,402	7,872,473
	22 Net assets or fund balances Subtract line 21 from line 20	34,104,081	38,842,298

Part II	Signature Block
----------------	------------------------

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

Sign Here	***** Signature of officer			2012-08-15 Date	
	MARY GARBER CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Anne M Adams		Preparer's signature Anne M Adams		Date
	Check if self-employed <input type="checkbox"/>				PTIN
	Firm's name ▶ BKD LLP				Firm's EIN ▶
	Firm's address ▶ 6120 S Yale 1400 Tulsa, OK 741364223				Phone no ▶ (918) 584-2900

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

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

THE ORGANIZATION'S MISSION IS TO PROVIDE A CULTURE OF SAFETY THAT CREATES A PATIENT SAFETY COMMITMENT FROM ALL EMPLOYEES IN WHICH PATIENT CARE PROCESSES ARE DEVELOPED AND IMPROVED THE HEALTH CARE TEAM CARES FOR THOSE WHO NEED IT REGARDLESS OF THEIR ABILITY TO PAY SERVICES ARE MATCHED TO PATIENTS NEEDS AND IT INSPIRES AND EMPOWERS THE HEALTH CARE TEAM TO SEEK OUT THE OPPORTUNITIES FOR PERFORMANCE IMPROVEMENT THE ORGANIZATION ENCOURAGES PREVENTION, WELLNESS, AND IMPROVEMENT IN PATIENT'S QUALITY OF LIFE AND REMAINS AWARE OF OUR FISCAL RESPONSIBILITY TO THE COMMUNITY

If "Yes," describe these new services on Schedule O

If "Yes," describe these changes on Schedule O

VALLEY VIEW REGIONAL HOSPITAL IS A 157 BED ACUTE CARE HOSPITAL PROVIDING HEALTH CARE TO THE GENERAL PUBLIC REGARDLESS OF RACE, RELIGION, OR ABILITY TO PAY

[illegible][illegible]

4e	Total program service expenses	\$ 53,230,641
-----------	---------------------------------------	----------------------

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.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	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.		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.		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.		
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.		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.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		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.		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.		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	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.		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.		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.	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.		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.		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.		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.	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		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.		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.		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.		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).		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.		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.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	75
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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	816
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?	Yes	
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?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official		No
15b	Other officers or key employees of the organization 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?		No
16b	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?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> OK
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization <input checked="" type="checkbox"/> MARY GALLUP CFO 430 N MONTE VISTA ADA, OK 74820 (580) 421-1412

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BILL G LANCE JR TRUSTEE	1 0	X						0	0	0
(2) DALE BOATWRIGHT CHAIRMAN	1 0	X		X				0	0	0
(3) THOMAS C BOLITHO TRUSTEE	1 0	X						0	0	0
(4) CC BUXTON III TRUSTEE	1 0	X						0	0	0
(5) JO ANN CARPENTER MD TRUSTEE	1 0	X						0	0	0
(6) JIM E DICUS TRUSTEE	1 0	X						0	0	0
(7) FRANK CARTMELL MD TRUSTEE	1 0	X						0	0	0
(8) DAN NORTHCUTT TRUSTEE	1 0	X						0	0	0
(9) DEAN PETERSON TRUSTEE	1 0	X						0	0	0
(10) CARLTON TILLEY TRUSTEE	1 0	X						0	0	0
(11) BART MCCORTNEY TRUSTEE	1 0	X						0	0	0
(12) MARK WEEMS DDS TRUSTEE	1 0	X						0	0	0
(13) CHARLES R METTRY DO TRUSTEE	1 0	X						0	0	0
(14) MARY E GARBER CFO	40 0			X				0	0	0
(15) W KENT ROGERS PRESIDENT/CEO	40 0			X				0	0	0
(16) DR KIMBALL PRATT PHYSICIAN	32 0					X		693,427	0	11,476

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) DR CHARLES VEST Physician	40 0					X		355,820	0	9,080
(18) STEVEN FILLMORE VP/CHIEF MEDICAL OFFICER	27 0					X		338,266	0	6,191
(19) DR LEWIS WALLACE Physician	40 0					X		333,721	0	4,900
(20) DR IMTIAZ AHMED Physician	40 0					X		186,466	0	0
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								1,907,700	0	31,647

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▶16

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

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
REHABCARE GROUP INC 733 FORSYTH BLVD STE 2300 ST LOUIS, MO 63150	REHAB MANAGEMENT	914,747
MID-AMERICA PHYSICIAN SERVICES 430 N MONTE VISTA ADA, OK 74820	ER PHYSICIAN MGMT	1,528,944
MERCY HEALTH SYSTEMS OF OK 4300 W MEMORIAL RD OKLAHOMA CITY, OK 73120	MANAGEMENT SVCS	821,514
ADA ANESTHESIA ASSOCIATES PLLC 1621 CRADDUCK RD ADA, OK 74820	ANESTHESIA SERVICES	599,562
DIVERSIFIED CLINICAL SERVICES PO BOX 636981 CINCINNATTI, OH 452636981	WOUND CARE MGMT	562,893
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 ▶21		

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		202,539				
	b	Membership dues	1b						
	c	Fundraising events	1c						
	d	Related organizations	1d						
	e	Government grants (contributions)	1e	187,615					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	14,924					
	g	Noncash contributions included in lines 1a-1f \$							
	h	Total. Add lines 1a-1f							
	Program Service Revenue	2a	Business Code						70,607,609
		Net Patient Service Revenue 621300							
b									
c									
d									
e									
f		All other program service revenue							
g		Total. Add lines 2a-2f							
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)			121,114			
	4	Income from investment of tax-exempt bond proceeds . .			0				
	5	Royalties			0				
	6a	(i) Real		(ii) Personal	43,850			43,850	
		43,850							
		43,850							
	b	Less rental expenses							
	c	Rental income or (loss)							
	d	Net rental income or (loss)							
	7a	(i) Securities		(ii) Other	-380,263			-380,263	
				7,547					
		385,909		1,901					
		-385,909		5,646					
	d	Net gain or (loss)							
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18			0				
	a								
	b	Less direct expenses							
	c	Net income or (loss) from fundraising events . .							
	9a	Gross income from gaming activities See Part IV, line 19 . . a			0				
b	Less direct expenses b								
c	Net income or (loss) from gaming activities . .								
10a	Gross sales of inventory, less returns and allowances			0					
a									
b	Less cost of goods sold b								
c	Net income or (loss) from sales of inventory . .								
	Miscellaneous Revenue			Business Code	633,289		633,289		
11a	Cafeteria Income 722210								
b	Gift Shop 453220			115,468				115,468	
c	Purchase Discounts 900099			7,709				7,709	
d	All other revenue			87,936				87,936	
e	Total. Add lines 11a-11d			844,402					
12	Total revenue. See Instructions			71,439,251	70,818,722		417,990		

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	47,033	47,033		
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	0			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	139,967	104,975	34,992	
7	Other salaries and wages	27,593,373	20,695,030	6,898,343	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,028,392	771,294	257,098	
9	Other employee benefits	3,668,846	2,751,634	917,212	
10	Payroll taxes	2,028,421	1,521,316	507,105	
a	Fees for services (non-employees)				
	Management	584,927	438,695	146,232	
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	120,092	90,069	30,023	
13	Office expenses	142,904	107,178	35,726	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	831,714	623,786	207,928	
17	Travel	171,292	128,469	42,823	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	166,646	124,984	41,662	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	3,197,022	2,397,767	799,255	
23	Insurance	1,294,014	970,510	323,504	
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	PURCHASED SERVICES	7,532,035	7,532,035		
b	PHARMACY	3,031,505	3,031,505		
c	SUPPLIES	7,969,890	5,977,418	1,992,472	
d	EQUIPMENT RENTAL & MAINTENANCE	2,301,260	1,725,945	575,315	
e	NEUROSCIENCE EXPENSE	1,127,000	1,127,000		
f	All other expenses	3,724,701	3,063,998	660,703	
25	Total functional expenses. Add lines 1 through 24f	66,701,034	53,230,641	13,470,393	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

