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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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning , 2012, and ending , 20

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

C Name of organization
VALLEY HOSPITAL ASSOCIATION, INC.

Doing Business As DBA MAT-SU HEALTH FOUNDATION

Number and street (or P O box if mail is not delivered to street address) | Room/suite
950 E. BOGARD ROAD | 218

City, town or post office, state, and ZIP code
WASILLA, AK 99654

D Employer identification number
92-0019395

E Telephone number
(907) 352-2863

G Gross receipts $ 14,860,158.

F Name and address of principal officer ELIZABETH RIPLEY
SAME AS C ABOVE

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 ▶ N/A

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

J Website. ▶ WWW.HEALTHYMATSU.ORG

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1948 | **M** State of legal domicile AK

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE REPORTING ORGANIZATION'S PRIMARY EXEMPT PURPOSE IS THE PROVISION OF MEDICAL SERVICES TO AREA RESIDENTS.

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	13.
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13.
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	7.
6	Total number of volunteers (estimate if necessary)	6	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	16,211.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-520,784.

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	60,156.	96,689.
9	Program service revenue (Part VIII, line 2g)	13,889,014.	12,416,972.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,778,896.	2,346,497.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,288.	0
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	15,731,354.	14,860,158.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	3,791,159.	3,539,103.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	553,220.	726,720.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	407,398.	573,387.
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	4,751,777.	4,839,210.
19	Revenue less expenses Subtract line 18 from line 12	10,979,577.	10,020,948.

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	99,227,234.	112,025,634.
21	Total liabilities (Part X, line 26)	3,625,969.	2,739,962.
22	Net assets or fund balances Subtract line 21 from line 20	95,601,265.	109,285,672.

SCANNED DEC 0 2 2014

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OGDEN, UT

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date 11/15/13

▶ Don Zoerb III Finance Director
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
SARA K LASELL	Sara K Lasell	11/14/13		P01274828

Firm's name ▶ KPMG LLP — Firm's EIN ▶ 13-5565207

Firm's address ▶ 701 WEST 8TH AVENUE, SUITE 600 ANCHORAGE, AK 99501 — Phone no 907-265-1200

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

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2012)

JSA
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Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

THE REPORTING ORGANIZATION'S PRIMARY EXEMPT PURPOSE IS THE PROVISION OF MEDICAL SERVICES TO AREA RESIDENTS.

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 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 $ 3,539,103. including grants of $ 3,539,103) (Revenue $ _____)

THE REPORTING ORGANIZATION PROVIDES GRANTS TO COMMUNITY ORGANIZATIONS WITH THE PURPOSE OF IMPROVING THE HEALTH AND WELLNESS OF MATANUSKA-SUSITNA BOROUGH RESIDENTS.

4b (Code _____) (Expenses $ _____ including grants of $ _____) (Revenue $ 12,416,972)

INVESTMENT IN MAT-SU VALLEY MEDICAL CENTER, LLC, JOINT VENTURE.

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** ▶ 3,539,103.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24 a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	N/A	
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	N/A	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	N/A	
25 a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34		X
35 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	N/A	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37	X	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

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	10		
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		X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return .	2a	7		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b		X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?	3a		X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			X
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			X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		N/A	
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 as charitable contributions?	6a			X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		N/A	
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			X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		N/A	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . .	7e			X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . .	7g		N/A	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		N/A	
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		N/A	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a		N/A	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		N/A	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	N/A		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	N/A		
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a	N/A		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	N/A		
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a		N/A	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	N/A		
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?	13a		N/A	
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	N/A		
c	Enter the amount of reserves on hand	13c	N/A		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*	14b		N/A	

Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 X

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year 1a 13			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent 1b 13			
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		X
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		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		X
6	Did the organization have members or stockholders?	6	X	
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		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	X	
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		X

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		X
b	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	N/A	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . .	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13		X
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b		X
	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	X	
b	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	X	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ AK,

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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 ☐ Other *(explain in Schedule O)*

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 during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ DONALD ZOERB III, 950 E BOGARD ROAD, SUITE 218 WASILLA, AK 99654 907-352-2863

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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) LINDA CONOVER CHAIRPERSON	1.00 0	X		X				0	0	0
(2) NATHAN DAHL DIRECTOR	1.00 0	X						0	0	0
(3) FRED VANWALLINGA DIRECTOR	1.00 0	X						0	0	0
(4) RICHARD STRYKEN DIRECTOR	1.00 0	X						0	0	0
(5) SALLY DUCLOS DIRECTOR	1.00 0	X						0	0	0
(6) SCOTT JOHANNES VICE-CHAIRPERSON	1.00 0	X		X				0	0	0
(7) BILL HOGAN DIRECTOR	1.00 0	X						0	0	0
(8) JODY SIMPSON DIRECTOR	1.00 0	X						0	0	0
(9) ANDY REIMER SECRETARY/TREASURER	1.00 0	X		X				0	0	0
(10) JERRY TROSHYNSKI DIRECTOR	1.00 0	X						0	0	0
(11) KEN KINCAID DIRECTOR	1.00 0	X						0	0	0
(12) RANDY WESTBROOK DIRECTOR	1.00 0	X						0	0	0
(13) MARY OLSON DIRECTOR	1.00 0	X						0	0	0
(14) ELIZABETH RIPLEY EXECUTIVE DIRECTOR	40.00 0			X				154,116.	0	14,964.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
15) DONALD ZOERB, III	40.00									
FINANCE DIRECTOR	0			X				95,480.	0	25,349.
1b Sub-total ▶								154,116.	0	14,964.
c Total from continuation sheets to Part VII, Section A ▶								95,480.	0	25,349.
d Total (add lines 1b and 1c) ▶								249,596.	0	40,313.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1

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

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
THE FORAKER GROUP	GRANTEE TECH ASST	161,849.
MCDOWELL GROUP	PROFESSIONAL SVCS	118,375.

