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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

BISBEE HOSPITAL ASSOCIATIONINC

Doing Business As

COPPER QUEEN COMMUNITY HOSPITAL

Number and street (or P O box if mail is not delivered to street address)

101 COLE AVENUE

Room/suite

City or town, state or country, and ZIP + 4

BISBEE, AZ 856031327

F Name and address of principal officer

JAMES DICKSON
101 COLE AVENUE
BISBEE, AZ 856031327

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW.CQCH.ORG

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1977

M State of legal domicile

AZ

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities AHSSTO PROVIDE HEALTHCARE SERVICES TO THE BISBEE ARIZONA COMMUNITY		
	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	10
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
Revenue	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	267
	6	Total number of volunteers (estimate if necessary)	6	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	0
	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	123,533	1,107,741
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	21,747,190	23,479,236
Expenses	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-149,491	-8,408
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	115,492	93,938
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	21,836,724	24,672,507
	14	Benefits paid to or for members (Part IX, column (A), line 4)	74,703	44,789
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	12,335,164	12,482,967
	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0	0	0
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	7,774,643	8,442,495
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	20,184,510	20,970,251
	19	Revenue less expenses Subtract line 18 from line 12	1,652,214	3,702,256
			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	19,720,901	21,717,401
	21	Total liabilities (Part X, line 26)	8,070,020	6,364,264
	22	Net assets or fund balances Subtract line 21 from line 20	11,650,881	15,353,137

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

2013-03-06

Date

JAMES DICKSON CEO

Type or print name and title

Preparer's signature

DAVID B BARBER CPACFE

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)
P00348638

Firm's name (or yours if self-employed), address, and ZIP + 4

REGIER CARR & MONROE LLP
4801 E BROADWAY BLVD STE 501
TUCSON, AZ 857113648

EIN ☐ 48-0573184

Phone no ☐ (520) 624-8229

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part IIIStatement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

TO PROVIDE HEALTHCARE SERVICES TO THE BISBEE ARIZONA COMMUNITY

2

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

Yes

No

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

3

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

Yes

No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 17,547,418 including grants of \$) (Revenue \$ 23,509,561)

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

4b

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

4c

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

4d

Other program services (Describe in Schedule O)


















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

4e

Total program service expenses \$ 17,547,418

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? If "Yes," complete Schedule F, Part III and IV	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	Yes
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	71			
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	267			
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 or securities 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. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate 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 aggregate 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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
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	Did the organization have members or stockholders?		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		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	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete 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 the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		No
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done		No
13	Did the organization have a written whistleblower policy?	Yes	
14	Did 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	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take 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	AZ
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	THE ORGANIZATION 101 COLE AVENUE BISBEE, AZ 856031327 (520) 432-5383

Part VII

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BOB HOWELL PRESIDENT	1 00	X						0	0	0
(2) KATHLEEN HEARD VICE PRESIDENT	1 00	X						0	0	0
(3) ROSALIE BUTLER SECRETARY	1 00	X						0	0	0
(4) JOHN HARRIS TREASURER	1 00	X						0	0	0
(5) DENNIS NELSON DIRECTOR	1 00	X						0	0	0
(6) JOHN GOLDTHORPE DIRECTOR	1 00	X						0	0	0
(7) LAURA CHAVEZ DIRECTOR	1 00	X						0	0	0
(8) GARY DILLARD DIRECTOR	1 00	X						0	0	0
(9) PETER CARBERRY DIRECTOR	1 00	X						0	0	0
(10) DENNIS GALLUS DIRECTOR	1 00	X						0	0	0
(11) JAMES DICKSON CEO	40 00			X				232,705	0	24,701
(12) DIANE MOORE CFO	40 00			X				142,513	0	12,003
(13) JOSE ROMO DOCTOR	40 00					X		315,383	0	17,189
(14) HEIDI LODGE DOCTOR	40 00					X		290,313	0	16,437
(15) DANIEL ROE DOCTOR	40 00					X		512,856	0	23,114
(16) BRUCE CURTIS DOCTOR	40 00					X		196,342	0	13,618
(17) MURADI NAJIBULLAH DOCTOR	40 00					X		195,993	0	13,608

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	1,886,105	0	120,670

2 Total number of individuals (including but not limited to those listed in Item 1) who received or accrued more than \$100,000 of reportable compensation from the organization in 19

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
CPSI PO BOX 850309 MOBILE, AL 36685	EMR SYSTEMS	585,490
LABORATORY CORP OF AMERICA PO BOX 12140 BURLINGTON, NC 27216	LAB	307,565
SIEMENS HEALTHCARE DIAGNOSTICS PO BOX 121102 DALLAS, TX 75312	DIAGNOSTIC	224,606
WAYTUK JOHN P MD 4119 E SELLS DR PHOENIX, AZ 85018	MEDICAL	200,650
PIATT DAVID W MD 4539 W POWELL DR PHOENIX, AZ 85087	MEDICAL	147,800