						(A)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1,143,454	1	6,385,171
	2	Savings and temporary cash investments				3,406,580	2	6,176,026
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				8,504,756	4	8,676,719
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L					5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L					6	
	7	Notes and loans receivable, net				145,080	7	228,525
	8	Inventories for sale or use				2,233,405	8	2,169,939
	9	Prepaid expenses and deferred charges				706,999	9	647,658
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	74,905,357				
	b	Less: accumulated depreciation	10b	57,439,488	19,366,152	10c	17,465,869	
	11	Investments—publicly traded securities					11	
	12	Investments—other securities. See Part IV, line 11				1,086,716	12	1,346,562
	13	Investments—program-related. See Part IV, line 11				938,278	13	961,250
	14	Intangible assets					14	
	15	Other assets. See Part IV, line 11				3,056,063	15	2,657,052
	16	Total assets. Add lines 1 through 15 (must equal line 34)				40,587,483	16	46,714,771
Liabilities	17	Accounts payable and accrued expenses				3,222,780	17	5,771,943
	18	Grants payable					18	
	19	Deferred revenue					19	
	20	Tax-exempt bond liabilities					20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D					21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L					22	
	23	Secured mortgages and notes payable to unrelated third parties				3,260,622	23	2,100,530
	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				6,483,402	26	7,872,473
Net Assets or Fund Balances		Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets				17,868,062	27	23,454,007
	28	Temporarily restricted net assets				16,236,019	28	15,388,291
	29	Permanently restricted net assets					29	
		Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				34,104,081	33	38,842,298
	34	Total liabilities and net assets/fund balances				40,587,483	34	46,714,771

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	71,439,251
2	Total expenses (must equal Part IX, column (A), line 25)	2	66,701,034
3	Revenue less expenses Subtract line 2 from line 1	3	4,738,217
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	34,104,081
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	38,842,298

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
VALLEY VIEW REGIONAL HOSPITAL

Employer identification number
73-0630359

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part III

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here 						

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

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

Part IV

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

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
VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ 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
2a	
2b	
2c	
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

1b

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

▶ \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		30,619,135	24,318,389	6,300,746
c Leasehold improvements		117,579	15,250	102,329
d Equipment		42,939,317	32,688,426	10,250,891
e Other		1,229,326	417,423	811,903
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				17,465,869

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	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
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	

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	
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	
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	

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	
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	
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	

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 H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
VALLEY VIEW REGIONAL HOSPITAL

Employer identification number
73-0630359

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			781,018		781,018	1 170 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			9,733,290	9,800,209		
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			10,514,308	9,800,209	781,018	1 170 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			36,323			0 050 %
f Health professions education (from Worksheet 5)			22,200			0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits			58,523			0 080 %
k Total. Add lines 7d and 7j			10,572,831	9,800,209	781,018	1 250 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			27,175			0.040 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			3,169			
8Workforce development						
9Other						
10Total			30,344			0.040 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense (at cost)	2	5,268,425
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	24,906,780
6	Enter Medicare allowable costs of care relating to payments on line 5	6	17,028,799
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	7,877,981
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.		
<input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI.	9b	No

Part IVManagement Companies and Joint Ventures

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

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

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

Schedule H (Form 990) 2010

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

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

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

Name and address	Type of Facility (Describe)
1	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
1	SCHEDULE H, PART III, LINE 3 & 4	LINE 3 THE HOSPITAL ELECTED NOT TO ESTIMATE THE AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE AT COST LINE 4 THE HOSPITAL REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYERS AND OTHERS THE HOSPITAL PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, THE HOSPITAL BILLS THIRD-PARTY PATERS DIRECTLY AND BILLS THE PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT

Identifier	ReturnReference	Explanation
2	SCHEDULE H, PART III, LINE 8 & 9B	THE COST TO CHARGE RATIO WAS APPLIED TO BAD DEBT EXPENSE TO CALCULATE BAD DEBT EXPENSE AT COST THE ORGANIZATION HAS A CHARITY CARE POLICY AND A WRITTEN COLLECTION POLICY THE WRITTEN COLLECTION POLICY DOES NOT CONTAIN PROVISIONS ON PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE THE CHARITY CARE POLICY IS DESIGNED TO PROVIDE A PROCESS TO EFFECTIVELY EVALUATE CANDIDATES THAT MAY QUALIFY FOR CHARITY CARE THE PROGRAM IS DESIGNED TO AID THE ORGANIZATION IN DISTINGUISHING TRUE BAD DEBT EXPENSE FROM CHARITY CARE, AND TO INCREASE THE PUBLIC'S AWARENESS OF THE CHARITY CARE PROVIDED TO THE COMMUNITY THE DETERMINATION FOR CHARITY CARE REQUIRES PARTICIPATION AND COOPERATION FROM THE PATIENT/GUARANTOR TO PROVIDE NECESSARY DOCUMENTATION, AND PATIENTS THAT FAIL TO PAY ANY REMAINING BALANCE AFTER THE CHARITY CARE DEDUCTION IS MADE BECOMES SUBJECT TO NORMAL COLLECTION PROCEDURES

Identifier	ReturnReference	Explanation
3	SCHEDULE H, PART VI, LINE 2	VVRH IN CONJUNCTION WITH MERCY HEALTH SYSTEMS HOSTS ANNUALLY A COMMUNITY ROUNDTABLE DISCUSSION IN THIS VENUE COMMUNITY MEMBERS ARE INVITED TO PARTICIPATE IN PLANNING FUTURE HEALTH NEEDS OF THE COMMUNITY THEY ARE ALSO INVITED TO SHARE THEIR CONCERNS AND OFFER THEIR OPINIONS

Identifier	ReturnReference	Explanation
4	SCHEDULE H, PART VI, LINE 3	WE HAVE AN ONSITE REPRESENTATIVE FROM HCFS THAT SCREENS ALL OF OUR INPATIENT, ONE DAY SURGERY, AND ER SELF PAY PATIENTS, AS WELL AS ANY OTHER OUTPATIENTS THAT ARE REFERRED, FOR ANY TYPE OF ASSISTANCE PROGRAMS FOR WHICH THE PATIENT MIGHT QUALIFY IF NO ASSISTANCE IS AVAILABLE, THEY ARE GIVEN AN APPLICATION OR INFORMED OF OUR FINANCIAL ASSISTANCE/CHARITY CARE PROGRAM OUR PATIENT FINANCIAL COUNSELORS ALSO INFORM THE PATIENTS OF THESE POLICIES DURING THE PRE-REGISTRATION PROCESS

Identifier	ReturnReference	Explanation
5	SCHEDULE H, PART VI, LINE 4	VVRH, IS LOCATED IN ADA OKLAHOMA , AND IS THE COUNTY SEAT FOR PONTOTOC COUNTY VALLEY VIEW SERVES A NINE COUNTY AREA IN SOUTH CENTRAL OKLAHOMA IN ADDITION THE HOSPITAL OWNS A RURAL HEALTH CLINIC IN STRATFORD, OK, A ECONOMICALLY DISADVANTAGE COMMUNITY OF APPROXIMATELY 1,200 PEOPLE, WHO ARE OVER THE AGE OF 65

Identifier	ReturnReference	Explanation
6	SCHEDULE H, PART VI, LINE 5	<p>VALLEY VIEW REGIONAL HOSPITAL PARTICIPATES IN COMMUNITY EVENTS SPONSORED BY THE ADA REGIONAL UNITED WAY, BY PROVIDING NUTRITIONAL SNACKS AND EXERCISES DURING THEIR KIDS FAIR THAT IS HELD ANNUALLY AT WINTERSMITH PARK THE AUDIENCE AGES RANGE FROM INFANTS UP TO ADULTS WE PARTNER WITH THE BOY SCOUTS OF AMERICA AND PROVIDE PHYSICALS ANNUALLY TO THE BOY SCOUTS WE ALSO PROVIDE MEDICAL SUPPLIES TO AREA SCHOOLS, BOY SCOUT SUMMER CAMP, AND ADA BOYS AND GIRLS CLUB THE DIRECTOR OF EDUCATIONAL SERVICES SERVES ON THE PONTOTOC COUNTY BOARD OF THE AMERICAN CANCER SOCIETY AND HAS BEEN SURVIVOR CHAIR OF THE RELAY FOR LIFE EVENT FOR 12 YEARS THE HOSPITAL HAS PROVIDED CANCER INFORMATION AND BROCHURES, AS WELL AS GOODIE BAGS FOR OVER 300 SURVIVORS FOR MANY YEARS, AS WELL AS DONATING THE COST OF POSTAGE TO SEND RELAY INFORMATION TO OVER 600 CANCER SURVIVORS THE EDUCATIONAL SERVICES DEPARTMENT ALSO DONATES DIAPERS AND SUPPLIES FROM PRE-NATAL CLASSES TO THE LOCAL WOMEN'S CRISIS CENTER UPON RECEIVING A NEW SHIPMENT OF MATERIALS</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
VALLEY VIEW REGIONAL HOSPITAL