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

Part VIII Statement of Revenue

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

				(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	1,797			
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	94,892.			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		96,689			
			Business Code				
Program Service Revenue	2a	INCOME MAT-SU VALLEY MEDICAL CENTER, LLC	812900	12,482,422	12,482,422.		
	b	INCOME MAT-SU VALLEY III, LLC	812900	40,152	40,152		
	c	INCOME MAT-SU VALLEY II, LLC	812900	-105,602	-121,813	16,211	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a-2f		12,416,972			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts). ATTACHMENT 1		1,812,844			1,812,844.
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)		0			
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)		533,653			533,653
	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		14,860,158	12,400,761	16,211	2,346,497

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).

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	3,294,547.	3,294,547.		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	244,556.	244,556.		
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	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	573,241.		573,241.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	108,421.		108,421.	
10 Payroll taxes	45,058.		45,058.	
11 Fees for services (non-employees)				
a Management	0			
b Legal	32,767.		32,767.	
c Accounting	35,932.		35,932.	
d Lobbying	3,535.		3,535.	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	162,642.		162,642.	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount list line 11g expenses on Schedule O)	14,138.		14,138.	
12 Advertising and promotion	96,204.		96,204.	
13 Office expenses	13,177.		13,177.	
14 Information technology	91,927.		91,927.	
15 Royalties	0			
16 Occupancy	0			
17 Travel	43,343.		43,343.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	1,974.		1,974.	
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	3,913.		3,913.	
23 Insurance	25,008.		25,008.	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MSHF BOD EXPENSES	24,768.		24,768.	
b DUES & SUBSCRIPTIONS	23,864.		23,864.	
c OTHER MISC. EXPENSE	195.		195.	
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	4,839,210.	3,539,103.	1,300,107.	
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	0	1	0
	2	Savings and temporary cash investments	19,681,670.	2	21,553,204.
	3	Pledges and grants receivable, net	17,891.	3	12,891.
	4	Accounts receivable, net	0	4	0
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0
	7	Notes and loans receivable, net	0	7	0
	8	Inventories for sale or use	0	8	0
	9	Prepaid expenses and deferred charges ATCH 2	19,685.	9	27,103.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 78,256.			
	b	Less accumulated depreciation — 10b: 17,824.	64,344.	10c	60,432.
	11	Investments - publicly traded securities ATCH 3	40,840,248.	11	49,657,675.
	12	Investments - other securities See Part IV, line 11	0	12	0
	13	Investments - program-related See Part IV, line 11	0	13	0
	14	Intangible assets	0	14	0
	15	Other assets See Part IV, line 11	38,603,396.	15	40,714,329.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	99,227,234.	16	112,025,634.
Liabilities	17	Accounts payable and accrued expenses	327,349.	17	357,234.
	18	Grants payable	3,298,620.	18	2,382,728.
	19	Deferred revenue	0	19	0
	20	Tax-exempt bond liabilities	0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0
	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	0	25	0
	26	**Total liabilities.** Add lines 17 through 25	3,625,969.	26	2,739,962.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	95,562,045.	27	109,285,672.
	28	Temporarily restricted net assets	39,220.	28	0
	29	Permanently restricted net assets	0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), 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	95,601,265.	33	109,285,672.
	34	Total liabilities and net assets/fund balances	99,227,234.	34	112,025,634.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	14,860,158.
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,839,210.
3	Revenue less expenses. Subtract line 2 from line 1	3	10,020,948.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	95,601,265.
5	Net unrealized gains (losses) on investments	5	3,702,679.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-39,220.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	109,285,672.

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	2a		X
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	2b	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	N/A	

Form **990** (2012)

SCHEDULE A
(Form 990 or 990-EZ)

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

2012

Open to Public Inspection

Name of the organization	**Employer identification number**
VALLEY HOSPITAL ASSOCIATION, INC.	92-0019395

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III-Functionally integrated **d** ☐ Type III-Non-functionally integrated

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

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

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

		Yes	No
(i)	A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**	
(ii)	A family member of a person described in (i) above?	**11g(ii)**	
(iii)	A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**	

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

JSA
2E1210 1 000

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)** (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) . . . . . 14 %

15 Public support percentage from 2011 Schedule A, Part II, line 14 . . . . . 15 %

16a **33 1/3 % support test - 2012.** 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 - 2011.** If the organization did not check a 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 - 2012.** 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 - 2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . ▶ ☐

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2012.** 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 - 2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

HOSPITAL'S NAME, CITY AND STATE

SCHEDULE A, PART I

MAT-SU REGIONAL MEDICAL CENTER

2500 S. WOODWORTH LOOP

PALMER, AK 99645

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**

▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of organization	Employer identification number
VALLEY HOSPITAL ASSOCIATION, INC.	92-0019395

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures . . . . . ▶ $

3 Volunteer hours . . . . . .

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955. . . . . ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . . . ☐ Yes ☐ No

4a Was a correction made? . . . . . ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities . . . . . ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities . . . . . ▶ $

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b . . . . . ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? . . . . . ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV

	(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

g	Grassroots nontaxable amount (enter 25% of line 1f)		
h	Subtract line 1g from line 1a. If zero or less, enter -0-		
i	Subtract line 1f from line 1c If zero or less, enter -0-		

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of.			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		3,535.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?		X	
j Total. Add lines 1c through 1i			3,535.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4, Part I-C, line 5; Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information

SEE PAGE 4

Part IV Supplemental Information *(continued)*

SCHEDULE C, PART IV SUPPLEMENTAL INFORMATION REGARDING PART II-B, LINE 1G

DURING THE CURRENT YEAR, THE STATE LEGISLATURE BEGAN DELIBERATIONS ON MULTIPLE BILLS THAT THE REPORTING ORGANIZATION BELIEVED WOULD HAVE AN IMPACT ON THE PROVISION OF MEDICAL SERVICES IN THE MAT-SU BOROUGH. ELIZABETH RIPLEY, EXECUTIVE DIRECTOR OF THE REPORTING ORGANIZATION, CONDUCTED THE LOBBYING ACTIVITIES IN 2012, WHICH INCLUDED PERSONAL CONTACT WITH BOTH HOUSE REPRESENTATIVES AND STATE SENATORS IN THE STATE LEGISLATURE. ELIZABETH RIPLEY DISCUSSED THE FOLLOWING BILLS & BUDGET APPROPRIATIONS WITH RESPECTIVE POLITICIANS: SB 5 - MEDICAL ASSISTANCE ELIGIBILITY EXPANSION; SB 144 - CHILD IMMUNIZATIONS; HB - 78 LOAN REPAYMENT FOR CERTAIN HEALTH CARE PROFESSIONALS; SB 221 - DISPOSITION OF PROCEEDS ALCOHOL TAX; HB 284 - FUNDING FOR HUMAN SERVICES MATCHING GRANT; HB 125 - REDESIGNATING ALCOHOLIC BEVERAGE CONTROL BOARD.