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶7

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	19,785			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	1,064,735			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	23,221			
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f		1,107,741			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 900099	23,479,236	23,479,236		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		23,479,236			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		10,529		
4		Income from investment of tax-exempt bond proceeds . .					
5		Royalties					
6a		Gross rents	(i) Real (ii) Personal				
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss)					
7a		Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
b		Less cost or other basis and sales expenses		18,937			
c		Gain or (loss)		-18,937			
d		Net gain or (loss)		-18,937			-18,937
8a		Gross income from fundraising events (not including \$ 19,785 of contributions reported on line 1c) See Part IV, line 18	a	2,100			
b		Less direct expenses	b	6,884			
c		Net income or (loss) from fundraising events . .		-4,784			-4,784
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . .					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold	b				
c		Net income or (loss) from sales of inventory . .					
		Miscellaneous Revenue	Business Code				
11a		CAFETERIA	900099	63,591			63,591
b	MISC REVENUE-RELATED-	900099	30,325	30,325			
c	MEDICAL RECORDS	900099	4,806			4,806	
d	All other revenue						
e	Total. Add lines 11a-11d		98,722				
12	Total revenue. See Instructions		24,672,507	23,509,561	0	55,205	

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

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 United States See Part IV, line 21	26,999	26,999		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	17,790	17,790		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	411,922		411,922	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	9,869,771	8,736,087	1,133,684	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	224,215	184,662	39,553	
9	Other employee benefits	1,296,420	1,205,321	91,099	
10	Payroll taxes	680,639	573,508	107,131	
11	Fees for services (non-employees)				
a	Management				
b	Legal	156,962		156,962	
c	Accounting	257,155		257,155	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	10,310		10,310	
g	Other	1,925,473	1,566,152	359,321	
12	Advertising and promotion	207,981		207,981	
13	Office expenses	88,013	52,026	35,987	
14	Information technology				
15	Royalties				
16	Occupancy	39,036	19,996	19,040	
17	Travel	148,632	105,520	43,112	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	348,883	348,883		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,166,844	1,166,844		
23	Insurance	322,571		322,571	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	SUPPLIES	1,719,886	1,717,229	2,657	
b	PROVISION FOR UNCOLLECT	913,843	913,843		
c	REPAIRS & MAINTENANCE	440,686	383,286	57,400	
d	UTILITIES	219,902	219,902		
e					
f	All other expenses	476,318	309,370	166,948	
25	Total functional expenses. Add lines 1 through 24f	20,970,251	17,547,418	3,422,833	0
26	Joint costs. Check here if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			2,381,873	1	3,262,309
	2	Savings and temporary cash investments			2,999,800	2	2,054,465
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			3,241,055	4	4,316,882
	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)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			527,687	8	530,035
	9	Prepaid expenses and deferred charges			72,649	9	202,473
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	18,953,224			
	b	Less: accumulated depreciation	10b	8,151,501	10,446,162	10c	10,801,723
	11	Investments—publicly traded securities				11	500,000
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			51,675	14	49,514
	15	Other assets. See Part IV, line 11				15	
16	Total assets. Add lines 1 through 15 (must equal line 34)			19,720,901	16	21,717,401	
Liabilities	17	Accounts payable and accrued expenses			2,472,811	17	2,795,601
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			5,597,209	25	3,568,663
	26	Total liabilities. Add lines 17 through 25			8,070,020	26	6,364,264
	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			11,555,269	27	15,288,895
28		Temporarily restricted net assets			95,612	28	64,242
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			11,650,881	33	15,353,137
34	Total liabilities and net assets/fund balances			19,720,901	34	21,717,401	

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	24,672,507
2	Total expenses (must equal Part IX, column (A), line 25)	2	20,970,251
3	Revenue less expenses Subtract line 2 from line 1	3	3,702,256
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,650,881
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	15,353,137

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
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	Yes	

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

2011

Open to Public
Inspection

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

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

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

1

☐

A church, convention of churches, or association of churches **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 Se**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 IRC 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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))		14				
15 Public Support Percentage for 2010 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2011. 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—2010. 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—2011. 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—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions						

Part IIIPart III

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. 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—2010. 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC

Employer identification number

86-0334996

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<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<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
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4

Number of states where property subject to conservation easement is located ▶ _____

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
▶ \$ _____

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

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

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

1c

Beginning balance

1d

Additions during the year

1e

Distributions during the year

1f

Ending balance

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
3b		

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		893,568		893,568
b Buildings		11,394,889	4,757,933	6,636,956
c Leasehold improvements				
d Equipment		5,705,632	3,393,568	2,312,064
e Other		959,135		959,135
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				10,801,723

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	24,672,507
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	20,970,251
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,702,256
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	3,702,256

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	24,698,328
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	24,698,328
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	-25,821
c	Add lines 4a and 4b	4c	-25,821
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	24,672,507

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	20,996,072
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	18,937
d	Other (Describe in Part XIV)	2d	6,884
e	Add lines 2a through 2d	2e	25,821
3	Subtract line 2e from line 1	3	20,970,251
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	20,970,251

