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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

CENTRAL VALLEY MEDICAL CENTER

Doing Business As

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

PO BOX 412

Room/suite

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

NEPHI, UT 84648

F Name and address of principal officer

Mark Stoddard

436 N 800 E

Nephi, UT 84648

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.CVMED.NET

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1984

M State of legal domicile

UT

Part I	Summary
Activities & Governance	1 Briefly describe the organization's mission or most significant activities HOSPITAL SERVICES
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets 3 Number of voting members of the governing body (Part VI, line 1a) 4 Number of independent voting members of the governing body (Part VI, line 1b) 5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) 6 Total number of volunteers (estimate if necessary) 7a Total unrelated business revenue from Part VIII, column (C), line 12 7b Net unrelated business taxable income from Form 990-T, line 34
Revenue	8 Contributions and grants (Part VIII, line 1h) 9 Program service revenue (Part VIII, line 2g) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) Prior Year 68,258 28,213,357 836,371 29,117,986 Current Year 70,953 30,068,832 265,664 3,521 30,408,970
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) 14 Benefits paid to or for members (Part IX, column (A), line 4) 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) 16a Professional fundraising fees (Part IX, column (A), line 11e) b Total fundraising expenses (Part IX, column (D), line 25) 78,581 17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) 18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) 19 Revenue less expenses Subtract line 18 from line 12 4,000 9,557,037 17,284,991 26,846,028 2,271,958 5,000 0 9,906,008 0 17,859,052 27,770,060 2,638,910
Net Assets or Fund Balances	Beginning of Current Year End of Year 20 Total assets (Part X, line 16) 21 Total liabilities (Part X, line 26) 22 Net assets or fund balances Subtract line 21 from line 20 39,697,400 16,461,950 23,235,450 41,490,060 15,805,547 25,684,513

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

2013-04-08

Date

Mark Stoddard President & CEO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

L MATTHEW EGNEW CPA

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

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

Hansen Barnett & Maxwell PC

5 Triad Center Suite 750

Salt Lake City, UT 84180

EIN

Phone no (801) 532-2200

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 III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐ Yes ☒ No

1

Briefly describe the organization's mission

HOSPITAL SERVICES

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 \$ 24,262,754 including grants of \$) (Revenue \$ 30,068,832)

CENTRAL VALLEY MEDICAL CENTER OPERATES A HOSPITAL AND TWO MEDICAL CLINICS PROVIDING MEDICAL CARE TO RURAL 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 \$ 24,262,754

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.		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.		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V.		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.	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.		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, 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.		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.		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.		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.		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II.		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements.	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		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer 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		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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 ☐					
				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	49		
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	281		
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	Yes		
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes		
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			No
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			No
7 Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			No
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?				8	No
9 Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
10 Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11 Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?				12a	No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. 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			No
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			No

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

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

Section B. Policies

(This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	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?	10b	No
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	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	12a	Yes
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
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?	16b	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
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. ☐ Own website ☐ Another's website ☒ 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. Central Valley Medical Center 48 W 1500 N Nephi, UT 84648 (435) 623-3000

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) Betty Mikkelsen Board Member	1 00	X						0	0	0
(2) Gayle Ludlow Board Member	1 00	X						0	0	0
(3) Mark Chase Board Member	1 00	X						0	0	0
(4) William D Howard Board Member	1 00	X						0	0	0
(5) Alan Kennison Board Member	1 00	X						0	0	0
(6) Duane Crutchfield Chairman	1 00	X						0	0	0
(7) Brent Davis CFO	50 00			X				111,229	0	18,982
(8) Mark Stoddard President & CEO	50 00			X				243,955	0	25,789
(9) Jerald Taylor MEDICAL DOCTOR	50 00					X		0	408,266	41,226
(10) Grant Rasmussen MEDICAL DOCTOR	50 00					X		0	403,673	41,226
(11) James Rosenbeck MEDICAL DOCTOR	50 00					X		0	334,653	41,226
(12) Joel Holman MEDICAL DOCTOR	50 00					X		0	333,855	41,226
(13) Mark Oveson MEDICAL DOCTOR	50 00					X		0	333,541	41,226

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	355,184	1,813,988	250,901

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. 15

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	Yes	

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. 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
SW Rehab Inc 887 N 800 E Neph, UT 84648	Physical Therapy Ser	836,808
Rural Health Management Corporation 48 W 1500 N Neph, UT 84648	Physician Services	2,975,635
Rural Health Group Inc 48 W 1500 N Neph, UT 84648	Management Services	345,765
BP CONSULTING INC PO BOX 140095 BOISE, ID 83714	MOBILE MRI	146,563
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		4

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	64,235				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	6,718				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			70,953			
Program Service Revenue			Business Code					
	2a	RETAIL PHARMACY	446110	2,806,152		2,806,152		
	b	Medical Services	621110	27,193,610	27,193,610			
	c	CAFETERIA/RECORDS/OTHER	900099	69,070	69,070			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			30,068,832			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			260,468		260,468	
	4	Income from investment of tax-exempt bond proceeds . .			0			
	5	Royalties			0			
	6a	(i) Real		(ii) Personal				
		19,325						
		15,804						
		3,521						
	d	Net rental income or (loss)			3,521		3,521	
	7a	(i) Securities		(ii) Other				
		485,080		5,250				
		485,134						
		-54		5,250				
	d	Net gain or (loss)			5,196		5,196	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from fundraising events . .			0			
	9a	Gross income from gaming activities See Part IV, line 19		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from gaming activities . .			0			
	10a	Gross sales of inventory, less returns and allowances		a				
b	Less cost of goods sold		b					
c	Net income or (loss) from sales of inventory . .			0				
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			0				
12	Total revenue. See Instructions			30,408,970	27,262,680	2,806,152	269,185	