ELIZABETH ALSO DISCUSSED THE FOLLOWING PRIORITY AREAS FOR THE REPORTING ORGANIZATION WITH STATE AND BOROUGH LEGISLATORS: PRE-DEVELOPMENT PROGRAM.

THE AMOUNT REPORTED ON LINE 1G ABOVE REFLECTS THE COST OF THESE ACTIVITIES BASED UPON HOURLY RATES OF COMPENSATION AND TRAVEL COSTS FOR THE OFFICER INVOLVED, AND IS LESS THAN 1% OF BOTH TOTAL REVENUE AND TOTAL EXPENSE.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number
92-0019395

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 can 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 education)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

2 Complete lines 2a through 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 Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____
b Assets included in Form 990, Part X ▶ $

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

3 Using the organization's acquisition, 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 XIII.

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 XIII and complete the following table

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

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII ☐

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 Net investment earnings, gains, and 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 current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶ _____ %
b Permanent endowment ▶ _____ %
c Temporarily restricted endowment ▶ _____ %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

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

4 Describe in Part XIII 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				
b Buildings				
c Leasehold improvements		78,256.	17,824.	60,432.
d Equipment				
e Other				
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c))* ▶				60,432.

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) INVESTMENT-UNCONSOL AFFILIATE	40,714,329.
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15)* ▶	40,714,329.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	

2. FIN 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII X

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	18,400,195.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	3,702,679.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	3,702,679.
3	Subtract line **2e** from line **1**			3	14,697,516.
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**.				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	162,642.		
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	162,642.
5	Total revenue Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12)*			5	14,860,158.

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

1	Total expenses and losses per audited financial statements			1	4,676,568.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	4,676,568.
4	Amounts included on Form 990, Part IX, line 25, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	162,642.		
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	162,642.
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	4,839,210.

Part XIII Supplemental Information

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

SEE PAGE 5

Part XIII Supplemental Information *(continued)*

FIN 48 (ASC 740) FOOTNOTE

SCHEDULE D, PART X, LINE 2

U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRES MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE ASSOCIATION AND RECOGNIZE A TAX LIABILITY (OR ASSET) IF THE ASSOCIATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE IRS. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE ASSOCIATION, AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2012, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY (OR ASSET) OR DISCLOSURE IN THE FINANCIAL STATEMENTS. THE ASSOCIATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS; HOWEVER THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATION FOR YEARS PRIOR TO 2009.

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

2012

Open to Public Inspection

Name of the organization: VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number: 92-0019395

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b	If "Yes," was it a written policy?	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care ☐ 100% ☒ 150% ☐ 200% ☐ Other _____ %	X	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care. ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____%	X	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
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?		X
6a	Did the organization prepare a community benefit report during the tax year?	X	
b	If "Yes," did the organization make it available to the public?	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			843,160.		843,160.	2.42
b Medicaid (from Worksheet 3, column a)			4,791,885.	1,655,352.	3,136,533.	8.99
c Costs of other means-tested government programs (from Worksheet 3, column b)			605,088.	1,213,787.	-608,699.	-1.74
d **Total** Financial Assistance and Means-Tested Government Programs			6,240,133.	2,869,139.	3,370,994.	9.67
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j			6,240,133.	2,869,139.	3,370,994.	9.67

Part II **Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	X	
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2 1,254,020.		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 37,621.		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5 7,064,017.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 7,710,904.		
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7 -646,887.		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used.			

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	X	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	X	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians-see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13	2JS03P 1832	V 12-7F	634398		

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest - see instructions)

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

Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 MAT-SU VALLEY MEDICAL CENTER, LLC 2500 S. WOODWORTH LOOP PALMER AK 99645	X	X					X			
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group MAT-SU VALLEY MEDICAL CENTER, LLC

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		X
	If "Yes," indicate what the CHNA report 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 the community health 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)			
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 __ __			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report 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)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy MAT-SU VALLEY MEDICAL CENTER, LLC

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
	If "Yes," indicate the FPG family income limit for eligibility for free care: 150 %			
	If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing *discounted* care?	11	X	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care. 400 %			
	If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	12	X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	[X] Income level			
b	[X] Asset level			
c	[X] Medical indigency			
d	[X] Insurance status			
e	[X] Uninsured discount			
f	[X] Medicaid/Medicare			
g	[X] State regulation			
h	[ ] Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	[X] The policy was posted on the hospital facility's website			
b	[X] The policy was attached to billing invoices			
c	[X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[X] The policy was posted in the hospital facility's admissions offices			
e	[X] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[ ] Other (describe in Part VI)			

Billing and Collections

15	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?	15	X	
16	Check all of the following 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	[X] Reporting to credit agency			
b	[X] Lawsuits			
c	[X] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
17	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?	17	X	
	If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	[X] Reporting to credit agency			
b	[X] Lawsuits			
c	[X] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)* MAT-SU VALLEY MEDICAL CENTER, LLC

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply).