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE HOSPITAL RECEIVED ITS LETTER OF DETERMINATION FROM THE INTERNAL REVENUE SERVICE IN 1977. CERTAIN UNRELATED BUSINESS INCOME MAY BE SUBJECT TO INCOME TAX. THE HOSPITAL FOLLOWS FASB CODIFICATION 740-10-50 FOR DISCLOSURE OF INCOME TAX RELATED MATTERS. THE STANDARD SETS A "MORE LIKELY THAN NOT" CRITERION FOR RECOGNIZING THE TAX BENEFITS OF UNCERTAIN TAX POSITIONS. THE HOSPITAL BELIEVES THAT ITS INCOME TAX FILING POSITIONS AND DEDUCTIONS WILL BE SUSTAINED UPON EXAMINATION AND, ACCORDINGLY, HAVE NOT RECORDED ANY RESERVES OR RELATED ACCRUALS FOR INTEREST AND PENALTIES IN THE ACCOMPANYING FINANCIAL STATEMENTS FOR UNCERTAIN INCOME TAX POSITIONS. INCOME TAX RELATED INTEREST AND PENALTIES ARE REPORTED IN GENERAL AND ADMINISTRATIVE EXPENSES WHEN INCURRED. NO INCOME TAX EXAMINATIONS ARE CURRENTLY UNDERWAY OR ANTICIPATED. THE STATUTE OF LIMITATIONS IS THREE YEARS FOR FEDERAL INCOME TAX PURPOSES AND FOUR YEARS FOR THE STATE OF ARIZONA.

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19,
or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC

Employer identification number
86-0334996

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☐ Mail solicitations

b

☐ Internet and e-mail solicitations

c

☐ Phone solicitations

d

☐ In-person solicitations

e

☐ Solicitation of non-government grants

f

☐ Solicitation of government grants

g

☐ Special fundraising events

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Total ▶						

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

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

Cat No 50083H

Schedule G (Form 990 or 990-EZ) 2011

Part II Fundraising Events.

Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		GOLF TOURNAMENT (event type)	(event type)	(total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	21,885		21,885
	2	Less Charitable contributions	19,785		19,785
	3	Gross income (line 1 minus line 2)	2,100		2,100
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes	4,595		4,595
	6	Rent/facility costs	1,290		1,290
	7	Food and beverages			
	8	Entertainment			
	9	Other direct expenses	999		999
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			
					(6,884)
					-4,784

Part III Gaming.

Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming
					(Add col (a) through col (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor			
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			
					()

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

- 11

Does the organization operate gaming activities with nonmembers?

Yes

No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

Yes

No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a
b	An outside facility	13b

14

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

Yes

No

b

If "Yes," enter the amount of gaming revenue received by the organization \$ and the amount of gaming revenue retained by the third party \$

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation

\$

Description of services provided

Director/officer

Employee

Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

Yes

No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV

Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
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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

2011

Open to Public Inspection

Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC

Employer identification number
86-0334996

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost						
Charity Care 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 Charity care at cost (from Worksheet 1)			271,000		271,000	1 350 %
b Medicaid (from Worksheet 3, column a)			7,016,745	6,030,476	986,269	4 920 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			7,287,745	6,030,476	1,257,269	6 270 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			27,199		27,199	0 140 %
j Total Other Benefits			27,199		27,199	0 140 %
k Total. Add lines 7d and 7j			7,314,944	6,030,476	1,284,468	6 410 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(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						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense	2778,270	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3389,135	
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)	55,206,870	
6	Enter Medicare allowable costs of care relating to payments on line 5	65,491,201	
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7-284,331	
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	Did the organization have a written debt collection policy during the tax year?	9aYes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9bYes	

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

Name and address

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

COPPER QUEEN COMMUNITY HOSPITAL

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input checked="" type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input checked="" type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

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

Name and address		Type of Facility (Describe)
1	COPPER QUEEN MEDICAL ASSOCIATES-DOUGLAS 100 E 5TH ST DOUGLAS,AZ 85607	RURAL HEALTH CLINIC
2	COPPER QUEEN MEDICAL ASSOCIATES-BISBEE 101 COLE AVE BISBEE,AZ 85603	RURAL HEALTH CLINIC
3	COPPER QUEEN MEDICAL ASSOCIATES-PALOMINA 10524 HIGHWAY 92 HEREFORD,AZ 85615	RURAL HEALTH CLINIC
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions 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, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 913843

Identifier	ReturnReference	Explanation
		PART II N/A

Identifier	ReturnReference	Explanation
		PART III, LINE 4 FINANCIAL NOTES REGARDING BAD DEBTS, PAGE 11 OF AUDITED FINANCIAL STATEMENTSTHE HOSPITAL PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, THE AGE OF ACCOUNTS, THE PAYOR MIX, HISTORICAL COLLECTION INFORMATION, AND EXISTING ECONOMIC CONDITIONS BAD DEBTS ARE MONITORED BY MANAGEMENT AND ARE DETERMINED TO BE DELINQUENT BASED UPON REVIEW OF AGING REPORTS COUPLED WITH CORRESPONDENCE WITH PATIENTS AND THIRD-PARTY PAYORS BAD DEBTS ARE WRITTEN OFF WHEN ALL REASONABLE ATTEMPTS TO COLLECT THE DEBT HAVE BEEN EXHAUSTED A COST TO CHARGES RATIO IS USED TO DETERMINE THE BAD DEBT EXPENSE AT COST SHORTFALL IS NOT INCLUDED AS PART OF COMMUNITY BENEFIT