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	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	5,000	5,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	430,208	291,431	138,777	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	7,353,843	6,303,209	997,647	52,987
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	383,995	345,493	34,473	4,029
9	Other employee benefits	1,190,036	1,085,206	91,873	12,957
10	Payroll taxes	547,926	485,292	59,109	3,525
11	Fees for services (non-employees)				
a	Management	1,053,598		1,053,598	
b	Legal	10,736		10,736	
c	Accounting	34,718		34,718	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	4,508,209	4,359,766	148,443	
12	Advertising and promotion	56,589	22,959	33,630	
13	Office expenses	368,414	231,529	131,870	5,015
14	Information technology	178,397	76,254	102,143	
15	Royalties	0			
16	Occupancy	398,272	318,618	79,654	
17	Travel	115,380	75,408	39,904	68
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	818,299	818,299		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	1,663,994	1,508,386	155,608	
23	Insurance	360,300	210,912	149,388	
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	OTHER EXPENSES	178,653	41,033	137,620	
b	MAINTENANCE	427,597	410,470	17,127	
c	PROVISION FOR DOUBTFUL ACCOUNT	2,071,040	2,071,040		
d	SUPPLIES	5,557,572	5,557,572		
e					
f	All other expenses	57,284	44,877	12,407	
25	Total functional expenses. Add lines 1 through 24f	27,770,060	24,262,754	3,428,725	78,581
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			774,944	1	532,133
	2	Savings and temporary cash investments			6,940,540	2	3,699,842
	3	Pledges and grants receivable, net				3	0
	4	Accounts receivable, net			4,788,736	4	6,147,602
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	0
	7	Notes and loans receivable, net			2,811,264	7	3,254,939
	8	Inventories for sale or use			1,257,016	8	1,517,395
	9	Prepaid expenses and deferred charges			337,914	9	239,809
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	31,357,703	19,436,986		19,778,776
	b	Less: accumulated depreciation	10b	11,578,927		10c	
	11	Investments—publicly traded securities				11	971,250
	12	Investments—other securities. See Part IV, line 11				12	0
	13	Investments—program-related. See Part IV, line 11				13	0
	14	Intangible assets				14	0
	15	Other assets. See Part IV, line 11			3,350,000	15	5,348,314
	16	Total assets. Add lines 1 through 15 (must equal line 34)			39,697,400	16	41,490,060
Liabilities	17	Accounts payable and accrued expenses			2,043,711	17	1,788,261
	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			14,418,239	23	14,017,286
	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				25	
	26	Total liabilities. Add lines 17 through 25			16,461,950	26	15,805,547
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			23,235,450	27	25,684,513
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			23,235,450	33	25,684,513
	34	Total liabilities and net assets/fund balances			39,697,400	34	41,490,060

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	30,408,970
2	Total expenses (must equal Part IX, column (A), line 25)	2	27,770,060
3	Revenue less expenses Subtract line 2 from line 1	3	2,638,910
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	23,235,450
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-189,847
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	25,684,513

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		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 ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		No

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization CENTRAL VALLEY MEDICAL CENTER	Employer identification number 87-0419324
---	--

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 See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in 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 (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 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 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

OMB No 1545-0047

2011

Open to Public Inspection

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.

Name of the organization
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a	Total number of conservation easements
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

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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	

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		1,483,594		1,483,594
b Buildings		19,758,127	5,282,996	14,475,131
c Leasehold improvements				
d Equipment		9,134,097	5,687,474	3,446,623
e Other		981,885	608,457	373,428
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				19,778,776

Schedule D (Form 990) 2011

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	130,408,970
2	Total expenses (Form 990, Part IX, column (A), line 25)	27,770,060
3	Excess or (deficit) for the year Subtract line 2 from line 1	2,638,910
4	Net unrealized gains (losses) on investments	-189,847
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 - 8	-189,847
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	2,449,063

Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	130,234,927
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a-189,847	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d15,804	
e	Add lines 2a through 2d2e-174,043	
3	Subtract line 2e from line 1330,408,970	
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)530,408,970	

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	127,785,864
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d15,804	
e	Add lines 2a through 2d2e15,804	
3	Subtract line 2e from line 1327,770,060	
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)527,770,060	

Part XIVSupplemental 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
Part XIII, Line 2d	Part XIII, Line 2d Other expenses and losses per audited F/S	NETTED RENTAL EXPENSES \$15804
Part XII, Line 2d	Part XII, Line 2d Other revenue amounts included in F/S but not included on form 990	NETTED RENTAL EXPENSES \$15804

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
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

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 ☐ Applied uniformly to all hospitals ☐ Generally tailored to individual hospitals ☐ Applied uniformly to most hospitals			
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 ☒ 100%☐ 150%☐ 200%☐ Other _____% 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 ☐ 200%☒ 250%☐ 300%☐ 350%☐ 400%☐ Other _____% 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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	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)			546,919		546,919	1 970 %
b Medicaid (from Worksheet 3, column a)			2,563,950	2,260,262	303,688	1 090 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			3,110,869	2,260,262	850,607	3 060 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	9		491,071	214,221	276,850	1 000 %
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)			25,004		25,004	0 090 %
j Total Other Benefits	9		516,075	214,221	301,854	1 090 %
k Total. Add lines 7d and 7j	9		3,626,944	2,474,483	1,152,461	4 150 %

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	1		3,000		3,000	0.010 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total	1		3,000		3,000	0.010 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	1,263,335	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	500,000	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	
6Enter Medicare allowable costs of care relating to payments on line 5	6	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	
8Describe 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: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other		

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "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.	9b	Yes	

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 %
1RURAL HEALTH GROUP INC	MANAGEMENT SERVICES			
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

Schedule H (Form 990) 2011

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)