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2010

Open to Public
Inspection

Employer identification number
73-0630359

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ADA REGIONAL UNITED WAY314 S BROADWAY STE 204 ADA,OK 74820	73-0941532	501(C)(3)	6,000				HLTH/HUMAN SRV PRGM
(2) MARCH OF DIMES FOUNDATION1275 MAMARONECK AVE WHITE PLAINS,NY 10605	13-1846366	501(C)(3)	7,500				NURSE OF YEAR PRGM
(3) AMERICAN CANCER SOCIETY250 WILLIAMS STREET ATLANTA,GA 30303	13-1788491	501(C)(3)	5,973				CANCER RESEARCH

2

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

3

3

Enter total number of other organizations

0

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
1	SCHEDULE I, PART I, LINE 2	THE ORGANIZATION GRANTS MONEY TO OTHER 501(C)(3) ORGANIZATIONS THAT ARE PUBLIC CHARITIES THE ORGANIZATION RECEIVES DOCUMENTATION FROM THE CHARITIES ON HOW THE FUNDS WILL BE USED AND AN ACKNOWLEDGEMENT OF THE AMOUNT THE ORGANIZATION GAVE TO THE CHARITIES

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

Part I

Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DR KIMBALL PRATT	(i) (ii)	693,427 0	0 0	0 0	4,900 0	6,576 0	704,903 0	0 0
(2) DR CHARLES VEST	(i) (ii)	355,820 0	0 0	0 0	4,900 0	4,180 0	364,900 0	0 0
(3) STEVEN FILLMORE	(i) (ii)	338,266 0	0 0	0 0	4,900 0	1,291 0	344,457 0	0 0
(4) DR LEWIS WALLACE	(i) (ii)	333,721 0	0 0	0 0	4,900 0	0 0	338,621 0	0 0
(5) DR IMTIAZ AHMED	(i) (ii)	186,466 0	0 0	0 0	0 0	0 0	186,466 0	0 0
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
1	FORM 990, SCHEDULE J, PART 1	THE FOLLOWING INDIVIDUALS RECEIVED COMPENSATION FROM AN UNRELATED ORGANIZATION (MERCY HEALTH SYSTEM) FOR SERVICES RENDERED TO THE ORGANIZATION. THE ORGANIZATION IS NOT AWARE OF THE TERMS OF THE AGREEMENT BETWEEN THE INDIVIDUALS AND MERCY HEALTH SYSTEM. MARY GALLUP W. KENT ROGERS.

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
VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

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?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$										

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
(1) CHERYL	FAMILY MEMBER OF MARK				
(2) WEEMS	WEEMS, BOARD MEMBER	76,514	EMPLOYMENT		No
(3) BRADEN	FAMILY MEMBER OF DEAN				
(4) PETERSON	PETERSON, BOARD MEMBER	43,563	EMPLOYMENT		No
(5) JACQUELINE	FAMILY MEMBER OF CHARLES				
(6) VEST	R VEST, BOARD MEMBER	19,890	INDEPENDENT CONTRACTOR		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
------------	------------------	-------------

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 VALLEY VIEW REGIONAL HOSPITAL	Employer identification number 73-0630359
---	--

Identifier	Return Reference	Explanation
1	FORM 990, PART VI, LINE 2	JOANN CARPENTER, M D AND CHARLES R METTRY, D O HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
2	FORM 990, PART VI, LINE 3	VALLEY VIEW REGIONAL HOSPITAL IS MANAGED BY MERCY HEALTH SYSTEMS

Identifier	Return Reference	Explanation
3	FORM 990, PART VI, LINE 7A	THE TOTAL NUMBER OF MEMBERS OF THE BOARD IS THE SAME AS THE TOTAL NUMBER OF MEMBERS OF THE VALLEY VIEW HOSPITAL AUTHORITY BOARD. MEMBERS OF THE BOARD OF THE AUTHORITY ARE MEMBERS OF VALLEY VIEW REGIONAL HOSPITAL'S BOARD. SHOULD ANY MEMBER OF THE AUTHORITY BOARD DECLINE OR FAIL TO QUALIFY AS A MEMBER OF THE HOSPITAL BOARD, THE HOSPITAL BOARD SHALL HAVE THE POWER TO ELECT A PERSON TO FILL THE VACANCY.

Identifier	Return Reference	Explanation
4	FORM 990, PART VI, LINE 11B	THE FORM 990 IS PREPARED BY AN OUTSIDE ACCOUNTING FIRM. THE RETURN IS REVIEWED INTERNALLY AND THEN IS REVIEWED AND APPROVED BY THE FINANCE COMMITTEE OF THE BOARD BEFORE FILING WITH THE IRS. THE REVIEW AND APPROVAL IS DOCUMENTED IN THE MINUTES OF THE FINANCE COMMITTEE. A COPY OF THE FORM 990 IS PROVIDED TO THE ENTIRE BOARD BEFORE IT IS FILED WITH THE IRS.

Identifier	Return Reference	Explanation
5	FORM 990, PART VI, LINE 12C	EACH DIRECTOR, PRINCIPAL OFFICER, SENIOR MANAGEMENT STAFF, AND MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS ANNUALLY SIGNS A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICT OF INTEREST POLICY , HAS READ AND UNDERSTANDS THE POLICY , HAS AGREED TO COMPLY WITH THE POLICY , AND UNDERSTANDS THAT THE HOSPITAL IS A CHARITABLE ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS TAX EXEMPT PURPOSES

Identifier	Return Reference	Explanation
6	FORM 990, PART VI, LINE 15A	THE ORGANIZATION DOES NOT COMPENSATE THE CEO OR OTHER OFFICERS OR KEY EMPLOYEES THE CEO AND OTHER OFFICERS RECIEVE COMPENSATION FROM AN UNRELATED ORGANIZATION FOR SERVICES RENDERED TO THE ORGANIZATION

Identifier	Return Reference	Explanation
7	FORM 990, PART VI, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

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
VALLEY VIEW REGIONAL HOSPITAL

Employer identification number
73-0630359

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) MEDICAL CENTER OF STRATFORD 217 W SMITH STRATFORD, OK 74872 73-1327488	CLINIC	OK	436,286	234,679	NA

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) VALLEY VIEW FOUNDATION INC 430 N MONTE VISTA ADA, OK 74820 20-1964563	SUPPORT ORG	OK	501(C)(3)	11A	NA		
(2) VALLEY VIEW HOSPITAL AUTHORITY INC 430 N MONTE VISTA ADA, OK 74820 73-0759362	SUPPORT VVRH	OK	GOV'T		NA		

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
(1) VALLEY VIEW MANAGEMENT GROUP INC 430 N MONTE VISTA ST ADA, OK74820 73-1481379	PHYSICIAN PRACT	OK	NA	C CORPORATION	1,629,592	460,091	100 000 %

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

1 During the tax year, did the organization 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

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

No

1o

No

1p

No

1q

No

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) VALLEY VIEW MANAGEMENT GROUP INC	B	2,069,183	
(2) VALLEY VIEW MANAGEMENT GROUP INC	C	1,350,000	
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Valley View Regional Hospital

Accountants' Reports and Financial Statements

September 30, 2011 and 2010



Valley View Regional Hospital
September 30, 2011 and 2010

Contents

Independent Accountants' Report on Financial Statements and Supplementary Information	1
Management's Discussion and Analysis	3
Financial Statements	
Balance Sheets	9
Statements of Revenues, Expenses and Changes in Net Assets	10
Statements of Cash Flows	11
Notes to Financial Statements	12
Required Supplementary Information	
Schedule of Funding Progress	31
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Schedule of Findings and Responses	34

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
Valley View Regional Hospital
Ada, Oklahoma

We have audited the accompanying balance sheets of Valley View Regional Hospital (the Hospital) as of September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valley View Regional Hospital as of September 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and pension information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Hospital's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

January 23, 2012

Valley View Regional Hospital

Management's Discussion and Analysis

Years Ended September 30, 2011 and 2010

Introduction

This management's discussion and analysis of the financial performance of Valley View Regional Hospital (the Hospital) provides an overview of the Hospital's financial activities for the years ended September 30, 2011 and 2010. It should be read in conjunction with the accompanying financial statements of the Hospital.