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

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

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

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 N/A

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	AZ

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC

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

2011

Open to Public
Inspection

Employer identification number
86-0334996

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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ☐

(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) ARIZONA LIONS VISION CENTER3003 S COUNTRY CLUB RD TUCSON,AZ 85713	86-0289608	501C(3)	12,060				FOR SUPPORTING OF GENERAL OPERATION

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

1

3

Enter total number of other organizations listed in the line 1 table

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIPS	8	12,500			
(2) HEALTH CLUB ASSISTANCE	2	5,000			

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

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

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

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

Part I

Questions Regarding Compensation

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

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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2011**Open to Public
Inspection**Name of the organization
BISBEE HOSPITAL ASSOCIATIONINC**Employer identification number**

86-0334996

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE DRAFT OF 990 FORM AND RELATED SCHEDULES ARE SENT TO AND REVIEWED BY BOARD MEMBERS AND MANAGEMENT BEFORE FILING COMMENTS AND CHANGES ARE COMMUNICATED WITH THE TAX PREPARER AND ADDRESSED ACCORDINGLY
	FORM 990, PART VI, SECTION B, LINE 15	EXECUTIVE COMPENSATION IS SET BY THE BOARD BASED UPON REVIEW OF AN ANNUAL SALARY SURVEY BY THE ARIZONA HOSPITAL ASSOCIATION THE HOSPITAL ALSO CONTRACTS WITH AN OUTSIDE CONSULTANT WHO ADVISES THE BOARD REGARDING EXECUTIVE COMPENSATION THE ABOVE MENTIONED PROCESS IS UTILIZED IN SETTING SALARIES OF ALL OF THE EXECUTIVE TEAM AT THE HOSPITAL
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICTS OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE FINANCIAL STATEMENTS ARE ALSO AVAILABLE TO THE PUBLIC THROUGH THE STATE UAR REPORT AND THE FEDERAL MEDICARE COST REPORT

Form

4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2011

Attachment
Sequence No 179

Department of the Treasury
Internal Revenue Service (99)

See separate instructions.

Attach to your tax return.

Name(s) shown on return BISBEE HOSPITAL ASSOCIATIONINC	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 86-0334996
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Part I

Election To Expense Certain Property Under Section 179

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

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
7	Listed property Enter the amount from line 29	7		
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9	Tentative deduction Enter the smaller of line 5 or line 8	9		
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10		
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13	Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13		

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

Part II

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

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

Part III

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

Section A			
17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	1,164,683
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

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

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV

Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	1,164,683
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

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

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

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

Section B—Information on Use of Vehicles

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

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

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

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

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

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions)					
43 Amortization of costs that began before your 2011 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	

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

**REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2012



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

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10/23/12

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying balance sheets of Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital, a nonprofit organization, as of June 30, 2012 and 2011, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. We also conducted our 2012 audit in accordance with 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital, as of June 30, 2012 and 2011 and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012, on our consideration of the Bisbee Hospital Association, Inc., d/b/a Copper Queen Community Hospital's internal control over financial reporting and on 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 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.

Reggie Carr + Monroe, L.L.P.

November 19, 2012
Tucson, Arizona

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

June 30, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,108,416	\$ 2,381,873
Short-term certificates of deposit	1,895,144	2,768,348
Patient accounts and other receivables, net of allowance	4,041,882	3,241,055
Supplies	530,035	527,687
Prepaid expenses	<u>202,473</u>	<u>72,649</u>
Total current assets	<u>9,777,950</u>	<u>8,991,612</u>
ASSETS LIMITED AS TO USE		
Restricted cash	159,321	95,646
Internally designated cash	<u>153,893</u>	<u>135,806</u>
Total assets limited as to use	<u>313,214</u>	<u>231,452</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	893,568	651,856
Buildings and improvements	11,394,889	11,522,084
Equipment	<u>5,705,632</u>	<u>5,428,509</u>
Total	17,994,089	17,602,449
Less accumulated depreciation	<u>8,151,501</u>	<u>7,323,041</u>
Total property, plant and equipment - in service	9,842,588	10,279,408
Construction in progress	<u>959,135</u>	<u>166,754</u>
Total property, plant and equipment	<u>10,801,723</u>	<u>10,446,162</u>
OTHER ASSETS		
Long-term certificates of deposit	500,000	-
Intangible assets, net	<u>49,514</u>	<u>51,675</u>
Total other assets	<u>549,514</u>	<u>51,675</u>
Total assets	<u><u>\$ 21,442,401</u></u>	<u><u>\$ 19,720,901</u></u>