- a [X] Notified individuals of the financial assistance policy on admission
- b [X] Notified individuals of the financial assistance policy prior to discharge
- c [X] Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d [X] 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)

Policy Relating to Emergency Medical Care

			Yes	No
19	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?	19	X	
	If "No," indicate why:			
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)			

Changes to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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 its 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	[X] Other (describe in Part VI)			
21	During the tax year, did the hospital facility charge any of its FAP- eligible individuals, 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?	20		X
	If "Yes," explain in Part VI			
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	21		X
	If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year? 2

Name and address	Type of Facility (describe)
1 MAT-SU VALLEY II, LLC 950 E BOGARD ROAD WASILLA AK 99654	HOME, HEALTH, AND HOSPICE
2 MAT-SU VALLEY III, LLC 950 E BOGARD ROAD WASILLA AK 99654	MYDOKTOR'S PHARMACY
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II; Part III, lines 4, 8, and 9b, Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

INCOME BASED CRITERIA

PART I, LINE 3C

CHARITY CARE PATIENTS MUST BE SELF-PAY PATIENTS OR HAVE A SELF-PAY BALANCE REMAINING ON THEIR ACCOUNT TO BE CONSIDERED ELIGIBLE FOR CHARITY CARE. THE PATIENT MUST DEMONSTRATE AN EFFORT TO QUALIFY FOR OTHER AVAILABLE PROGRAMS THAT WOULD ASSIST IN REPAYING THE HOSPITAL CHARGES. ONCE A DETERMINATION HAS BEEN MADE THAT A PATIENT WILL NOT QUALIFY FOR PUBLIC ASSISTANCE OR WILL BE UNABLE TO MAKE FINANCIAL RESTITUTION OF REMAINING BALANCES, THE PATIENT WILL BE ASKED TO COMPLETE AN APPLICATION FOR CHARITY CARE.

FINANCIAL ASSISTANCE

PART I, LINE 7

THE REPORTING ORGANIZATION UTILIZES THE COST-TO-CHARGE RATIO FOR AMOUNTS REPORTED IN THE FINANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS AT COST TABLE. THE COST-TO-CHARGE RATIO WAS DERIVED FROM UTILIZING WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES, FROM THE SCHEDULE H

Part VI Supplemental Information

Complete this part to provide the following information.

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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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

INSTRUCTIONS.

BAD DEBT EXPENSE

PART III, LINE 2

BAD DEBT WAS CALCULATED BY TAKING CURRENT YEAR JOINT VENTURE BAD DEBT, MULTIPLIED BY THE ENTITY'S OWNERSHIP PERCENTAGE AND THEN MULTIPLIED BY THE COST RATIO DERIVED IN WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS.

PART III, LINE 3

SIGNIFICANT EFFORT IS MADE ON THE HOSPITAL'S PART TO IDENTIFY ALL PATIENTS ELIGIBLE FOR CHARITY CARE BEFORE OR IMMEDIATELY AFTER A PATIENT IS PROVIDED SERVICES. BECAUSE OF THESE EFFORTS AND THE HOSPITALS CHARITY CARE DETERMINATIONS POLICY, IT IS ESTIMATED THAT LESS THAN 3% OF BAD DEBTS ARE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY.

RELEVANT FOOT-NOTE FROM AUDITED FINANCIAL STATEMENTS:

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; Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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PART III, LINE 4

ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR AMOUNTS THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE. SUBSTANTIALLY ALL OF THE ORGANIZATION'S RECEIVABLES ARE RELATED TO PROVIDING HEALTHCARE SERVICES TO PATIENTS. THE COMPANY ESTIMATES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY RESERVING A PERCENTAGE OF ALL SELF-PAY ACCOUNTS RECEIVABLE WITHOUT REGARD TO AGING CATEGORY, BASED ON COLLECTION HISTORY, ADJUSTED FOR EXPECTED RECOVERIES AND, IF PRESENT, ANTICIPATED CHANGES IN TRENDS. FOR ALL OTHER NON-SELF-PAY PAYOR CATEGORIES, THE COMPANY RESERVES 100% OF ALL ACCOUNTS AGING MORE THAN 365 DAYS FROM THE DATE OF DISCHARGE. THE COMPANY COLLECTS SUBSTANTIALLY ALL OF ITS THIRD-PARTY INSURED RECEIVABLES, WHICH INCLUDE RECEIVABLES FROM GOVERNMENTAL AGENCIES. COLLECTIONS ARE AFFECTED BY THE ECONOMIC ABILITY OF PATIENTS TO PAY AND THE EFFECTIVENESS OF THE COMPANY'S COLLECTION EFFORTS. SIGNIFICANT CHANGE IN PAYOR MIX, BUSINESS OFFICE OPERATIONS, ECONOMIC CONDITIONS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTH CARE COVERAGE, OR OTHER THIRD-PARTY PAYORS COULD AFFECT THE COMPANY'S ESTIMATES OF ACCOUNTS

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, Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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RECEIVABLE COLLECTABILITY. THE COMPANY ALSO CONTINUALLY REVIEWS ITS

OVERALL RESERVE ADEQUACY BY MONITORING HISTORICAL CASH COLLECTIONS AS A

PERCENTAGE OF TRAILING NET REVENUE LESS PROVISION FOR BAD DEBTS, AS WELL

AS BY ANALYZING CURRENT PERIOD NET REVENUE AND ADMISSIONS BY PAYOR

CLASSIFICATION, AGED ACCOUNTS RECEIVABLE BY PAYOR, AND DAYS REVENUE

OUTSTANDING.

OTHER CHARGES FOR MEDICAL CARE

PART V, LINE 20D

PATIENTS WHO DO NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY

NECESSARY CARE ARE BILLED AT NORMAL AND CUSTOMARY RATES, LESS A 20%

SELF-PAY DISCOUNT.

NEEDS ASSESSMENT

PART VI, LINE 2

THROUGHOUT THE YEAR HOSPITAL BOARD VOLUNTEERS, STAFF AND MANAGERS TRACK

INPATIENT AND OUTPATIENT VOLUMES, OUT-MIGRATION, TRENDS IN DIAGNOSIS AND

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, Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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ENVIRONMENTAL FACTORS TO INCLUDE WEATHER, SOCIAL AND CULTURAL INDICATORS.

TYPICALLY DURING THE LAST QUARTER OF THE CALENDAR YEAR, HOSPITAL LEADERS EVALUATE THE PAST MONTHS AND PREPARE FOR THE FUTURE. SHORT AND LONG-TERM DECISIONS ARE BASED ON THESE EVALUATIONS AS WELL AS ON A VARIETY OF PLANNING MODELS RECOMMENDED BY THE AMERICAN MEDICAL ASSOCIATION (AMA). IN ADDITION TO DATA GATHERED THROUGH THESE SOURCES, ADDITIONAL ANECDOTAL INFORMATION, EXPERTISE AND KNOWLEDGE SHARED FROM STAKEHOLDERS, PUBLIC AND PRIVATE HEALTH REPORTS, CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) DATA, AND ECONOMIC FORECASTS FROM LOCAL GOVERNMENT, CHAMBERS OF COMMERCE AND AREA EMPLOYERS ARE USED TO STRATEGICALLY PLAN TO MEET THE HEALTHCARE NEEDS OF THE COMMUNITY.