Financial Highlights

- Total cash and investments increased in 2011 and 2010 by \$5,018,158 or 54.8% and \$2,208,233 or 31.8%, respectively.
- Total short- and long-term debt decreased in 2011 and 2010 by \$1,106,092 or 35.6% and \$9,752,665 or 74.9%, respectively.
- The Hospital's net assets increased in 2011 and 2010 by \$4,807,758 or 13.9% and \$13,344,478 or 62.8%, respectively.
- The Hospital reported operating income in 2011 and 2010 of \$4,417,971 and \$4,871,981, respectively. The operating income in 2011 decreased by \$454,010 or 9.3% over the operating income reported in 2010.
- The Hospital did not receive appropriations from Valley View Hospital Authority in 2011. This represents a decrease of \$8,199,100 or 100.0% in 2011 compared to 2010.

Using This Annual Report

The Hospital's financial statements consist of three statements—a balance sheet, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets

One of the most important questions asked about any hospital's finances is, "Is the hospital as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses and changes in net assets report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net assets and changes in them. The Hospital's total net assets—the difference between assets and liabilities—is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net assets are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors, should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The Hospital's Net Assets

The Hospital's net assets are the difference between its assets and liabilities reported in the balance sheet. The Hospital's net assets increased by \$4,807,758 or 13.9% in 2011 over 2010 and by \$13,344,478 or 62.8% in 2010 over 2009 as shown in Table 1.

Table 1: Assets, Liabilities and Net Assets

	2011	2010	2009
Assets			
Cash, cash equivalents and investments	\$ 14,178,270	\$ 9,160,112	\$ 6,951,879
Patient accounts receivable, net	9,069,928	8,680,524	10,250,025
Other current assets	2,897,822	2,941,565	2,406,472
Capital assets, net	17,488,821	19,389,325	21,285,398
Other noncurrent assets	3,592,812	4,095,556	4,409,775
Total assets	<u>\$ 47,227,653</u>	<u>\$ 44,267,082</u>	<u>\$ 45,303,549</u>
Liabilities			
Short- and long-term debt (including current portion)	\$ 2,100,530	\$ 3,260,622	\$ 13,013,287
Other liabilities	5,723,198	6,410,293	11,038,573
Total liabilities	<u>7,823,728</u>	<u>9,670,915</u>	<u>24,051,860</u>
Net Assets			
Invested in capital assets, net of related debt	15,388,291	16,236,019	8,297,017
Restricted – expendable for debt service	-	-	130,780
Unrestricted	24,015,634	18,360,148	12,823,892
Total net assets	<u>39,403,925</u>	<u>34,596,167</u>	<u>21,251,689</u>
Total liabilities and net assets	<u>\$ 47,227,653</u>	<u>\$ 44,267,082</u>	<u>\$ 45,303,549</u>

Some significant changes in the Hospital's assets and liabilities at September 30, 2011, are the increase in cash, cash equivalents and investments, the decrease in short- and long-term debt and the decrease in accounts payable as compared to September 30, 2010. The increase in cash, cash equivalents and investments by \$5,018,158 or 54.8% compared to 2010 and the decrease in both short- and long-term debt of \$1,160,092 or 35.6% were primarily due to the continued improved performance of the Hospital in 2011 over previous years. Management has used the increased operating income to build up cash and investment reserves and pay down debt and accounts payable over the past years to improve the financial stability of the Hospital.

Some significant changes in the Hospital's assets and liabilities at September 30, 2010, are the increase in cash, cash equivalents and investments, the decrease in short- and long-term debt and the decrease in accounts payable as compared to September 30, 2009. The increase in cash, cash equivalents and investments by \$2,208,233 or 31.8% compared to 2009, the decrease in both short- and long-term debt of \$9,752,665 or 74.9% and the decrease in accounts payable of \$4,329,331 or 74.0% were primarily due to the improved performance of the Hospital in 2010 over previous years. Management has used the increased operating income to build up cash and investment reserves and pay down debt over the past years to improve the financial stability of the Hospital. Additionally, long-term debt decreased in 2010 as a result of the early retirement of the note payable to Valley View Hospital Authority (see *Note 7*).

Operating Results and Changes in the Hospital's Net Assets

In 2011, the Hospital's net assets increased by \$4,807,758 or 13.9% as shown in Table 2. This increase is made up of several different components and represents a decrease of 64.0% compared with the increase in net assets for 2010 of \$13,344,478.

Table 2: Operating Results and Changes in Net Assets

	2011	2010	2009
Operating Revenues			
Net patient service revenue	\$ 72,277,942	\$ 69,012,687	\$ 69,436,596
Other operating revenues	853,191	860,808	1,001,656
Total operating revenues	<u>73,131,133</u>	<u>69,873,495</u>	<u>70,438,252</u>
Operating Expenses			
Salaries, wages and employee benefits	36,007,354	32,203,474	32,754,182
Purchased services	8,170,088	9,413,387	11,781,681
Depreciation	3,197,245	3,460,740	3,804,510
Supplies and other	21,338,475	19,923,913	21,099,748
Total operating expenses	<u>68,713,162</u>	<u>65,001,514</u>	<u>69,440,121</u>
Operating Income	<u>4,417,971</u>	<u>4,871,981</u>	<u>998,131</u>
Nonoperating Revenues (Expenses)			
Investment income	163,895	411,975	635,521
Interest expense	(166,646)	(669,758)	(1,229,870)
Noncapital grants and gifts	392,538	531,180	3,131,367
Total nonoperating revenues (expenses)	<u>389,787</u>	<u>273,397</u>	<u>2,537,018</u>
Appropriations from Valley View Hospital Authority	<u>-</u>	<u>8,199,100</u>	<u>5,764,100</u>
Increase in Net Assets	<u>\$ 4,807,758</u>	<u>\$ 13,344,478</u>	<u>\$ 9,299,249</u>

Operating Income

The first component of the overall change in the Hospital's net assets is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported operating income.

The operating income for 2011 decreased by \$454,010 or 9.3% as compared to 2010. The primary components of the decreased operating income are:

- An increase in net patient service revenue of \$3,265,255 or 4.7%
- A decrease in purchased services of \$1,243,299 or 13.2%
- An increase in salaries, wages and employee benefits of \$3,803,880 or 11.8%

Net patient service revenue increased in 2011 due to an increase in patient volume and a reduction in contractual adjustments and provision for uncollectible accounts.

Purchased services decreased in 2011 due to the Hospital gradually reducing its contract service agreements with several vendors and bringing the responsibility of these functions back to the Hospital

Salaries, wages and employee benefits increased in 2011 as the result of standard employee raises and the Hospital's continued emphasis on growth through physician employment

The operating income for 2010 increased by \$3,873,850 or 388.1% as compared to 2009. The primary components of the increased operating income are

- A decrease in net patient service revenue of \$423,909 or 0.6%
- A decrease in purchased services of \$2,368,294 or 20.1%
- A decrease in other operating expenses of \$1,175,835 or 5.6%

Net patient service revenue decreased in 2010 due to a slight decrease in patient volume, mainly related to the opening of the Chickasaw Nation Medical Center

Purchased services decreased in 2010 due to the Hospital gradually reducing its contract service agreements with several vendors and bringing the responsibility of these functions back to the Hospital

Other operating expenses decreased in 2010 due to lower supply costs as a result of improvements in materials management

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of noncapital gifts and grants, investment income and interest expense. Interest expense decreased in 2011 and 2010 due to the reduction in long-term debt in those years. The Hospital recognized a decrease in noncapital gifts and grants in 2010 due to an increase in giving in 2009 in order to support the Hospital's operations

The Hospital's Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating income and nonoperating revenues and expenses discussed earlier. In 2011, net cash provided by operating activities increased as a result of improved operations. In 2010, net cash provided by operating activities decreased primarily due to a decrease in accounts payable and accrued expenses discussed earlier

Capital Asset and Debt Administration

Capital Assets

At the end of 2011 and 2010, the Hospital had \$17,488,821 and \$19,389,325 invested in capital assets, net of accumulated depreciation, respectively, as detailed in *Note 5* to the financial statements. In 2011 and 2010, the Hospital purchased new equipment costing \$1,321,316 and \$1,581,235, respectively. Of these amounts, \$0 and \$155,866 were acquired through incursion of capital lease obligations in 2011 and 2010, respectively

Debt

At September 30, 2011, the Hospital had \$2,100,530 in capital lease obligations outstanding. Except for capital leases of \$155,866 initiated in 2010, the Hospital issued no new debt in 2011 or 2010. At September 30, 2010, the Hospital had \$3,153,306 in capital lease obligations outstanding. See *Note 7* for discussions related to the Series 1996 Hospital Revenue Refunding Bonds issued for the benefit of the Hospital by Valley View Hospital Authority and the pay off of those bonds in 2010.