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

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

June 30, 2012 and 2011

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES		
Current maturities of long-term debt and lease obligations	\$ 516,709	\$ 316,471
Accounts payable	1,164,279	981,274
Patient refunds payable	210,998	177,875
Accrued expenses	1,145,324	913,662
Estimated amounts due to third-party payers	<u>-</u>	<u>400,000</u>
Total current liabilities	<u>3,037,310</u>	<u>2,789,282</u>
 LONG-TERM LIABILITIES		
Long-term portion of capital lease obligations payable	91,869	250,909
Long-term portion of mortgages payable	2,915,510	5,029,829
Other long term payable	<u>44,575</u>	<u>-</u>
Total long-term liabilities	<u>3,051,954</u>	<u>5,280,738</u>
Total liabilities	<u>6,089,264</u>	<u>8,070,020</u>
 NET ASSETS		
Unrestricted	15,288,895	11,555,269
Temporarily restricted	<u>64,242</u>	<u>95,612</u>
Total net assets	<u>15,353,137</u>	<u>11,650,881</u>
Total liabilities and net assets	<u><u>\$ 21,442,401</u></u>	<u><u>\$ 19,720,901</u></u>

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

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

For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT			
Net patient service revenue	\$ 23,479,236	\$ -	\$ 23,479,236
Other service revenue	98,540	-	98,540
Total revenues, gains and other support	23,577,776	-	23,577,776
EXPENSES			
Salaries and wages	10,281,693	-	10,281,693
Employee benefits	2,201,274	-	2,201,274
Medical professional fees	644,768	-	644,768
Repairs and maintenance	440,687	-	440,687
Supplies and other	1,807,900	-	1,807,900
General services	1,591,631	-	1,591,631
Administrative services	1,189,733	-	1,189,733
Depreciation and amortization	1,166,844	-	1,166,844
Insurance	322,571	-	322,571
Interest	348,883	-	348,883
Provision for uncollectible accounts	913,843	-	913,843
Total expenses	20,909,827	-	20,909,827
Income from operations	2,667,949	-	2,667,949
OTHER INCOME (EXPENSE)			
Grant revenue	1,064,735	-	1,064,735
Interest income	10,529	-	10,529
Loss on sale of assets	(18,937)	-	(18,937)
Unrestricted contributions	45,106	-	45,106
Charitable donations	(67,308)	-	(67,308)
Other	182	-	182
Net assets released from restrictions	31,370	(31,370)	-
Total other income (expense)	1,065,677	(31,370)	1,034,307
CHANGE IN NET ASSETS	3,733,626	(31,370)	3,702,256
NET ASSETS, BEGINNING OF YEAR	11,555,269	95,612	11,650,881
NET ASSETS, END OF YEAR	\$ 15,288,895	\$ 64,242	\$ 15,353,137

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

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

For the Year Ended June 30, 2011

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

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

BISBEE HOSPITAL ASSOCIATION, INC.
d/b/a COPPER QUEEN COMMUNITY HOSPITAL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 3,702,256	\$ 1,652,214
Items not requiring cash		
Depreciation and amortization	1,166,844	964,224
Loss on disposal of fixed assets	18,936	164,105
Changes in		
Patient accounts and other receivables, net	(800,827)	260,472
Supplies	(2,348)	(93,712)
Prepaid expenses	(129,824)	118,910
Payables and accrued expenses	447,790	(397,713)
Estimated amounts due to and from third-party payers	<u>(400,000)</u>	<u>9,883</u>
Net cash provided by operating activities	<u>4,002,827</u>	<u>2,678,383</u>
INVESTING ACTIVITIES		
Changes in assets limited as to use	(81,762)	58,611
Purchase of certificates of deposit	-	(628,719)
Proceeds from maturity of long-term certificates of deposit	373,204	-
Proceeds from sale of assets	-	20,500
Purchase of property and equipment	<u>(1,539,181)</u>	<u>(3,149,172)</u>
Net cash used by investing activities	<u>(1,247,739)</u>	<u>(3,698,780)</u>

(continued)

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

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

For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
FINANCING ACTIVITIES		
Increase in long-term payables	44,575	-
Proceeds from long-term debt	692,000	1,750,989
Principal payments on long-term liabilities	<u>(2,765,120)</u>	<u>(312,912)</u>
Net cash provided (used) by financing activities	<u>(2,028,545)</u>	<u>1,438,077</u>
Increase in cash and cash equivalents	726,543	417,680
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,381,873</u>	<u>1,964,193</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,108,416</u></u>	<u><u>\$ 2,381,873</u></u>
ADDITIONAL CASH FLOW INFORMATION		
Interest paid	<u><u>\$ 348,883</u></u>	<u><u>\$ 202,621</u></u>

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

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

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Use of Estimates

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

Cash and Cash Equivalents

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

Assets Limited as to Use

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

Certificates of Deposit

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient Accounts Receivable

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

Supplies

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

Property and Equipment

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

Intangible Assets

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

Basis of Presentation

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Hospital. There were no permanently restricted net assets at June 30, 2012 and 2011.