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

PART VI, LINE 3

THE HOSPITAL MAINTAINS POSTED SIGNS IN ENGLISH AND RUSSIAN. THERE IS ONE IN EACH ADMITTING OFFICE AND ONE IN THE EMERGENCY LOBBY. THE POSTED SIGNS INFORM PATIENTS THAT CHARITY CARE IS AVAILABLE AND DESCRIBES THE

Part VI Supplemental Information

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CHARITY CARE CRITERIA. THE HOSPITAL ALSO POSTS INFORMATION REGARDING THE AVAILABILITY OF CHARITY CARE ON THE HOSPITAL'S WEBSITE. ALL SELF-PAY PATIENTS ARE ASKED TO COMPLETE THE FINANCIAL ASSISTANCE FORM DURING THE REGISTRATION OR FINANCIAL COUNSELING PROCESS. ALL SELF-PAY PATIENTS ARE ALSO SCREENED FOR POTENTIAL MEDICAID ELIGIBILITY AS WELL AS COVERAGE BY OTHER SOURCES, INCLUDING GOVERNMENTAL PROGRAMS. DURING THIS SCREENING PROCESS A FINANCIAL ASSISTANCE FORM WILL BE COMPLETED IF IT IS DETERMINED THAT THE PATIENT DOES NOT APPEAR TO QUALIFY FOR COVERAGE UNDER ANY PROGRAM.

COMMUNITY INFORMATION

PART VI, LINE 4

THE HOSPITAL IS LOCATED IN THE STATE OF ALASKA, IN THE MATANUSKA SUSITNA BOROUGH. THE BOROUGH IS ROUGHLY THE SIZE OF WEST VIRGINIA AND ONE OF THE FASTEST GROWING AREAS IN THE STATE. THE BOROUGH'S POPULATION IS APPROXIMATELY 94,000. THE U.S. CENSUS BUREAU REPORTS THAT THE MEDIAN HOUSEHOLD INCOME IS APPROXIMATELY $70,343. THE AVERAGE HOUSEHOLD SIZE IS

Part VI Supplemental Information

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1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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2.79. 6.8% OF THE BOROUGH CITIZENS SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME. 52% OF THE TOTAL POPULATION IS MALE AND THE MEDIAN AGE IS APPROXIMATELY 34.9.

PROMOTION OF COMMUNITY HEALTH

PART VI, LINE 5

IMPROVING THE HEALTH STATUS OF OUR COMMUNITY IS AN IMPORTANT GOAL FOR THE HOSPITAL. MAINTAINING RELATIONSHIPS WITH COMMUNITY PARTNERS IS INTEGRAL TO SUCCESS IN THESE EFFORTS. THE HOSPITAL SPONSORS EDUCATION AND OUTREACH PROGRAMS, INCLUDING SENIOR CIRCLE FOR MATURE ADULTS, HEALTH FAIRS, EDUCATIONAL SEMINARS PRESENTED BY EMPLOYED AND COMMUNITY PHYSICIANS, FREE HEALTHY WOMAN PROGRAMS AND ALSO PARTNERS WITH LOCAL EDUCATIONAL FACILITIES TO OFFER CLINICAL SITES FOR EDUCATIONAL EXPERIENCES. MEMBERS OF THE HOSPITAL STAFF PROVIDE MENTORSHIP AND CLINICAL EDUCATION.

PART III, LINE 9B

BEFORE AND DURING THE COLLECTION PROCESS, EFFORTS ARE MADE BY THE HOSPITAL TO IDENTIFY PATIENTS WHO MAY BE ELIGIBLE FOR CHARITY CARE. THE COLLECTION POLICY OF THE HOSPITAL DICTATES THAT ONLY THOSE PATIENTS WHO DO NOT QUALIFY FOR CHARITY CARE ARE PURSUED FOR FURTHER COLLECTION ARRANGEMENTS.

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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

OTHER INFORMATION

BESIDES PROVIDING CHARITY CARE, MEDICAID AND MEDICARE TO PATIENTS, THE HOSPITAL ALSO FURTHERS ITS EXEMPT PURPOSE BY SEATING ONE HALF OF THE GOVERNING BODY OF THE HOSPITAL WITH PERSONS WHO RESIDE IN THE HOSPITALS PRIMARY SERVICE AREA. THESE INDIVIDUALS ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF. THE HOSPITAL ALSO MAINTAINS AN OPEN MEDICAL STAFF BY EXTENDING MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY. IMPROVING THE HEALTH STATUS OF THE COMMUNITY IS AN IMPORTANT GOAL FOR THE HOSPITAL AND MAINTAINING RELATIONSHIPS WITH COMMUNITY PARTNERS AND PROVIDERS IS INTEGRAL TO SUCCESS IN THESE EFFORTS.

AFFILIATED HEALTH CARE SYSTEM ROLES

PART VI, LINE 6

NOT APPLICABLE

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, Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

STATE FILING OF COMMUNITIY BENEFIT REPORT

PART VI, LINE 7

NOT APPLICABLE

FILING REPORTING GROUPS

PART VI, LINE 8

NOT APPLICABLE

MEDICARE

PART III, LINE 8

MEDICARE ALLOWABLE COSTS WERE COMPUTED UTILIZING COST TO CHARGE RATIOS

FROM FILED COST REPORTS. THE ENTIRE SHORTFALL SHOULD BE CONSIDERED

COMMUNITY BENEFIT SINCE SERVICES ARE BEING PROVIDED TO A VULNERABLE

POPULATION WHO ARE COVERED UNDER AND ENTITLEMENT PROGRAM. THE NET

SHORTFALL THAT IS INCURRED BY THE ORGANIZATION REPRESENTS A FINANCIAL

BURDEN RELIEVED FROM THE GOVERNMENT.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number
92-0019395

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SEE STATEMENT 2			2,729,678				
(2) VARIOUS GRANTS LESS THAN OR EQUAL TO $5,000			564,869.				
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 33.