Contacting the Hospital's Financial Management

This financial report is designed to provide the Hospital's patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital Administration by telephoning 580 421 1412.

Valley View Regional Hospital

Balance Sheets

September 30, 2011 and 2010

Assets

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents	\$ 6,892,495	\$ 4,467,424
Short-term investments	4,778,901	3,179,065
Patient accounts receivable, net of allowance, 2011 – \$15,785,000, 2010 – \$12,650,000	9,069,928	8,680,524
Supplies	2,170,164	2,233,405
Estimated amounts due from third-party payers	80,000	-
Prepaid expenses and other	647,658	708,160
	<u>23,639,146</u>	<u>19,268,578</u>
Total current assets		
	<u>23,639,146</u>	<u>19,268,578</u>
Noncurrent Cash and Investments		
Long-term investments	<u>2,506,874</u>	<u>1,513,623</u>
	<u>2,506,874</u>	<u>1,513,623</u>
Noncurrent cash and investments		
	<u>2,506,874</u>	<u>1,513,623</u>
Capital Assets, Net	<u>17,488,821</u>	<u>19,389,325</u>
Other Assets		
Net pension asset	2,379,010	2,815,137
Cash surrender value of life insurance policy	198,042	240,926
Other	1,015,760	1,039,493
	<u>3,592,812</u>	<u>4,095,556</u>
Total assets	<u>\$ 47,227,653</u>	<u>\$ 44,267,082</u>

Liabilities and Net Assets

	2011	2010
Current Liabilities		
Short-term notes payable	\$ -	\$ 107,316
Current maturities of long-term debt	1,087,606	1,054,622
Accounts payable	1,527,578	1,521,280
Accrued salaries and withholdings	857,877	1,528,183
Accrued paid days off	2,269,342	1,827,804
Estimated amounts due to third-party payers	-	400,000
Short-term deferred compensation	25,310	30,046
Other accrued expenses	764,000	764,000
Total current liabilities	6,531,713	7,233,251
Long-term Debt	1,012,924	2,098,684
Deferred Compensation	279,091	338,980
Total liabilities	7,823,728	9,670,915
Net Assets		
Invested in capital assets, net of related debt	15,388,291	16,236,019
Unrestricted	24,015,634	18,360,148
Total net assets	39,403,925	34,596,167
Total liabilities and net assets	\$ 47,227,653	\$ 44,267,082

Valley View Regional Hospital
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts, 2011 – \$16,438,142, 2010 – \$17,559,182	\$ 72,277,942	\$ 69,012,687
Other operating revenues	<u>853,191</u>	<u>860,808</u>
Total operating revenues	<u>73,131,133</u>	<u>69,873,495</u>
Operating Expenses		
Salaries and wages	29,286,968	25,583,620
Employee benefits	6,720,386	6,619,854
Supplies and other	21,338,475	19,923,913
Purchased services	8,170,088	9,413,387
Depreciation	<u>3,197,245</u>	<u>3,460,740</u>
Total operating expenses	<u>68,713,162</u>	<u>65,001,514</u>
Operating Income	<u>4,417,971</u>	<u>4,871,981</u>
Nonoperating Revenues (Expenses)		
Investment income	163,895	411,975
Interest expense	(166,646)	(669,758)
Noncapital grants and gifts	<u>392,538</u>	<u>531,180</u>
Total nonoperating revenues (expenses)	<u>389,787</u>	<u>273,397</u>
Excess of Revenues over Expenses	4,807,758	5,145,378
Appropriations from Valley View Hospital Authority	<u>-</u>	<u>8,199,100</u>
Increase in Net Assets	4,807,758	13,344,478
Net Assets, Beginning of Year	<u>34,596,167</u>	<u>21,251,689</u>
Net Assets, End of Year	<u><u>\$ 39,403,925</u></u>	<u><u>\$ 34,596,167</u></u>

Valley View Regional Hospital
Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Operating Activities		
Receipts from and on behalf of patients	\$ 71,408,538	\$ 70,382,188
Payments to suppliers	(28,912,693)	(32,955,122)
Payments to employees	(35,821,736)	(32,199,172)
Other receipts (payments), net	847,545	838,401
	<u>7,521,654</u>	<u>6,066,295</u>
Net cash provided by operating activities		
Noncapital Financing Activities		
Principal paid on noncapital notes payable	(495,632)	(367,632)
Interest paid on noncapital notes payable	(6,620)	(6,630)
Noncapital grants and gifts	392,538	531,180
	<u>(109,714)</u>	<u>156,918</u>
Net cash provided by (used in) noncapital financing activities		
Capital and Related Financing Activities		
Principal paid on long-term debt	(1,052,776)	(2,194,228)
Interest paid on long-term debt	(160,026)	(260,741)
Purchase of capital assets	(1,352,422)	(1,823,436)
Proceeds from sale of capital assets	7,547	62,691
	<u>(2,557,677)</u>	<u>(4,215,714)</u>
Net cash used in capital and related financing activities		
Investing Activities		
Interest and dividends on investments	453,141	107,054
Net change in short- and long-term investments	(2,882,333)	(1,260,384)
	<u>(2,429,192)</u>	<u>(1,153,330)</u>
Net cash used in investing activities		
Increase in Cash and Cash Equivalents	2,425,071	854,169
Cash and Cash Equivalents, Beginning of Year	<u>4,467,424</u>	<u>3,613,255</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,892,495</u></u>	<u><u>\$ 4,467,424</u></u>

See Notes to Financial Statements

	2011	2010
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by Operating Activities		
Operating income	\$ 4,417,971	\$ 4,871,981
Depreciation	3,197,245	3,460,740
Gain on sale of capital assets	(5,646)	(22,407)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(389,404)	1,569,501
Estimated amounts due to third-party payers	(480,000)	(200,000)
Accounts payable and accrued expenses	(233,315)	(3,992,216)
Other assets and liabilities	1,014,803	378,696
	<u>\$ 7,521,654</u>	<u>\$ 6,066,295</u>
Net cash provided by operating activities	<u>\$ 7,521,654</u>	<u>\$ 6,066,295</u>
Supplemental Cash Flows Information		
Capital lease obligations incurred for capital assets	\$ -	\$ 155,866
Debt service payments paid directly by appropriations from		
Valley View Hospital Authority	\$ -	\$ 8,199,100
Financing of prepaid insurance	\$ 388,316	\$ 388,329
Capital asset purchases in accounts payable	\$ -	\$ 53,780

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Valley View Regional Hospital (the Hospital) is an acute care hospital located in Ada, Oklahoma, staffed for 116 acute care and 20 rehabilitation beds. The Hospital's bylaws require the members of the Hospital's Board of Directors to be the Trustees of Valley View Hospital Authority (the Authority). The Authority is a component unit of the city of Ada, Oklahoma, and the city council approves members to the Board of Trustees. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency services to patients in Ada and surrounding communities.

The Valley View Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Hospital. The Foundation is organized and operated for the exclusive benefit and support of Valley View Regional Hospital.

Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted for the benefit of the Hospital by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is presented in the Hospital's financial statements using the blended method.

Valley View Management Group (VVMG) is a legally separate, for-profit entity which became operational in 2010 and primarily earns revenues by managing physician practices. The Hospital is the sole corporate member of VVMG, is considered a component unit of the Hospital and is presented in the Hospital's financial statements using the blended method.