Net Patient Service Revenue

The Hospital has agreements with third-party payors 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 payors, and others for services rendered and include estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known. The Hospital is a critical access hospital for Medicare reimbursement purposes, whereby its Medicare reimbursements are based on allowable costs.

Charity Care

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

Contributions

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Medical Malpractice Coverage and Claims

The Hospital pays fixed premiums for medical malpractice insurance under an occurrence basis policy. The Hospital also purchases excess coverage under a claims-made policy. The Hospital accrues the expense of its share of covered claims, if any, plus unasserted claims and unreported incidents occurring during the year by estimating the probable ultimate cost of any claim or incident. Estimates are based on the Hospital's own claims experience.

Income from Operations

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

Income Taxes

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

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

Bad Debts

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

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising and Promotion Costs

The Hospital expenses advertising and promotion costs as incurred. Advertising and promotion totaled \$174,494 for 2012 (\$184,897 for 2011).

Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record technology by 2014. The Hospital may receive incentive payments for up to four years, provided it demonstrates meaningful use of the technology. The revenue for the incentive payments is recognized as the Hospital demonstrates compliance with the various meaningful use requirements and collection of the incentive payment is reasonably assured. The incentive payments are reported in non-operating revenue.

New Accounting Pronouncements

In 2011 the Financial Accounting Standards Board adopted Accounting Standards Update 2011-07, *Health Care Entities Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. This standard establishes accounting and disclosure requirements for healthcare entities who recognize significant amounts of patient service revenue at the time services are rendered even though they do not assess a patient's ability to pay. The update changes the presentation of the Statement of Operations and Changes in Net Assets and adds new disclosures. The provision for bad debts is required to be presented on a separate line as a deduction from patient service revenue in the Statement of Operations and Changes in Net Assets. The standard becomes effective for the Hospital for the year ended June 30, 2013 and will be implemented at that time.

The Hospital has adopted Accounting Standards Update 2010-24, *Health Care Entities Presentation of Insurance Claims and Related Insurance Recoveries*. This standard requires that accrued liabilities for malpractice and similar claims be reported separately from related insurance recoveries receivable on the Balance Sheet. Prior guidance allowed those amounts to be netted against each other. There was no impact on beginning net assets related to the implementation of this standard nor was there a material impact on the Hospital's results of operations or cash flows for the year ended June 30, 2012, as a result of the adoption of this standard.

(continued)

2. PATIENT SERVICE REVENUE

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

- As a critical access hospital, the Medicare reimbursement is cost-based. The Hospital is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and subsequent audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.
- AHCCCS – Inpatient services are paid based upon predetermined per diem rates. Outpatient services rendered to AHCCCS program beneficiaries are paid based upon discounts from standard charges, which are established by the State of Arizona.

Approximately 67% (62% in 2011) of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid (AHCCCS) programs. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near-term.

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

Net patient service revenue for 2012 and 2011 includes:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	\$ 54,994,437	\$ 51,446,470
Less contractual adjustments for:		
Medicare and AHCCCS	(18,704,651)	(18,545,279)
Other third party payors	<u>(12,810,550)</u>	<u>(11,154,001)</u>
Total	<u>\$ 23,479,236</u>	<u>\$ 21,747,190</u>

Net patient service revenue includes \$4,684,673 and \$4,109,718 for 2012 and 2011, respectively of revenue from operating the rural health clinics.

Revenue from home health services included in net patient service revenue was \$613,715 and \$688,235 for 2012 and 2011, respectively.

(continued)

3. PATIENT ACCOUNTS AND OTHER RECEIVABLES, NET

Patient accounts and other receivables as of June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Gross patient accounts receivable	\$ 7,953,940	\$ 7,049,420
Allowance for contractual adjustments	(3,007,217)	(2,501,312)
Allowance for uncollectible accounts	<u>(1,394,907)</u>	<u>(1,606,053)</u>
Net patient receivables	3,551,816	2,942,055
Other receivables from AHCCCS	340,066	299,000
Estimated insurance claims receivable	<u>150,000</u>	<u>-</u>
Total	<u>\$ 4,041,882</u>	<u>\$ 3,241,055</u>

4. ASSETS LIMITED TO USE

Assets limited as to use consist of cash in checking and money market funds with a balance of \$313,213 as of June 30, 2012 (\$231,452 at June 30, 2011).

5. INTANGIBLE ASSETS

Intangible assets consist of loan and related legal fees paid in conjunction with debt refinancing. Those fees are being amortized over the 25-year life of the loan using the straight-line method. Remaining balances related to existing loan costs were written-off to amortization expense.

Amortization expense for the years ended June 30, 2012 and 2011 was \$2,161 and \$8,127, respectively.