CENTRAL VALLEY MEDICAL CENTER

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 ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI)	1	No
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 ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ 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 ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ 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 <u>100 0000</u> % 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>250 0000</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 ☒ Income level b ☐ Asset level c ☐ Medical indigency d ☐ Insurance status e ☐ Uninsured discount f ☐ Medicaid/Medicare g ☐ State regulation h ☐ 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 ☐ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☐ The policy was posted in the hospital facility's admissions offices e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☒ 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 ☒ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☒ 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 ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☒ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☒ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ 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	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ 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	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ 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	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ 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	20	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	21	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? 4

Name and address		Type of Facility (Describe)
1	FOUNTAIN GREEN CLINIC 275 W 300 S FOUNTAIN GREEN, UT 84632	PHYSICIAN CLINIC
2	CENTRAL VALLEY COMMUNITY PHARMACY 152 W 1500 N NEPHI, UT 84648	RETAIL PHARMACY SERVICES
3	CENTRAL VALLEY HOME HEALTH HOSPICE & HME 152 W 1500 N NEPHI, UT 84648	HOME HEALTH, HOSPICE AND HME SERVICES
4	NEPHI MEDICAL CLINIC 48 W 1500 N NEPHI, UT 84648	PHYSICIAN CLINIC
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 V - Explanation of Number of Facility Type	1 CRITICAL ACCESS HOSPITAL

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	UT

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	CVMC PARTICIPATES IN COMMUNITY HEALTH INITIATIVES THROUGH CASH DONATIONS AND EMPLOYEE INVOLVEMENT AND SUPPORT THE BOARD OF DIRECTORS IS SELECTED FROM THE DIFFERENT COMMUNITIES SERVED BY THE ORGANIZATION TO REPRESENT THE NEEDS OF THESE COMMUNITIES THE BOARD SERVES AS VOLUNTEERS TO REMOVE FINANCIAL INTEREST CONFLICTS

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	THE ORGANIZATION SUPPORTS AND PARTICIPATES IN COMMUNITY SERVICE AND HEALTH PROMOTION ACTIVITIES THROUGH EMPLOYEE INVOLVEMENT AND CASH DONATIONS. COMMUNITY HEALTH IS OF PRIME IMPORTANCE TO OUR ORGANIZATION AND WE STRIVE TO PROMOTE THAT IN THE COMMUNITIES WE SERVE.

Identifier	ReturnReference	Explanation
	Part VI - Community Information	THE ORGANIZATION SERVES PATIENTS FROM JUAB, SANPETE AND MILLARD COUNTIES IN CENTRAL UTAH

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	SIGNS ARE PLACED AT THE REGISTRATION DESKS THROUGHOUT THE FACILITY INFORMING PATIENTS OF CHARITY ASSISTANCE THAT IS AVAILABLE OUR REGISTRATION PERSONNEL WORK WITH UNINSURED PATIENTS TO QUALIFY THEM FOR PUBLIC INSURANCE PROGRAMS AND AVAILABLE CHARITY ASSISTANCE

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	COMMUNITY NEEDS ARE ASSESSED THROUGH COMMUNITY AND PHYSICIAN INPUT

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 0	Part V, Line 15e - Other Collection Actions Against a Patient	WAGE GARNISHMENTS

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 0	Part V, Line 13g - Other Means Hospital Facility Publicized the Policy	POSTED SIGNS INDICATING HOSPITAL HAD ASSISTANCE PROGRAM

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	ALL PATIENTS ARE GIVEN AN OPPORTUNITY TO APPLY FOR CHARITABLE ASSISTANCE IF THEY DESIRE APPROPRIATE REDUCTIONS ARE TAKEN IN THEIR PATIENT ACCOUNT BALANCE BASED ON INCOME AND ABILITY TO PAY

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
CENTRAL VALLEY MEDICAL CENTER

Employer identification number

87-0419324

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		
	☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
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		
	☒ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☒ Compensation survey or study ☒ Form 990 of other organizations ☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	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	Yes
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	No

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.

[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
------------	------------------	-------------

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV

Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RURAL HEALTH MANAGEMENT CORP	COMMON PRESIDENT	2,975,635	PHYSICIAN SERVICES		No
(2) RURAL HEALTH GROUP INC	COMMON PRESIDENT	1,181,706	MANAGEMENT FEES		No

Part V

Supplemental Information

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

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

OMB No 1545-0047

2011**Open to Public
Inspection**Name of the organization
CENTRAL VALLEY MEDICAL CENTER**Employer identification number**

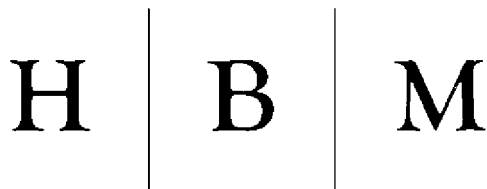
87-0419324

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	AVAILABLE UPON REQUEST
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	THE ORGANIZATION UTILIZED A COMPENSATION COMMITTEE, COMPARABLE FORM 990S OF OTHER ORGANIZATIONS, COMPENSATION SURVEYS AND STUDIES, AND APPROVAL OF A COMPENSATION COMMITTEE TO ESTABLISH THE REASONABLENESS OF INSIDER COMPENSATION
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	VERBAL DISCLOSURE IS MADE ANNUALLY BY BOARD MEMBERS AND OFFICERS
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	FORM 990 IS REVIEWED BY THE FINANCE COMMITTEE BEFORE IT IS FILED
Form 990, Part VI, Line 3	Form 990, Part VI, Line 3 Description of Delegated Duties to Management Company	MANAGEMENT CONTRACT FOR CEO, CFO AND IT SERVICES WITH RURAL HEALTH GROUP, INC

CENTRAL VALLEY MEDICAL CENTER

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

June 30, 2012 and 2011



HANSEN, BARNETT & MAXWELL, P.C.
Certified Public Accountants

CENTRAL VALLEY MEDICAL CENTER

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
Central Valley Medical Center
Nephi, Utah