All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program-specific, investment income and interest expense on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Authority is a component unit of the city of Ada, Oklahoma, and the city council approves members to the Board of Trustees. As the Hospital's bylaws require the Board of Directors of the Hospital to be the same individuals as the Authority's Trustees, the Hospital prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB) in accordance with the Accounting and Auditing Guide for State and Local Governments. Pursuant to GASB Statement No. 20, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Net Patient Service Revenue

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

Appropriations from Valley View Hospital Authority

As discussed in *Note 7*, the Authority issued the Series 1996 Hospital Revenue Refunding Bonds (the Bonds) and loaned the proceeds to the Hospital pursuant to a loan agreement between the Hospital and the Authority. The terms of the loan agreement are identical to the terms of the Bonds. During 2010, the Authority received funds from the 1% sales tax discussed in *Note 7* in sufficient amounts to pay the required debt service on the Bonds. Therefore, under the terms of the loan agreement, the Hospital was not required to pay the principal and interest on the loan agreement to the Authority. The principal and interest payments under the loan agreement were \$7,735,000 and \$464,100, respectively, in 2010. In 2010, these bonds were paid in full. This benefit of not paying the debt service on the loan agreement is reflected as appropriations from the Authority on the accompanying statements of revenues, expenses and changes in net assets.

Use of Estimates

The preparation of 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets of the Hospital are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with Trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Charity Care

The Hospital provides care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Supplies

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements	5–20 years
Buildings and leasehold improvements	5–40 years
Equipment	5–20 years

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Risk Management

The Hospital is exposed to various risks of loss from torts, theft of, damage to and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, medical malpractice, and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

The Hospital is self-insured for a portion of its exposure to risk of loss from employee health claims (see *Note 9*). Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Medical Malpractice Coverage and Claims

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis (see *Note 15*). Under such policy, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims cost, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of the incidents. Based on the Hospital's own claims experience, an accrual of \$175,000 has been made in the accompanying balance sheets as of September 30, 2011 and 2010. However, because of the risks involved in providing health care services, it is possible that other events have occurred that may be the basis for a material future claim. It is reasonably possible that this estimate could change materially in the near term.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from patients, third-party payers and others. The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts on individual credit evaluation and specific circumstances of the account.

Income Taxes

The Hospital is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal and state income tax on any unrelated business taxable income.

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2011 and 2010, cash equivalents consisted primarily of money market funds with brokers and money market mutual funds.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Investments in Joint Venture

The Hospital has ownership (equity) interests in a joint venture – Heartland Healthcare Reciprocal Risk Retention Group (Heartland). The investment in the joint venture is recorded using the equity method of accounting (cost plus equity in the joint venture's undistributed net income or loss since acquisition).

See *Note 15* for additional information regarding the Heartland joint venture.

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for holiday and miscellaneous paid time off benefits are recognized when earned to the extent the employee is expected to realize the benefit as time off or in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Note 2: Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

- **Medicare** – Inpatient acute care services, inpatient skilled nursing services, inpatient rehabilitation services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity and other factors. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2009.
- **Medicaid** – The Hospital has also been reimbursed for services rendered to patients covered by the state Medicaid program on a prospective per discharge method and fee schedules with no retroactive adjustments. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

Approximately 59% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2011 and 2010. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

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

Note 3: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

At September 30, 2011 and 2010, the Hospital's bank balances of \$5,070,945 and \$4,270,374, respectively, were exposed to custodial credit risk as follows:

	2011	2010
Uninsured and uncollateralized	<u>\$ 54,092</u>	<u>\$ 1,216,473</u>

Investments

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities. It may also invest to a limited extent in equity securities.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

At September 30, 2011 and 2010, the Hospital had the following investments and maturities

Type	Fair Value	September 30, 2011		
		Maturities in Years		
		Less than 1	1–5	6–10
Repurchase agreements	\$ 6,367,938	\$ 6,367,938	\$ -	\$ -
U S Treasury obligations	30,367	-	30,367	-
U S government obligations	76,156	-	26,144	50,012
Corporate bonds	218,083	71,303	100,609	46,171
Mutual funds	512,680	512,680	-	-
Money market mutual funds	1,143,604	1,143,604	-	-
	8,348,828	\$ 8,095,525	\$ 157,120	\$ 96,183
Corporate stocks	1,761,453			
	<u>\$ 10,110,281</u>			

Type	Fair Value	September 30, 2010		
		Maturities in Years		
		Less than 1	1–5	6–10
Repurchase agreements	\$ 3,671,315	\$ 3,671,315	\$ -	\$ -
U S Treasury obligations	30,563	-	30,563	-
U S government obligations	27,055	-	27,055	-
Corporate bonds	208,365	10,133	151,838	46,394
Mutual funds	329,399	329,399	-	-
Money market mutual funds	106,818	106,818	-	-
	4,373,515	\$ 4,117,665	\$ 209,456	\$ 46,394
Corporate stocks	1,750,496			
	<u>\$ 6,124,011</u>			

Interest Rate Risk – Interest rate risk is the risk that the fair value of an investment will decrease from rising interest rates. The Hospital's investment policy generally limits investments in debt securities to maturities of 10 years or less. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Hospital's investment policy limits investments in corporate bonds to companies rated A or better. At September 30, 2011 and 2010, the Hospital's investments not directly guaranteed by the U S government were rated as follows:

Investment	September 30, 2011	
	Moody's	S & P
U S government obligations	Aaa	AAA
Corporate bonds	Ba1 to Aaa	A- to AAA
Money market mutual funds	Not rated	Not rated

Investment	September 30, 2010	
	Moody's	S & P
U S government obligations	Aaa	AAA
Corporate bonds	A3 to Aaa	A- to AAA
Money market mutual funds	Not rated	Not rated

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Hospital's investments in repurchase agreements at September 30, 2011 and 2010, are held by the counterparties in other than the Hospital's name. The Hospital's investment policy does not address how securities are to be held.

Concentration of Credit Risk – The Hospital's investment policy limits investments in any one issuer to 10% of the total investments, excluding U S government obligations. At September 30, 2011 and 2010, none of the Hospital's investments exceeded 5%.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the accompanying balance sheets at September 30, 2011 and 2010, as follows

	2011	2010
Carrying value		
Deposits	\$ 4,065,765	\$ 3,034,128
Investments	10,110,281	6,124,011
Change funds and cash on hand	2,224	1,973
	<u>\$ 14,178,270</u>	<u>\$ 9,160,112</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 6,892,495	\$ 4,467,424
Short-term investments	4,778,901	3,179,065
Long-term investments	2,506,874	1,513,623
	<u>\$ 14,178,270</u>	<u>\$ 9,160,112</u>

Investment Income

Investment income for the years ended September 30, 2011 and 2010, consisted of

	2011	2010
Interest, dividends and realized gains (losses) on sales of investments	\$ 66,174	\$ (25,327)
Net increase (decrease) in fair value of investments	(265,010)	226,061
Income from joint venture	362,731	211,241
	<u>\$ 163,895</u>	<u>\$ 411,975</u>

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Note 4: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, consisted of

	2011	2010
Medicare	\$ 3,162,903	\$ 2,683,178
Medicaid	603,940	1,090,323
Other third-party payers	3,997,050	3,635,877
Patients	17,091,035	13,921,146
	<u>24,854,928</u>	<u>21,330,524</u>
Less allowance for uncollectible accounts	<u>15,785,000</u>	<u>12,650,000</u>
	<u>\$ 9,069,928</u>	<u>\$ 8,680,524</u>

Note 5: Capital Assets

Capital assets activity for the years ended September 30, was

	2011				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 278,000	\$ -	\$ -	\$ -	\$ 278,000
Land improvements	450,532	-	-	43,256	493,788
Buildings and leasehold improvements	30,910,559	-	(291,424)	117,579	30,736,714
Equipment	41,894,733	927,179	(96,919)	214,324	42,939,317
Construction in progress	484,950	394,137	(22,674)	(375,159)	481,254
	<u>74,018,774</u>	<u>1,321,316</u>	<u>(411,017)</u>	<u>-</u>	<u>74,929,073</u>
Less accumulated depreciation					
Land improvements	402,052	16,134	-	-	418,186
Buildings and leasehold improvements	23,985,838	639,226	(291,424)	-	24,333,640
Equipment	30,241,559	2,541,885	(95,018)	-	32,688,426
	<u>54,629,449</u>	<u>3,197,245</u>	<u>(386,442)</u>	<u>-</u>	<u>57,440,252</u>
Capital assets, net	<u>\$ 19,389,325</u>	<u>\$ (1,875,929)</u>	<u>\$ (24,575)</u>	<u>\$ -</u>	<u>\$ 17,488,821</u>