Future amortization expense is shown below:

2013	\$ 2,161
2014	2,161
2015	2,161
2016	2,161
2017	2,161
Thereafter	<u>38,709</u>
Total	<u>\$ 49,514</u>

(continued)

6. LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>
Mortgage note payable – due July 2025, monthly payments of \$21,184, including interest of 5.941%; collateralized by real property.	\$ -	\$ 2,408,685
Bank note payable – due June 2014, monthly payments of \$21,154, including interest of 1.45%; collateralized by certificate of deposit.	500,000	-
Mortgage payable, bank – due June 2035, monthly payments of \$7,677 with fixed interest of 4.25%; prepayment penalty through 2017 secured by land and buildings, and liens on other assets. 90% of loan balance is guaranteed by USDA.	<u>2,735,290</u>	<u>2,782,212</u>
Total	3,235,290	5,190,897
Less current maturities	<u>319,780</u>	<u>161,068</u>
Total	<u>\$ 2,915,510</u>	<u>\$ 5,029,829</u>

Aggregate annual maturities of long-term debt at June 30, 2012 are as follows:

2013	\$ 319,780
2014	326,601
2015	78,050
2016	81,187
2017	85,049
Thereafter	<u>2,344,623</u>
Total	<u>\$ 3,235,290</u>

7. ASSETS AND OBLIGATIONS UNDER CAPITAL LEASES

The Hospital leases various items of medical equipment that have been capitalized under the terms of the lease agreements and are included in equipment on the balance sheet. The cost of leased medical equipment capitalized was \$863,297 and \$696,677 at June 30, 2012 and 2011, respectively. Accumulated amortization was \$508,534 and \$370,096 and as of June 30, 2012 and 2011, respectively. Amortization expense totaled \$138,438 and \$127,985 on these assets in 2012 and 2011.

(continued)

7. ASSETS AND OBLIGATIONS UNDER CAPITAL LEASES (continued)

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

	<u>2012</u>	<u>2011</u>
Equipment lease obligation – due in 2013, monthly payments of \$7,297, including interest 7.5%; collateralized by medical equipment.	\$ 135,978	\$ 204,642
Equipment lease obligation – due in 2013, monthly payments of \$31,875; collateralized by medical equipment.	31,875	-
Equipment lease obligation – due November 2013, monthly payments of \$4,119; collateralized by medical equipment.	67,383	112,061
Equipment lease obligation – due November 2013, monthly payments of \$3,245; collateralized by medical equipment.	<u>53,563</u>	<u>89,609</u>
Total	<u>\$ 288,799</u>	<u>\$ 406,312</u>

Aggregate future minimum lease payments are as follows:

2013	\$ 207,810
2014	<u>95,199</u>
Total	303,009
Less imputed interest	<u>14,211</u>
Net present value of future minimum lease payments	288,798
Less current portion	<u>196,929</u>
Long-term obligations under capital leases	<u>\$ 91,869</u>

8. CHARITY CARE AND OTHER COMMUNITY BENEFITS

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

(continued)

8. CHARITY CARE AND OTHER COMMUNITY BENEFITS (continued)

The Hospital's approximate charity care, based upon standard rates, for the years ended June 30, 2012 and 2011 was \$589,000 and \$786,000, respectively. The estimated cost of the charity care was \$271,000 and \$395,000 for 2012 and 2011, respectively.

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

9. PENSION PLAN

The Hospital has a defined contribution money purchase pension plan covering substantially all employees. Total pension cost is based on 3% of eligible salaries, less forfeitures, and was approximately \$224,000 and \$210,000 for 2012 and 2011, respectively.

10. CONTINGENCIES

Medical Malpractice Claims

The Hospital is named as a defendant in malpractice claims arising out of the normal conduct of business. The reserve for professional liability claims was \$150,000 at June 30, 2012 and is included in accrued expenses in the accompanying Balance Sheet. The Hospital's risks related to professional liability are insured through a claims-made policy. The estimated amount receivable under the insurance contract is \$150,000, and is included in patient and other accounts receivable in the accompanying Balance Sheet. Management believes the reserve for losses is adequate based on information currently known. It is possible that this estimate could change in the near term. Because of the risks involved in providing health care services, it is possible that other events have occurred which may be the basis for a material future claim.

Other Claims

The Hospital is named as a defendant in general liability claims arising out of the normal conduct of business. Management believes that damages, if any assessed against the Hospital will be covered by existing general liability insurance coverage and will not materially affect the financial position of the Hospital.

(continued)

10. CONTINGENCIES (continued)

Grants

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

11. CONCENTRATIONS OF CREDIT RISK

The Hospital maintains cash balances on deposit with financial institutions that, at times, exceed the insured limits. At June 30, 2012, the uninsured balance of cash in depository accounts and certificates of deposit approximated \$1,670,000.

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of net patient accounts receivable at June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Medicare and AHCCCS	35%	35%
Other third-party payors	46%	41%
Patients	<u>19%</u>	<u>24%</u>
Total	<u>100%</u>	<u>100%</u>

12. FUNCTIONAL EXPENSES

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

	<u>2012</u>	<u>2011</u>
Health care services	\$ 15,189,503	\$ 14,770,687
General and administrative	<u>5,720,324</u>	<u>5,339,120</u>
Total	<u>\$ 20,909,827</u>	<u>\$ 20,109,807</u>

(continued)

13. SIGNIFICANT ESTIMATES AND CONCENTRATIONS

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

Allowance for Net Patient Service Revenue Adjustments

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

Liabilities to Medicare

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

Other Concentrations

At June 30, 2012, approximately 75% of the Hospital's labor force is covered by a collective bargaining agreement.