We have audited the accompanying balance sheets of Central Valley Medical Center ("the Hospital"), a nonprofit corporation, 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 the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 1, 2012

**CENTRAL VALLEY MEDICAL CENTER
BALANCE SHEETS
AS OF JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,217,981	\$ 7,702,252
Accounts receivable (net of allowance for doubtful accounts and contractual adjustments of \$3,259,111 and \$2,512,359, respectively)	6,147,602	4,788,736
Accrued interest and other receivables	401,097	298,155
Current portion of notes receivable from related parties	162,671	150,063
Inventory	1,517,395	1,257,016
Prepaid expenses and other current assets	239,809	337,914
Total Current Assets	<u>12,686,555</u>	<u>14,534,136</u>
Assets Limited as to Use		
Cash and cash equivalents	<u>13,994</u>	<u>13,232</u>
Other Assets		
Notes receivable from related parties, net of current portion	2,691,171	2,363,046
Held to maturity investments	971,250	-
Investment in LLC	5,348,314	3,350,000
Total Other Assets	<u>9,010,735</u>	<u>5,713,046</u>
Net Property and Equipment	<u>19,778,776</u>	<u>19,436,986</u>
Total Assets	<u>\$ 41,490,060</u>	<u>\$ 39,697,400</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,084,147	\$ 1,090,316
Accrued payroll and related liabilities	640,085	878,679
Accrued interest	64,029	74,716
Current portion of notes payable	800,850	730,911
Current portion of capital leases	10,000	10,000
Total Current Liabilities	<u>2,599,111</u>	<u>2,784,622</u>
Long-Term Liabilities		
Interest rate swaps	1,560,800	1,370,954
Notes payable, net of current portion	11,515,969	12,166,707
Capital leases payable, net of current portion	129,667	139,667
Total Long-Term Liabilities	<u>13,206,436</u>	<u>13,677,328</u>
Total Liabilities	<u>15,805,547</u>	<u>16,461,950</u>
Net Assets		
Unrestricted	<u>25,684,513</u>	<u>23,235,450</u>
Total Net Assets	<u>25,684,513</u>	<u>23,235,450</u>
Total Liabilities and Net Assets	<u>\$ 41,490,060</u>	<u>\$ 39,697,400</u>

The accompanying notes are an integral part of these financial statements

CENTRAL VALLEY MEDICAL CENTER
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 29,999,762	\$ 28,103,828
Other operating revenue	88,395	109,529
Net assets released from restrictions	70,953	68,258
Total Unrestricted Revenues, Gains, and Other Support	<u>30,159,110</u>	<u>28,281,615</u>
Expenses		
Operating expenses	23,222,671	22,661,561
Depreciation and amortization	1,673,854	1,481,576
Provision for doubtful accounts	2,071,040	1,944,541
Total Expenses	<u>26,967,565</u>	<u>26,087,678</u>
Income from Operations	<u>3,191,545</u>	<u>2,193,937</u>
Other Income (Expense)		
Interest income	184,025	165,865
Interest expense	(818,299)	(758,350)
Gain (loss) on disposal of assets	5,250	(10,464)
Dividend income	76,443	62,233
Unrealized gain (loss) on interest rate swap	(189,847)	46,796
Realized gain (loss) on investments	(54)	618,737
Total Other Income (Expense)	<u>(742,482)</u>	<u>124,817</u>
Change in Unrestricted Net Assets	<u>2,449,063</u>	<u>2,318,754</u>
Temporarily Restricted Revenues, Gains, and Other Support		
Grants	64,235	61,343
Donations	6,718	6,915
Net assets released from restrictions	(70,953)	(68,258)
Change in Temporarily Restricted Net Assets	<u>-</u>	<u>-</u>
Change in Net Assets	<u>2,449,063</u>	<u>2,318,754</u>
Net Assets, Beginning of Year	<u>23,235,450</u>	<u>20,916,696</u>
Net Assets, End of Year	<u><u>\$ 25,684,513</u></u>	<u><u>\$ 23,235,450</u></u>

The accompanying notes are an integral part of these financial statements

**CENTRAL VALLEY MEDICAL CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,449,063	\$ 2,318,754
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,673,854	1,481,576
Provision for bad debts	2,071,040	1,944,541
(Gain) loss on disposal of equipment	(5,250)	10,464
Unrealized (gain) loss on interest rate swap	189,847	(46,796)
Realized (gain) loss on investments	54	(618,737)
Amortization of physician note receivable	32,333	25,597
Change in current assets and liabilities		
Patient accounts receivable	(3,429,906)	(2,614,318)
Other receivables	(102,942)	(265,851)
Inventory, prepaid expenses and other current assets	(162,274)	(426,003)
Accounts payable	(6,169)	501,306
Accrued payroll and other current liabilities	(249,281)	101,323
Net Cash From Operating Activities	<u>2,460,369</u>	<u>2,411,856</u>
Cash Flows From Investing Activities		
Purchase of investments	(1,456,384)	(1,575,077)
Proceeds from sale of investments	485,080	439,013
Investment in LLC	(1,998,314)	(1,350,000)
Receipts on note receivable - related parties	117,730	90,657
Issuance of note receivable - related parties	(490,796)	(560,000)
Purchase of property and equipment	(2,015,644)	(4,544,913)
Proceeds from disposal of equipment	5,250	1,250
Net Cash From Investing Activities	<u>(5,353,078)</u>	<u>(3,547,952)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	159,603	1,840,397
Principal payments on long-term debt	(750,403)	(667,678)
Net Cash From Financing Activities	<u>(590,800)</u>	<u>1,172,719</u>
Net Change in Cash and Cash Equivalents	(3,483,509)	36,623
Cash and Cash Equivalents, Beginning of Year	<u>7,715,484</u>	<u>7,678,861</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,231,975</u></u>	<u><u>\$ 7,715,484</u></u>
Cash and cash equivalents in current assets	\$ 4,217,981	\$ 7,702,252
Cash and cash equivalents in assets limited as to use	13,994	13,232
Total Cash and Cash Equivalents	<u><u>\$ 4,231,975</u></u>	<u><u>\$ 7,715,484</u></u>