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

	2010				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 278,000	\$ -	\$ -	\$ -	\$ 278,000
Land improvements	429,630	-	-	20,902	450,532
Buildings and leasehold improvements	30,669,997	-	-	240,562	30,910,559
Equipment	42,053,877	1,277,362	(1,436,506)	-	41,894,733
Construction in progress	442,541	303,873	-	(261,464)	484,950
	<u>73,874,045</u>	<u>1,581,235</u>	<u>(1,436,506)</u>	<u>-</u>	<u>74,018,774</u>
Less accumulated depreciation					
Land improvements	388,539	13,513	-	-	402,052
Buildings and leasehold improvements	23,279,445	706,393	-	-	23,985,838
Equipment	28,920,663	2,740,834	(1,419,938)	-	30,241,559
	<u>52,588,647</u>	<u>3,460,740</u>	<u>(1,419,938)</u>	<u>-</u>	<u>54,629,449</u>
Capital assets, net	<u>\$ 21,285,398</u>	<u>\$ (1,879,505)</u>	<u>\$ (16,568)</u>	<u>\$ -</u>	<u>\$ 19,389,325</u>

Note 6: Short-Term Notes Payable

The following is a summary of the Hospital's short-term financing transactions for the years ended September 30

	2011			Ending Balance
	Beginning Balance	Additions	Deductions	
Notes payable (A)	\$ 107,316	\$ -	\$ (107,316)	\$ -
Notes payable (B)	-	388,316	(388,316)	-
	<u>\$ 107,316</u>	<u>\$ 388,316</u>	<u>\$ (495,632)</u>	<u>\$ -</u>

	2010			Ending Balance
	Beginning Balance	Additions	Deductions	
Notes payable (A)	\$ 86,619	\$ 388,329	\$ (367,632)	\$ 107,316

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

- (A) Notes payable to finance Hospital insurance coverage, due June or December of each following year with monthly payments, including interest at September 30, 2011. This note was paid off during 2011.
- (B) Notes payable to finance Hospital insurance coverage, due July of following year with monthly payments, including interest of 6.00% at September 30, 2011. This note was paid off during 2011.

Note 7: Long-Term Debt

The following is a summary of long-term debt transactions for the Hospital for the years ended September 30:

	2011				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Capital lease obligations	\$ 3,153,306	\$ -	\$ (1,052,776)	\$ 2,100,530	\$ 1,087,606

	2010				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Note payable to Authority – 1996	\$ 7,735,000	\$ -	\$ (7,735,000)	\$ -	\$ -
Note payable to Authority – 2009	1,000,127	-	(1,000,127)	-	-
Capital lease obligations	4,191,541	155,866	(1,194,101)	3,153,306	1,054,622
Total long-term debt	\$ 12,926,668	\$ 155,866	\$ (9,929,228)	\$ 3,153,306	\$ 1,054,622

Note Payable to the Authority – 1996

On January 1, 1996, the Authority issued the Series 1996 Hospital Revenue Refunding Bonds (the Series 1996 Bonds) in the original amount of \$29,100,000. The Authority loaned the proceeds of the Series 1996 Bonds to the Hospital pursuant to a loan agreement between the Hospital and the Authority. The terms of the loan agreement are identical to the Series 1996 Bonds, which require payments in annual installments through August 15, 2014, with interest at 5.75% to 6.00%. The loan agreement is secured by the net revenues and accounts receivable of the Hospital in addition to all property of the Hospital and requires the Hospital to comply with certain restrictive covenants, including minimum insurance coverage, maintaining an annual debt-service coverage ratio of 1.25 to 1.00 and restrictions on incurrence of additional debt. The Series 1996 Bonds are secured by the loan agreement, the net revenues and accounts receivable of the Hospital in addition to the assets restricted under the bond indenture agreement and the proceeds of a 1% sales tax levied by the city of Ada, Oklahoma, and appropriated to the Authority.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

In August 2010, the note payable to the Authority and the related bonds were paid in full. In connection with the pay off of the Series 1996 Bonds, the 1% sales tax levied by the city of Ada, Oklahoma, is no longer appropriated to the Authority.

Note Payable to the Authority – 2009

On March 11, 2009, the Authority issued the Valley View Hospital Authority Taxable Hospital Revenue Bonds, Series 2009 (the Series 2009 Bonds) in the original amount of \$2,300,000. The Authority loaned the proceeds of the Series 2009 Bonds to the Hospital pursuant to a loan agreement between the Hospital and the Authority. The terms of the loan agreement are identical to the Series 2009 Bonds, which require monthly interest payments at 8.0% through July 11, 2009, then monthly principal and interest payments in sufficient amounts to retire the outstanding principal amount by April 11, 2010. The loan agreement is secured by the net revenues and accounts receivable of the Hospital in addition to all property of the Hospital. The Series 2009 Bonds are secured by the loan agreement, the net revenues and accounts receivable of the Hospital. This note was paid off during the year ended September 30, 2010.

Capital Lease Obligations

The Hospital is obligated under leases for equipment that are accounted for as capital leases. Assets under the capital leases at September 30, 2011 and 2010, totaled \$6,525,414, net of accumulated depreciation of \$3,753,986 and \$2,599,597, respectively.

On May 10, 2007, the Hospital entered into a five-year sublease agreement for \$1,063,455 with the Authority for certain capital assets maintained by the Hospital. On January 3, 2008, the Hospital entered into a five-year sublease agreement for \$2,817,773 with the Authority for additional capital assets maintained by the Hospital.

The following is a schedule by year of future minimum lease payments under the capital leases, including interest at rates of 4.40% to 20.90% together with the present value of the future minimum lease payments as of September 30, 2011.

Year Ending September 30,	
2012	\$ 1,087,606
2013	494,156
2014	249,586
2015	208,473
2016	207,253
2017	86,356
Total minimum lease payments	2,333,430
Less amount representing interest	232,900
Present value of future minimum lease payments	<u><u>\$ 2,100,530</u></u>

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Note 8: Pension Plans

Defined Benefit Plan

Plan Description

The Hospital's defined benefit pension plan is a single-employer defined benefit pension plan administered by the plan's Board of Trustees which is appointed by the Hospital's governing body. The plan provides retirement, disability and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions is vested in the Hospital's governing body. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the plan at Valley View Regional Hospital, Administrative Office, 430 North Monte Vista, Ada, Oklahoma 74820.

Effective January 1, 2006, the Hospital elected to curtail the defined benefit pension plan. This election ceased the accrual of additional pension benefits under the plan by the current participants and ceased the addition of new participants to the plan.

Funding Policy

The authority to establish and amend obligations of plan members and the Hospital is vested in the Hospital's governing body. There are no required or permitted contributions by plan members. The Hospital is required to contribute an actuarially determined amount.

Annual Pension Cost and Net Pension Asset

The Hospital's annual pension cost and net pension asset to the plan for the years ended September 30, 2011 and 2010, were as follows:

	2011	2010
Annual required contribution	\$ -	\$ -
Interest on net pension obligation	(211,135)	(249,841)
Adjustment to annual required contribution	647,262	699,920
Annual pension cost	436,127	450,079
Contributions made	-	-
Decrease in net pension asset	436,127	450,079
Net pension asset, beginning of year	(2,815,137)	(3,265,216)
Net pension asset, end of year	<u>\$ (2,379,010)</u>	<u>\$ (2,815,137)</u>

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

The annual required contribution for 2011 and 2010 was determined as part of an actuarial valuation on October 1, 2010 and 2009, respectively, using the projected unit credit actuarial cost method. The actuarial assumptions included 7.5% investment rate of return (net of administrative expenses). There are no projected salary increases in the actuarial valuation as the plan was frozen effective January 1, 2006. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis.