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV appraisal, other)	(f) Description of non-cash assistance
1	ANNIE DEMMING SCHOLARSHIP	1	9,000			
2	MAT-SU HEALTH FOUNDATION SCHOLARSHIP	61	231,613			
3	VIVIAN SHAVER SCHOLARSHIP	1	12,600			
4	RETURNS FROM PRIOR YEAR SCHOLARSHIPS		-8,657			
5						
6						
7						

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

GRANTS AND OTHER ASSISTANCE TO GOVERNMENTS AND ORGANIZATIONS IN THE U.S.

SCH I, PART I, LINE 2

GRANT AWARDS ARE MONITORED THROUGH A PROGRESS REPORT WHICH IS REQUIRED TO BE SUBMITTED BY THE GRANTEE ON A PERIODIC BASIS. THE PROGRAM OFFICER REVIEWS THE PROGRESS REPORTS FROM THE GRANTEES AND EVALUATES WHETHER THE FUNDS ARE BEING USED IN ACCORDANCE WITH THE GRANT AGREEMENT SIGNED BY THE GRANTEE.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number
92-0019395

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 indemnification 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 on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of 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 filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.			
	☒ 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		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only section 501(c)(3) and 501(c)(4) organizations 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		X
b	Any related organization?	5b		X
	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		X
b	Any related organization?	6b		X
	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		X
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 Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	N/A	

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

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
ELIZABETH RIPLEY	(i)	154,116.	0	0	5,832.	9,132.	169,080.	0
1 EXECUTIVE DIRECTOR	(ii)	0	0	0	0	0	0	0
2	(i)							
	(ii)							
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

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 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number
92-0019395

PROCESS THE ORGANIZATION USES TO REVIEW THE FORM 990

FORM 990, PART VI, SECTION B, LINE 11B

THE AUDIT COMMITTEE REVIEWS THE 990 PRIOR TO FILING. A FINAL VERSION OF THE 990 IS SENT TO THE FULL BOARD OF DIRECTORS FOR REVIEW PRIOR TO FILING.

MONITORING AND ENFORCEMENT OF CONFLICT OF INTEREST POLICY

FORM 990, PART VI, SECTION B, LINE 12C

THE REPORTING ORGANIZATION ANNUALLY VERIFIES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY. THE INDIVIDUALS COVERED BY THIS POLICY INCLUDE ALL DIRECTORS, OFFICERS, AND KEY PERSONNEL. THE PERSONS COVERED BY THE POLICY ARE REQUIRED TO ANNUALLY DISCLOSE TO THE ORGANIZATION'S EXECUTIVE DIRECTOR THEIR INTERESTS THAT COULD GIVE RISE TO CONFLICTS OF INTEREST ON A FORM PROVIDED BY THE ORGANIZATION. THE ORGANIZATION'S EXECUTIVE DIRECTOR WILL MONITOR PROPOSED OR ONGOING TRANSACTIONS FOR CONFLICTS OF INTEREST. DURING MEETINGS, CONFLICTED INDIVIDUALS MUST DISCLOSE THE MATERIAL FACTS AND DETAILS RELATING TO THEIR INTEREST TO THE BOARD OR BOARD COMMITTEE. THE BOARD CHAIRPERSON, COMMITTEE, OR BOARD MAY ASK THE INDIVIDUAL TO LEAVE THE MEETING DURING THE DISCUSSION OF THE MATTER THAT GIVES RISE TO THE POTENTIAL CONFLICT OF INTEREST. INTERESTED PERSONS ARE NOT ALLOWED TO VOTE ON THE MATTER THAT GIVES RISE TO THE POTENTIAL CONFLICT OF INTEREST. THE BOARD OR BOARD COMMITTEE MUST APPROVE THE TRANSACTION OR ARRANGEMENT BY A MAJORITY VOTE OF THE BOARD MEMBERS PRESENT AT THE MEETING THAT HAS A QUORUM, NOT INCLUDING THE VOTE OF THE

Name of the organization	Employer identification number
VALLEY HOSPITAL ASSOCIATION, INC.	92-0019395

INTERESTED PERSON.

PROCESS FOR DETERMINING COMPENSATION FOR THE EXECUTIVE DIRECTOR

FORM 990, PART VI, SECTION B, LINE 15A

ANNUALLY AN EXECUTIVE DIRECTOR EVALUATION COMMITTEE IS CONVENED TO REVIEW THE EMPLOYMENT AND COMPENSATION STATUS OF THE EXECUTIVE DIRECTOR. WHEN DETERMINING THE EXECUTIVE DIRECTOR'S COMPENSATION, THE COMMITTEE UTILIZES BOTH LOCAL AND REGIONAL SALARY SURVEYS.

DESCRIPTION OF DOCUMENT AVAILABILITY

FORM 990, PART VI, SECTION C, LINE 19

THE REPORTING ORGANIZATION'S 990 AND 990-T ARE AVAILABLE UPON WRITTEN REQUEST. THE ORGANIZATION'S CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE ALSO AVAILABLE UPON WRITTEN REQUEST. THE GOVERNING DOCUMENTS ARE MADE PUBLIC ON THE ORGANIZATION'S WEBSITE.

DESCRIPTION OF THE ORGANIZATION'S MEMBERS

FORM 990, PART VI, SECTION A, LINE 6

MEMBERSHIP ELIGIBILITY CRITERIA: 1) MUST HOLD MAT-SU BOROUGH RESIDENCY (DETERMINED BY VOTER REGISTRATION AND/OR RESIDENCE ADDRESS WITHIN THE BOROUGH) 2) MUST BE 18 YEARS OF AGE OR OLDER 3) MUST EITHER A) SUBMIT A COMPLETED GENERAL APPLICATION AND PAY THE $5 MEMBERSHIP FEE PER CALENDAR YEAR (JANUARY 1 THROUGH DECEMBER 31) FOR GENERAL MEMBERSHIP; B) COMPLETE A LIFETIME MEMBERSHIP APPLICATION AND PAY THE $75 LIFETIME FEE AND COMPLETE A LIFETIME MEMBERSHIP ADDRESS VERIFICATION UPDATE FOR LIFETIME MEMBERSHIP HOLDERS.