The accompanying notes are an integral part of these financial statements

CENTRAL VALLEY MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Central Valley Medical Center (the “Hospital”) was incorporated on February 15, 1984. The Hospital, located in Nephi, Utah, is a not-for-profit hospital organized as a 501(c)(3) under the Internal Revenue Code. The Hospital also operates doctors’ clinics. The Hospital is governed by a Board of Directors. The Board and Executive officers exercise all oversight responsibility including, but not limited to, matters of personnel, management, finances, and budget.

The Hospital has received approval from Medicare to be designated as a critical access hospital. Critical access hospitals are on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Investments — Investments in equity securities with readily determinable fair values and all investments in debt securities are measured and presented at fair value on the balance sheet. Investment revenues are reported net of related expenses. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Accounts Receivable — The Hospital has receivables from its patients, substantially all of whom are residents from the area served by the Hospital. An allowance for uncollectible accounts and third party payor adjustments is established by charges to operations from amounts required to maintain an adequate allowance, as determined by management, to cover these anticipated losses and adjustments. Individual accounts receivable are charged to the allowance when collection appears doubtful. At such time, the accounts are referred to collection agencies. Adjustments for third party payors are charged to operations in the period payments are received. Provision for doubtful accounts is shown separately from contractual revenue adjustments, which are netted against patient service revenues. The Hospital’s collection policy allows a ten percent discount if paid within thirty days of discharge for self pay accounts or within thirty days after payment from the third party payer. An account is considered past due if payments are not received within sixty days from the date of discharge for self pay accounts or within sixty days after the receipt of payment from the third party payer.

Other Receivables — Other receivables consist of a Medicaid assessment receivable and various other rents, rebates, and interest.

Inventory — Inventory consisting of supplies is valued at the lower of cost or market. Cost is determined by the weighted average method.

Property and Equipment — Purchased property and equipment are carried at cost. The Hospital computes depreciation based on the estimated useful lives of property and equipment using the straight-line method for both financial statement and third-party reimbursement purposes. Estimated useful lives range from 3 to 15 years for equipment and from 5 to 30 years for buildings and improvements. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the financial statements. It is the Hospital's policy to capitalize equipment purchases in excess of \$5,000.

Derivative Instruments and Hedging Activities — The Hospital has entered into interest rate swaps to reduce its exposure to market risks from changing interest rates and recognizes such on the balance sheet at its fair value. The Hospital formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash-flow hedges to specific liabilities on the balance sheet.

The Hospital has elected to use the short-cut method to account for the effectiveness of its interest rate swap. The short-cut method allows for an assumption of no ineffectiveness, allowing all changes in fair value to be recorded as non-operating income.

Fair Value of Financial Instruments — The Hospital has a number of financial instruments, none of which are held for trading purposes. The Hospital estimates that the fair value of all financial instruments at June 30, 2012 and 2011 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

During the years ended June 30, 2012 and 2011, the Hospital held an interest rate swap, equity securities, and corporate bonds, which are all required to be measured at fair value on a recurring basis. Generally accepted accounting principles in the U.S. define fair value, establish a framework for measuring fair value and dictate disclosures about fair value measurements. See Note 8 – Hedging Activities and Note 9 – Fair Value Measurements for relevant disclosures.

Charity Care — The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care for the years ended June 30, 2012 and 2011 amounted to \$486,077 and \$630,598, respectively.

Income Taxes — The Hospital is a nonprofit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

In evaluating tax positions, the Hospital follows the provisions of the Income Taxes topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification. The Codification requires that an entity recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Hospital has applied this requirement to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits.

as of June 30, 2012. In addition, there have been no material changes in unrecognized benefits during the year ended June 30, 2012, nor is it expected that there will be a material change in the next 12 months.

The Hospital's exempt information returns are eligible for tax exam for three years. Hence, as of June 30, 2012, the Hospital's information returns for the years ended June 30, 2009 through June 30, 2011 are still eligible for tax exam by the federal agency.

Advertising – The Hospital follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$56,589 and \$54,117 for the years ended June 30, 2012 and 2011, respectively.

Donated Assets – The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2012 and 2011, there were no temporarily restricted net assets.

The Hospital reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The Hospital reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service if there are no explicit donor stipulations about how long those long-lived assets must be maintained.

Subsequent Events — Subsequent events have been evaluated through October 1, 2012, the date the financial statements were issued.

Recent Accounting Pronouncements — In June 2011, the FASB issued additional guidance for health care entities regarding the presentation and disclosure of patient service revenue and the provision for bad debts. Under the additional guidance, new disclosures are required. Also, the provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of revenues, expenses and changes in net assets. The new disclosures will assist users of financial statements to better understand how health care entities recognize patient service revenue and assess bad debts. For nonpublic entities, the new guidance is effective for the first annual period ending after December 15, 2012, with early adoption permitted. The Hospital is currently in the process of determining how this new guidance will affect the Hospital's financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The carrying amount of the Hospital's deposits with financial institutions at June 30, 2012 and 2011 was \$4,229,665 and \$7,713,174, respectively. Of the carrying amount of deposits at June 30, 2012 and 2011, \$3,885,259 and \$6,591,083, respectively, was not covered by Federal Depositary Insurance. Petty cash was \$2,310 at June 30, 2012 and 2011.