Trend Information

Year Ended September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2011	\$ 436,127	0.0%	\$ 2,379,010
2010	\$ 450,079	0.0%	\$ 2,815,137
2009	\$ 598,589	598.9%	\$ 3,265,216

Funding Status and Funding Progress

The following is funded status information as of October 1, 2010, the most recent actuarial valuation date.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
October 1, 2010	\$ 28,489,914	\$ 26,556,143	\$ (1,933,771)	107.3%	\$ 11,722,007	-16.5%

The schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Defined Contribution Plan

Effective January 1, 2006, the Hospital began contributing to a defined contribution pension plan covering all employees who have completed one year of service and who are at least 18 years of age. The Hospital's contributions to the plan are 2% of annual compensation and an additional amount determined annually by the Board of Directors. The contribution rate for plan members, expressed as a percentage of covered payroll, was 3.3% and 2.4% for 2011 and 2010, respectively. Contributions actually made by plan members and the Hospital aggregated approximately \$629,000 and \$392,000, respectively, for the year ended September 30, 2011, and \$508,000 and \$390,000, respectively, for the year ended September 30, 2010.

Note 9: Employee Health Claims

Substantially all of the Hospital's employees and their dependents are eligible to participate in the Hospital's employee health insurance plan. The Hospital is self-insured for health claims of participating employees and dependents up to an annual individual amount of \$150,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the individual and aggregate annual amount. A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.

Activity in the Hospital's accrued employee health claims liability during 2011 and 2010 is summarized as follows:

	2011	2010
Balance, beginning of year	\$ 689,000	\$ 704,000
Current year claims incurred and changes in estimates for claims incurred in prior years	3,043,168	3,098,284
Claims and expenses paid	(3,043,168)	(3,113,284)
Balance, end of year	<u>\$ 689,000</u>	<u>\$ 689,000</u>

Note 10: Restricted and Designated Net Assets

At September 30, 2011 and 2010, there were no restricted expendable net assets.

At September 30, 2011 and 2010, approximately \$3,097,000 and \$1,628,000, respectively, of unrestricted net assets have been designated by the Hospital's Board of Directors for capital acquisitions. Designated net assets remain under the control of the Board of Directors which may, at its discretion, later use these net assets for other purposes.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Note 11: Contingencies

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 12: Uncompensated Care

In support of its mission, the Hospital voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Hospital provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for the services provided to the recipients and many times the payments are less than the cost of rendering the services provided.

Uncompensated charges relating to these services are as follows:

	2011	2010
Charity allowances	\$ 2,437,000	\$ 2,345,000
State Medicaid and other public aid programs	21,203,000	19,883,000
	<u>\$ 23,640,000</u>	<u>\$ 22,228,000</u>

In addition to uncompensated charges, the Hospital also commits significant time and resources to endeavors and critical services which meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screening and assessments, prenatal education and care, community educational services and various support groups.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

Note 13: Significant Estimates and Concentrations

Current Economic Conditions

The current protracted economic decline continues to present hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair values of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The accompanying financial statements have been prepared using values and information currently available to the Hospital.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of the Hospital's patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the accompanying financial statements could change rapidly, resulting in material future adjustments in investment values, including defined benefit pension plan investments and allowances for accounts and contributions receivable, that could negatively impact the Hospital's ability to maintain sufficient liquidity.

Note 14: Management Services Agreement

In March 2009, the Hospital entered into a management services agreement with Mercy Health Systems, Inc. (Mercy) for a period of one year with the option to renew for two successive one-year terms. Effective March 2012, the Hospital entered into a new agreement with Mercy that extended the management services agreement through March 2017 with the option to renew for two successive five-year terms. During the years ended September 30, 2011 and 2010, the Hospital incurred expenses of approximately \$360,000 related to this management services agreement.

Note 15: Investment in Joint Venture

Beginning July 1, 2005, the Hospital became a member of Heartland Healthcare Reciprocal Risk Retention Group (formerly, VHA Oklahoma/Arkansas) (Heartland), a Reciprocal Risk Retention Group approved by the state of Vermont, to provide hospital professional and general liability coverage to its subscribers. Heartland was formed in order to stabilize the cost and availability of hospital professional and general liability insurance by taking advantage of the self-funding capabilities of a homogenous group of health care providers. Heartland members are provided hospital professional and general liability insurance under claims-made policies on a fixed premium basis.

Valley View Regional Hospital

Notes to Financial Statements

September 30, 2011 and 2010

The Hospital is a subscriber (member) of Heartland and at September 30, 2011 and 2010, has an approximate 13% ownership (equity) interest in Heartland. Heartland is formed as an unincorporated association approved by the state of Vermont to provide hospital professional liability and general liability coverage to its subscribers. The Hospital's investment in Heartland amounted to approximately \$894,000 at September 30, 2011 and 2010.

The Hospital purchases its professional liability (medical malpractice) and general liability insurance coverage from Heartland (see *Note 1*). For the years ended September 30, 2011 and 2010, the Hospital paid approximately \$689,000 and \$641,000, respectively, to Heartland for the coverage.

Financial position and results of operations summarized from Heartland's audited financial statements for the fiscal years ended December 31, 2010 and 2009, are shown below:

	2010	2009
Cash and cash equivalents	\$ 1,498,473	\$ 1,964,558
Investments at fair value	12,842,373	10,676,944
Other assets	389,226	192,276
Total assets	<u>14,730,072</u>	<u>12,833,778</u>
Unpaid losses and loss adjustment expenses	5,392,522	5,702,679
Other liabilities	382,042	176,340
Total liabilities	<u>5,774,564</u>	<u>5,879,019</u>
Subscribers' surplus (equity)	<u>\$ 8,955,508</u>	<u>\$ 6,954,759</u>
Revenues	<u>\$ 3,681,912</u>	<u>\$ 3,682,022</u>
Net income	<u>\$ 1,835,714</u>	<u>\$ 1,208,987</u>

Complete financial statements of Heartland may be obtained by contacting the Hospital's management at 580 421 1412.

Supplementary Information

Valley View Regional Hospital
Required Supplementary Information
Schedule of Funding Progress
Year Ended September 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
October 1, 2010	\$ 28,489,914	\$ 26,556,143	\$ (1,933,771)	107.3%	\$ 11,722,007	-16.5%
October 1, 2009	\$ 29,099,220	\$ 26,036,395	\$ (3,062,825)	111.8%	\$ 13,718,377	-22.3%
October 1, 2008	\$ 29,453,737	\$ 25,851,048	\$ (3,602,689)	113.9%	\$ 15,105,788	-23.8%

The actuarial accrued liability is based on the projected unit credit method

**Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Valley View Regional Hospital
Ada, Oklahoma

We have audited the financial statements of Valley View Regional Hospital (the Hospital) as of and for the year ended September 30, 2011, and have issued our report thereon dated January 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2011-1 to be a material weakness.

Board of Directors
Valley View Regional Hospital

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to the Hospital's management in a separate letter dated January 23, 2012.

The Hospital's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Hospital's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing body, management and others within the Hospital and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

January 23, 2012

Valley View Regional Hospital

Schedule of Findings and Responses

Year Ended September 30, 2011

Reference Number	Finding
2011-1	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal controls to promote accurate recording and classification of accounting transactions</p> <p>Condition – Management’s procedures for recording and classifying transactions within Valley View Management Group (VVMG) did not prevent inaccurate recording of transactions. In addition, procedures for preparing general ledger reconciliations within VVMG and other clinic accounts are not being performed timely and are inadequate to prevent inaccurate recording of transactions</p> <p>Context – The reconciliation process for VVMG accounts receivable was not adequate to properly reflect gross or net accounts receivables at year-end. In addition, reconciliation of VVMG and other clinic cash accounts were not up to date and current. Several material journal entries were required to correct misstatements not identified or corrected by management</p> <p>Effect – Potential material misstatements in the financial statements or material misappropriation of assets due to error or fraud could occur and not be prevented or detected in a timely manner</p> <p>Cause – Recording and monitoring procedures in the internal control over financial reporting process were not performed correctly</p> <p>Recommendation – Management should ensure that controls are adequate to properly record accounting entries. Management should also ensure that monthly general ledger reconciliations are completed timely and accurately and all reconciling items are researched and resolved on a timely basis</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding and recommendation. Management will take steps to evaluate the current internal controls over the recording and classification of accounting transactions and prepare accurate monthly reconciliations, including resolving any variances</p>