Name of the organization: VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number: 92-0019395

DECISIONS OF THE GOVERNING BODY SUBJECT TO MEMBERSHIP APPROVAL

FORM 990, PART VI, SECTION A, LINE 7B

ANY CHANGES TO THE BYLAWS THAT ARE RELATED TO MEMBERSHIP MUST BE APPROVED BY MEMBERSHIP.

DESCRIPTION OF OTHER CHANGES TO FUND BALANCE

FORM 990, PART XI, LINE 5

PRIOR YEAR ASSETS RELEASED FROM RESTRICTION ($39,220).

ATTACHMENT 1

FORM 990, PART VIII - INVESTMENT INCOME

DESCRIPTION	(A) TOTAL REVENUE	(B) RELATED OR EXEMPT REVENUE	(C) UNRELATED BUSINESS REV.	(D) EXCLUDED REVENUE
INVESTMENT INCOME	1,812,844.			1,812,844.
TOTALS	1,812,844.			1,812,844.

ATTACHMENT 2

FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
PREPAID EXPENSES	19,685.	27,103.
TOTALS	19,685.	27,103.

ATTACHMENT 3

Name of the organization: VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number: 92-0019395

ATTACHMENT 3 (CONT'D)

FORM 990, PART X - INVESTMENTS - PUBLICLY TRADED SECURITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
INVEST. IN SCHWAB SECURITIES	40,840,248.	69,657,675.
TOTALS	40,840,248.	69,657,675.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization
VALLEY HOSPITAL ASSOCIATION, INC.

Employer identification number
92-0019395

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									

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

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

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

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

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) MAT-SU VALLEY MED CENTER 72-1563402 4000 MERIDIAN B FRANKLIN, TN 37067	HOSPITAL	AK	RELATED		X	12,482,422	40,761,825		X	0		X	248404
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part VII Supplemental Information

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

Form 990, Schedule I, Part II, Line 1

(a) Name and address of organization or government	(b) EIN	(c) IRS Section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Affinity Films Inc PO Box 91182 Anchorage, AK 99509	92-0082476	501c3	$15,000				Parenting 102 The Sandwiched Generation Speaks Out
AK Center for the Blind & Visually Impair 3903 Taft Drive Anchorage, AK 99517	92-0108817	501c3	5,800				Upgrade client records management system
Alaska Assistance Dogs 1081 W Robin's Song Ave Wasilla AK 99654	92-0175661	501c3	9 715				Office Staff Funding
Alaska Community Foundation 3201 C Street Suite 110 Anchorage, AK 99503	92-0155067	501c3	15,000				2013 Pick Click Give Project Fund
Alaska Family Services 1825 S Chugach Street Palmer AK 99645	92-0078235	501c3	183 500				Alaska Family Services - Community Accessibility Project
Alaska State Fair 2075 Glenn Highway Palmer AK 99645	92-0027358	501c3	65,000				Alaska State Fair "Our Body - the Universe Within"
American Heart Association 3700 Woodland Drive, Suite 700 Anchorage, AK 99517	13-5613797	501c3	6,000				Smokefree Palmer, Public Opinion Survey
Anchorage Neighborhood Health Center 4951 Business Park Boulevard Anchorage, AK 99520	92-0047965	501c3	50,000				Building a Healthier Anchorage - A New Anchorage Neighborhood Health Center
Bean's Cafe, Inc 3350 Commercial Drive, Ste 104B Anchorage, AK 99501	92-0072522	501c3	10 000				Prepared Meals, School Year
Big Lake Trails, Inc PO Box 520705 Big Lake, AK 99652	80-0309367	501c3	7,500				Big Lake Groomer Mechanical Repairs
Camp Fire USA Alaska Council 161 Klevin Street, Ste 100 Anchorage, AK 99508	92-0029613	501c3	99,092				Camp K Multi-Use Community Hall
Challenge Alaska 3350 Commercial Drive, Suite 208 Anchorage, AK 99501	92-0080897	501c3	6,000				Valley Van Ski and Snowboard Participants for Challenge Alaska in Girdwood
Chickaloon Native Village P O Box 1105 Chickaloon, AK 99674	92-0120907	501c3	6,000				4th Annual Family Tribal Celebration & Health Fair
Child Care Connection, Inc dba Thread 877 W Commercial Dr Wasilla, AK 99654	92-0113419	501c3	15 000				Safe Sleeping for Alaska's Babies
Covenant House P O Box 100620 Anchorage, AK 99510-0620	13-3419755	501c3	15 000				Covenant House Alaska Fully Engaging Best Practices