Cash equivalents classified as *Assets Limited as to Use* represent lease trust accounts.

NOTE 3 – NOTES RECEIVABLE FROM RELATED PARTIES

Between July 7, 2003 and February 24, 2005, the Hospital loaned \$2,213,000 at 5.5% interest, to Rural Health Management Corporation (RHMC). RHMC managed the day-to-day operations of the Hospital at that time and through December 31, 2006. RHMC made payments on these loans prior to the year ended June 30, 2006 totaling \$815,000. The remaining principal balance of \$1,398,000 plus the accrued interest of \$147,088 was renegotiated on July 1, 2006 into a note receivable bearing interest of 5.5%, maturing in 2021, with monthly principal and interest payments ranging from \$5,000 to \$15,000. In January 2007, RHMC transferred the note to Rural Health Group, Inc. Rural Health Group, Inc. manages the day-to-day operations of the Hospital as described in Note 13. At June 30, 2012 the current portion of the note was \$111,711, and the remaining balance of \$1,171,280 was considered to be noncurrent. At June 30, 2011 the current portion of the note was \$99,921, and the remaining balance of 1,282,991 was considered to be noncurrent.

In 2011, the Hospital loaned Rural Health Group, Inc. \$560,000. The note is secured by real property and has a 4.5% interest rate. The note requires monthly payments of \$3,543 until maturity in 2031. As of June 30, 2012 the current portion of the note was \$18,627, and the remaining balance of \$520,674 was considered to be noncurrent. As of June 30, 2011 the current portion of the note was \$17,809, and the remaining balance of \$539,301 was considered to be noncurrent.

In June 2009 the Hospital entered into a loan with a physician employed by the Hospital for \$97,000. The Hospital has agreed to forgive the loan in equal amounts each month for 36 months as the physician maintains employment. In the event of default the remaining balance of loaned monies are immediately due and payable with interest at 6%. The physician began employment in September 2010. Accordingly, as of June 30, 2012, the current portion of the note was \$32,333, and the remaining balance of \$6,736 was considered to be noncurrent. As of June 30, 2011, the current portion of the note was \$32,333, and the remaining balance of \$39,069 was considered to be noncurrent.

In January 2007, the Hospital entered into a promissory note agreement to loan Desert View Regional Medical Center Holdings, LLC (DVRMC), a total of \$201,686. The Hospital has ownership interest in DVRMC, as discussed in Note 5 below. The note bears no interest and was due in July 2007. The note maturity has been extended until DVRMC meets debt covenant requirements. During June 2009 the Hospital loaned an additional \$300,000 to DVRMC to allow DVRMC to maintain adherence to loan covenants. As no formal loan agreement was issued and management does not expect repayment in the next fiscal year, the Hospital classified the entire \$501,685 amount due from DVRMC as noncurrent.

In January 2012, the Hospital purchased a note receivable being held by a third party. This note receivable is payable by Desert View Regional Medical Center Holdings, LLC (DVRMC). The Hospital has ownership interest in DVRMC, as discussed in Note 5 below. The note bears no interest and was due in July 2007. As no formal loan agreement was issued and management does not expect repayment in the next fiscal year, the Hospital classified the \$201,686 due from DVRMC as noncurrent.

Notes receivable from related parties at June 30, 2012 also includes a refund of \$289,110 receivable from the Hospital's health insurance provider, which is a self-insurance fund managed by RHMC.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2012 and 2011 follows

	<u>2012</u>	<u>2011</u>
Land	\$ 1,483,594	\$ 1,296,178
Building and improvements	19,758,127	18,819,590
Furniture and fixtures	884,501	891,295
Transportation equipment	195,056	163,467
Equipment	8,939,041	8,593,592
Construction in progress	<u>97,384</u>	<u>77,556</u>
Total Cost	31,357,703	29,841,678
Less Accumulated depreciation	<u>(11,578,927)</u>	<u>(10,404,692)</u>
Net Property and Equipment	<u>\$ 19,778,776</u>	<u>\$ 19,436,986</u>

Depreciation and amortization expense for the years ended June 30, 2012 and 2011 was \$1,673,854 and \$1,481,576, respectively. The cost of assets accounted for as capital leases at June 30, 2012 and 2011 was \$272,572 for both years. Accumulated amortization of equipment under capital leases was \$127,069 and \$116,766 at June 30, 2012 and 2011, respectively.

NOTE 5 – INVESTMENTS

Held to Maturity Investments – Held to maturity investments, stated at fair value at June 30, 2012 and 2011, are comprised of the following

	<u>2012</u>	<u>2011</u>
Corporate bonds	<u>\$ 971,250</u>	<u>\$ -</u>

Generally accepted accounting principles in the U.S. define fair value, establish a framework for measuring fair value and dictate disclosures about fair value measurements. See Note 9 – Fair Value Measurements for relevant disclosures.

Investment in LLC – During 2005, the Hospital invested \$2,000,000 in Desert View Regional Medical Center Holdings, LLC, in Pahrump, Nevada. The Hospital received a 15.75% preferred unit ownership interest and a 1.06% common unit ownership interest for its investment.

In 2011, the Hospital invested an additional \$1,350,000 in Desert View Regional Medical Center Holdings, LLC for an additional 11.81% preferred unit ownership. In 2012, the Hospital invested an additional \$1,998,314 in Desert View Regional Medical Center Holdings, LLC for an additional 15.75% preferred unit ownership. These purchases increased ownership percentages in Desert View Regional Medical Center Holdings, LLC to 43.31% preferred unit ownership interest and a 1.06% common unit ownership as of June 30, 2012.

The preferred units include voting rights, a 10% preferential return on investment, and a liquidation preference equal to the preferential return. The Hospital accounts for this investment using the cost method of accounting.