14. COMMITMENTS

Leases

The Hospital leases various equipment and facilities under operating leases expiring at various dates through June 2015. Total rental expense in 2012 and 2011 for all operating leases was approximately \$32,000 and \$34,000 for 2012 and 2011, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2012 that have initial or remaining lease terms in excess of one year.

2013	\$ 31,476
2014	27,484
2015	<u>27,484</u>
Total	<u>\$ 86,444</u>

(continued)

14. COMMITMENTS (continued)

Other Commitments

The Hospital has begun an expansion project of the emergency room. The Hospital has executed contracts with an architect and contractor for the project. The total estimated cost of the expansion is \$4,700,000. The emergency room expansion will be principally financed through a long-term mortgage loan from the U.S. Department of Agriculture. Construction on the expansion began in early 2012 and is expected to be completed in 2013. At June 30, 2012 construction in process included \$640,000 related to this project.

The Hospital executed a construction contract approximating \$700,000 for the expansion of the Douglas clinic. At June 30, 2012. The project is anticipated to be completed in fiscal year 2013. Construction in process at June 30, 2012 was \$276,000.

15. FAIR VALUE MEASUREMENTS

The following methods and assumptions were used in estimating the fair value of financial instruments:

Cash and Cash Equivalents, Accounts Payable, Accrued Expenses, Estimated Third Party Settlements

The carrying value reported in the financial statements approximates the fair value based upon their short-term maturities.

Certificates of Deposit

Fair value is based upon quoted values when available and discounted cash flow analysis based on current investment rates for similar assets. The fair value of the certificates approximated the carrying value at June 30, 2012 and 2011.

Long-term Debt

The carrying value of the long-term debt approximates fair value based on current rates available to similar entities with similar credit ratings.

16. AVAILABLE LINE OF CREDIT

The Hospital has a \$350,000 bank operating line of credit. The line matured on September 22, 2012, but was renewed for another year. The line of credit bears interest at a floating rate. There was no outstanding balance on the line at June 30, 2012.

(continued)

17. SUBSEQUENT EVENTS

Subsequent events have been analyzed through November 19, 2012, the date the financial statements were available for release.

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

OMB CIRCULAR A-133 REPORTS

YEAR ENDED JUNE 30, 2012



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

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FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

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

We have audited the financial statements of Bisbee Hospital Association, Inc. d/b/a Copper Queen Community Hospital (the "Hospital"), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 19, 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

Management of the Hospital is responsible for establishing and maintaining effective 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.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

(continued)

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 noted certain matters that we reported to management of the Hospital in a separate letter dated November 19, 2012.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Regier Cant & Monroe, L.L.P.

November 19, 2012
Tucson, Arizona

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

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

Compliance

We have audited the compliance of Bisbee Hospital Association, Inc. d/b/a Copper Queen Community Hospital (the Hospital) with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Hospital's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Hospital's management. Our responsibility is to express an opinion on the Hospital's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Hospital's compliance with those requirements.

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

(continued)

Internal Control Over Compliance

The management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hospital's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bisbee Hospital Association, Inc. d/b/a Copper Queen Community Hospital's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Bisbee Hospital Association, Inc. d/b/a Copper Queen Community Hospital as of and for the year ended June 30, 2012, and have issued our report thereon dated November 19, 2012, which contained an unqualified opinion on those financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in relation to the financial statements as a whole.

(continued)

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Regier Cant Monroe, L.L.P.

November 19, 2012

Tucson, Arizona

BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department Of Agriculture		
Community Facilities Guaranteed Loan Program	10.766	<u>\$ 2,520,000</u>
U.S. Department of Health and Human Services		
<i>Passed through University of Arizona</i>		
Small Rural Hospital Grant	93.301	6,972
<i>Passed through University of Arizona</i>		
Emergency Preparedness	93.889	<u>10,709</u>
Total – U.S. Department of Health and Human Services		<u>17,681</u>
Total expenditures of federal awards		<u>\$ 2,537,681</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Bisbee Hospital Association, Inc. d/b/a Copper Queen Community Hospital (the "Hospital") under programs of the federal government for the year ended June 30, 2012. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present financial position, changes in net assets, or cash flows of Bisbee Hospital Association, Inc. d/b/a Copper Queen Community Hospital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures in relation to loan guarantees are presented at the amount of the guarantee executed during the year.

BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section I - Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.766	U.S. Department of Agriculture Community Facilities Loan Guarantee
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	No

(continued)

BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2012

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

(continued)

BISBEE HOSPITAL ASSOCIATION, INC.
D/B/A COPPER QUEEN COMMUNITY HOSPITAL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

No prior year findings.