NOTE 6 – LONG-TERM DEBT

A summary of long-term debt and capital lease obligations at June 30, 2012 and 2011 follows

	<u>2012</u>	<u>2011</u>
Note payable to a bank, interest at 6.9%, monthly payments of \$82,770 through November 2025, secured by real property, subject to interest rate swap (Note 8), including swap fair market valuation of \$(1,260,026) and \$(1,271,647) as of June 30, 2012 and 2011, respectively	\$ 10,018,126	\$ 10,402,947
Note payable to a bank, interest at 6.3%, monthly payments of \$14,938 through December 2030, secured by real property, subject to interest rate swap (Note 8), including swap fair market valuation of \$(300,774) and \$(99,307) as of June 30, 2012 and 2011, respectively	2,262,074	1,939,704
Note payable to a bank, interest rate of 5-year LIBOR plus 2% (7.2% as of June 30, 2012), payable in monthly installments of \$5,180 through September 2026, secured by real property	542,738	569,152
Note payable to a bank, interest rate of 3.96%, payable in monthly installments of \$18,032, including interest, due June 2015, secured by equipment	610,272	797,973
Note payable to a bank, interest rate of 5.2%, payable in monthly installments of \$9,487, including interest, due April 2014, secured by equipment	197,415	297,919
Mortgage loan payable to United States Department of Agriculture, interest rate of 4.13%, payable in monthly installments of \$2,032, including interest, due August 2025, secured by real property	246,994	260,877
Capital lease obligations, at an imputed interest rate of 6.9% collateralized by leased equipment and real property	<u>139,667</u>	<u>149,667</u>
Total Long-Term Debt	14,017,286	14,418,239
Less: Amounts Due Within One Year	<u>(810,850)</u>	<u>(740,911)</u>
Total Long-Term Debt, Net of Current Portion	<u><u>\$ 13,206,436</u></u>	<u><u>\$ 13,677,328</u></u>
Reconciliation of Amounts Due Within One Year:		
Amounts due within one year - notes payable	\$ 800,850	\$ 730,911
Amounts due within one year - capital leases	<u>10,000</u>	<u>10,000</u>
Total Amounts Due Within One Year	<u><u>\$ 810,850</u></u>	<u><u>\$ 740,911</u></u>

The Hospital has a \$1,000,000 line of credit with a bank which will expire in October 2012. The balance on the line of credit at June 30, 2012 and 2011 was \$0 each year.

Scheduled principal repayments on long-term debt and payments on capital lease obligations as of June 30, 2012, are as follows:

Year Ending June 30,	Long-Term Debt	Capital Lease Obligations
2013	\$ 800,850	\$ 12,672
2014	830,191	12,490
2015	2,044,380	12,310
2016	611,919	12,462
2017	655,091	12,940
Thereafter	8,935,188	96,073
	<u>\$ 13,877,619</u>	<u>158,947</u>
Less amount representing interest under capital lease obligations		<u>(19,280)</u>
		139,667
Less current portion		<u>(10,000)</u>
		<u>\$ 129,667</u>

NOTE 7 – 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. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. A summary of the payment arrangements with major third-party payors follows:

Medicare — Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor (MAC). Medicare cost reports through June 30, 2010 have been settled with the MAC. Medicare cost reports have been filed through June 30, 2011.

Medicaid — Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under percent of charges and fee schedule reimbursement methodologies.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, 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.

A summary of patient service revenue and contractual adjustments for the years ended June 30, 2012 and 2011 is as follows

	2012	2011
Gross Patient Service Revenue	<u>\$ 40,877,821</u>	<u>\$ 36,896,507</u>
Contractual Adjustments		
Medicare	(6,969,458)	(4,831,713)
Medicaid	(1,190,391)	(967,364)
Other	<u>(2,718,210)</u>	<u>(2,993,602)</u>
Total Contractual Adjustments	<u>(10,878,059)</u>	<u>(8,792,679)</u>
Net Patient Service Revenue	<u><u>\$ 29,999,762</u></u>	<u><u>\$ 28,103,828</u></u>

NOTE 8 – HEDGING ACTIVITIES

During the year ended June 30, 2006, the Hospital entered into an interest rate swap agreement to reduce the impact of changes in interest rates on \$5,000,000 of the anticipated total \$10,500,000 note payable. Effective November 2006, when the construction loan was converted into a note payable, \$10,000,000 of the total \$10,500,000 loan amount was subject to the interest rate swap. The interest rate swap agreement effectively changes the Hospital's interest rate exposure to a fixed 6.9%. The notional amount of the interest rate swap tracks the outstanding balance on the \$10,500,000 note payable and terminates in November 2015. The change in valuation on the interest rate swap is recognized in other non-operating revenue (expense) on the statement of operations and changes in net assets in the amount of \$11,621 and \$146,103 as of June 30, 2012 and 2011, respectively. The balance of this swap was a liability of \$1,260,026 and \$1,271,647 as of June 30, 2012 and 2011, respectively.

During the year ended June 30, 2011, the Hospital entered into an interest rate swap agreement to reduce the impact of changes in interest rates on a \$2,000,000 note payable. Effective December 2010, the \$2,000,000 loan amount was subject to the interest rate swap. The interest rate swap agreement effectively changes the Hospital's interest rate exposure to a fixed 6.3%. The notional amount of the interest rate swap tracks the outstanding balance on the \$2,000,000 note payable and terminates in December 2020. The change in valuation on the interest rate swap is recognized in other non-operating revenue (expense) on the statement of operations and changes in net assets in the amount of \$(201,468) and \$(99,307) as of June 30, 2012 and 2011, respectively. The balance of this swap was a liability of \$300,774 and \$99,307 as of June 30, 2012 and 2011, respectively.

NOTE 9 — FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The Hospital's fair value balances are based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the company has the ability to access. Active markets are those in which transactions for the asset or liability occur.

in sufficient frequency and volume to provide pricing information on an ongoing basis. As of June 30, 2012, the Hospital's Level 1 items consist of investments in corporate bonds. As of June 30, 2011, the Hospital does not have any fair value balances classified as Level 1.

- **Level 2** — Inputs other than quoted prices in active markets included in Level 1, that are either directly or indirectly observable. These inputs are either directly observable in the marketplace or indirectly observable through corroboration with market data for substantially the full contractual term of the asset or liability being measured. The Hospital's Level 2 items consist of interest rate swaps.
- **Level 3** — Includes inputs that are not observable for which there is little, if any, market activity for the asset or liability being measured. These inputs reflect management's best estimate of the assumptions market participants would use in determining fair value. Level 3 would include unobservable pricing inputs that are significant to the overall fair value. The Hospital does not have any fair value balances classified as Level 3.

In valuing certain contracts, the inputs used to measure fair value may fall into different levels of fair value hierarchy. For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. The Hospital's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

The table below summarizes the estimated fair value of the Hospital's financial assets and liabilities measured on a recurring basis as of June 30, 2012.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets			
Corporate bonds	\$ 971,250	\$ -	\$ -
Financial liabilities			
Interest rate swaps	-	(1,560,800)	-

The table below summarizes the estimated fair value of the Hospital's financial assets and liabilities measured on a recurring basis as of June 30, 2011.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets			
Corporate bonds	\$ -	\$ -	\$ -
Financial liabilities			
Interest rate swaps	-	(1,370,954)	-

The Hospital measures the fair value of the interest rate swap by obtaining a quote from the counterparty that indicates the cost that would be incurred to terminate the interest rate swap contract. The counterparty's quote considers the difference between the stated interest rate of the swap and the current prevailing market interest rate, the possible effects of future market events on interest rates, and the time remaining until termination of the contract.

The Hospital measures the fair value of the corporate bonds by obtaining a statement from the counterparty that indicates the fair value of the instruments held.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Leases – The Hospital rents miscellaneous machinery and equipment when necessary. The Hospital's total lease/rent expense for the year ended June 30, 2012 and 2011 was \$50,797 and \$45,900, respectively.

Debt Guarantee – On February 10, 2005, the Hospital guaranteed up to \$3,000,000 of debt used for the development and construction of the Desert View Regional Medical Center (DVRMC) in Pahrump, Nevada. Guarantees will be executed according to the operating agreement; claims shall be made first against RHMC and then the Hospital, not to exceed \$3,000,000. The guarantee is expected to be in effect until the debt has been repaid, which is scheduled for June 2026. It is expected that, in the event of a default on the debt, proceeds from liquidations of DVRMC's assets held as collateral on the debt would be more than sufficient to cover the guaranteed balance. In exchange for the guarantee, the Hospital received a 1.06% common unit ownership interest.

Litigation – The Hospital is at times involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations. The Hospital maintains liability insurance to cover any such claims.

NOTE 11 – RETIREMENT PLAN

The Hospital maintains a defined contribution retirement plan in which all employees are eligible to participate after 90 days of service. Employees may contribute any amount desired up to the maximum allowed by law. The Hospital contributes four percent of full-time salaries and another two percent match if the employee contributes two percent. The funds are in individual flexible premium deferred annuities and mutual fund investments. During the years ended June 30, 2012 and 2011, the Hospital contributed \$383,995 and \$367,137, respectively.

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2012 and 2011 was as follows:

	2012	2011
Medicare	24 %	26 %
Medicaid	9	8
Other third-party payors	34	30
Patients	23	21
Accounts placed with payment management agencies	10	15
	100 %	100 %

NOTE 13 – RELATED PARTY TRANSACTIONS

In December 1999, the Hospital entered into a Hospital Management Agreement with RHMC, a not-for-profit corporation. The president of RHMC is CEO and President of the Hospital. RHMC provides management services to the Hospital under the agreement. The Hospital also has a leased employee arrangement with RHMC to lease physician employees. The agreement was for a five-year period with automatic extensions for five-year periods thereafter with Consumer Price Index increases in the monthly fee. During the year ended June 30, 2007, the Hospital Management Agreement was amended so that the management services would be provided by Rural Health Group, Inc. (RHGI), another company related to both the Hospital and RHMC through common control.

The Hospital paid RHGI \$1,181,706 and \$1,168,793 in management fees and salary reimbursements for the years ended June 30, 2012 and 2011, respectively. The Hospital paid RHMC \$2,975,635 and \$3,090,012 in physician employee costs for the years ended June 30, 2012 and 2011, respectively.

The Hospital entered into promissory note receivable agreements with RHMC/RHGI, DVRMC, and an employed physician as described in Note 3.

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

The Hospital paid \$849,657 and \$859,695 for interest during the years ended June 30, 2012 and 2011, respectively. Cash paid for interest during the years ended June 30, 2012 and 2011, included capitalized interest of \$20,671 and \$115,320, respectively.

During the year ended June 30, 2012, the Hospital disposed of buildings, equipment, furniture, and fixtures with a cost of \$499,618 and accumulated depreciation of \$499,618 for \$5,250 resulting in a gain of \$5,250 from the disposal of assets. During the year ended June 30, 2011, the Hospital disposed of buildings, equipment, furniture, and fixtures with a cost of \$148,034 and accumulated depreciation of \$136,320 for \$1,250, resulting in a loss of \$10,464 from the disposal of assets.

NOTE 15 – FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2012	2011
Health care services	\$ 23,444,454	\$ 22,293,878
General and administrative	3,444,530	3,715,972
Fundraising	78,581	77,828
Total expenses	<u>\$ 26,967,565</u>	<u>\$ 26,087,678</u>