Denali Family Services 6411 A Street Anchorage, AK 99518	92-0155751	501c3	15,000	Palmer Office Furnishing
Food Bank of Alaska 2121 Spar Avenue Anchorage, AK 99501	92-0073175	501c3	15,000	Valley Thanksgiving Blessing
Foraker 161 Klevin Street STE 101 Anchorage, AK 99508	92-0177787	501c3	150,000	Pre-Development Program
Girl Scouts of Alaska 3911 Turnagain Blvd E Anchorage, AK 99517	92-6000179	501c3	15,000	Health and Safety Upgrade for Camp Togowoods - Walk-in Cooler/Freezer
Hope Resources Inc 4901 E Mayflower Ln , Ste B Wasilla AK 99654	92-0036594	501c3	7,500	Healthy Lifestyles
LINKS Parent Resource Center 4931 E Mayflower, Suite 3 Wasilla, AK 99654	92-0144494	501c3	462,270	Mat-Su Aging and Disability Resource Center (ADRC)
Mat-Su Health Services 1363 W Spruce Ave Wasilla AK 99654	92-0089779	501c3	150,000	Pilot integration of primary and behavioral health services
Mat-Su Ski Club PO Box 870982 Wasilla, AK 99687	27-1531718	501c3	5,500	Grooming Equipment
Mat-Su Ski Club PO Box 870982 Wasilla, AK 99687	27-1531718	501c3	8,270	
Meadow Lakes Community Development 1210 N Kim Drive, Suite B Wasilla AK 99623	45-2444104	501c3	60,000	Meadow Lakes Community Park and Playgrounds
Our Lady of the Lake Catholic Church PO Box 520769 Big Lake, AK 99652	80-0052016	501c3	14,291	Big Lake food Pantry
Our Lady of the Lake Catholic Church PO Box 520769 Big Lake, AK 99652	80-0052016	501c3	5 500	Health Fair of Big Lake
Palmer Arts Council 716 S Alaska St Palmer, AK 99645	13-4316744	501c3	9,300	The Bully Show
Palmer Senior Citizen Center, Inc 1132 S Chugach Street Palmer, AK 99645	92-0078503	501c3	14 956	Santa Cop and Heroes Program
Salvation Army - Mat-Su Valley Corps PO Box 1106 Palmer, AK 99645	94-1156347	501c3	7,500	The Salvation Army Cross Country Ski Trails
Set Free Alaska, Inc PO BOX 876741 Wasilla AK 99687 Wasilla, AK 99687	26-4350361	501c3	15,000	New Phone System
Set Free Alaska Inc PO BOX 876741 Wasilla AK 99687 Wasilla, AK 99687	26-4350361	501c3	13,713	National Accreditation & New Copier
Valley Charities Inc 400 North Yenlo Wasilla, Alaska 99654	92-0130785	501c3	15 000	turn-A-leaf remodel to create a space for lease
Valley Charities Inc 400 North Yenlo Wasilla Alaska 99654	92-0130785	501c3	275,055	turn-A-leaf remodel to create a space for lease

Valley Residential Services, Inc 1075 Check Street, Suite 102 Wasilla AK 99654	31-1645473	501c3	12,975	Project Connect Mat-Su 2013
Valley Residential Services, Inc 1075 Check Street, Suite 102 Wasilla, AK 99654	31-1645473	501c3	925,000	Valley Residential Services Sustainability Project The Purchase and Operation of the Century Plaza Office Building
Willow Health Organization PO Box 81 Willow, AK 99688	26-0162806	501c3	15 000	Willow Winter Trail Groomer Acquisition
Willow United Methodist Church Food Bank P O Box 375 Willow, AK 99688	92-0127841	501c3	9,241	Food Bank Remodel
		Subtotal	2,729,678	
	Various grants less than or equal to $5,000 each		564,869	
			3,294,547	

VALLEY HOSPITAL ASSOCIATION, INC.

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

VALLEY HOSPITAL ASSOCIATION, INC.

Table of Contents

KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Directors
Valley Hospital Association, Inc.:

We have audited the accompanying statements of financial position of Valley Hospital Association, Inc. (the Association) as of December 31, 2012 and 2011 and the related statements of unrestricted revenues, expenses, and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Mat-Su Valley Medical Center, LLC, (a 24.84% owned investee company). The Association's investment in the Mat-Su Valley Medical Center, LLC at December 31, 2012 and 2011 was $40,484,380 and $38,307,997, respectively, and its equity in income of Mat-Su Valley Medical Center, LLC was $12,482,422 and $13,759,343 for the years 2012 and 2011, respectively. The financial statements of the Mat-Su Valley Medical Center, LLC were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mat-Su Valley Medical Center, LLC, is based solely on the report of such other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Valley Hospital Association, Inc. as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

September 9, 2013

VALLEY HOSPITAL ASSOCIATION, INC.

Statements of Financial Position

December 31, 2012 and 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	$ 15,503,712	13,675,688
Certificates of deposit	6,049,492	6,005,982
Grants receivable	12,891	17,891
Prepaid insurance	27,105	19,685
Total current assets	21,593,200	19,719,246
Investment securities (note 2)	49,657,674	40,840,248
Investment in joint ventures (note 3)	40,714,329	38,603,396
Leasehold improvements, net of accumulated amortization of $17,824 in 2012 and $13,912 in 2011	60,432	64,344
Total assets	$ 112,025,635	99,227,234
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 357,235	327,349
Grants payable	2,382,728	3,298,620
Total current liabilities	2,739,963	3,625,969
Total liabilities	2,739,963	3,625,969
Net assets:		
Unrestricted	109,285,672	95,562,045
Temporarily restricted	—	39,220
Total net assets	109,285,672	95,601,265
Commitments and contingencies (notes 3, 7, and 8)		
Total liabilities and net assets	$ 112,025,635	99,227,234

See accompanying notes to financial statements.

VALLEY HOSPITAL ASSOCIATION, INC.

Statements of Unrestricted Revenues, Expenses, and Other Changes in Unrestricted Net Assets

Years ended December 31, 2012 and 2011

	2012	2011
Revenues, gains, and other support:		
Equity in income of joint ventures (note 3)	$ 12,416,972	13,889,014
Investment income (loss) (note 2)	5,886,534	(671,619)
Net assets released from restrictions	94,220	58,171
Dues and contributions	2,469	1,985
Other	—	3,288
Total revenues	18,400,195	13,280,839
Expenses and losses:		
Grants and donations	3,293,547	3,697,112
Salaries, wages, and benefits	726,720	553,220
Other	265,341	133,738
Scholarships	244,556	94,047
Professional services	79,683	76,408
Board meeting expenses	41,713	47,804
Insurance	25,008	10,046
Total expenses	4,676,568	4,612,375
Increase in unrestricted net assets	$ 13,723,627	8,668,464

See accompanying notes to financial statements.

VALLEY HOSPITAL ASSOCIATION, INC.

Statements of Changes in Net assets

Years ended December 31, 2012 and 2011

	2012	2011
Unrestricted net assets:		
Increase in unrestricted net assets	$ 13,723,627	8,668,464
Temporarily restricted net assets:		
Contributions	55,000	27,000
Net assets released from restrictions	(94,220)	(58,171)
Decrease in temporarily restricted net assets	(39,220)	(31,171)
Change in net assets	13,684,407	8,637,293
Net assets, beginning of year	95,601,265	86,963,972
Net assets, end of year	$ 109,285,672	95,601,265

See accompanying notes to financial statements.

VALLEY HOSPITAL ASSOCIATION, INC.

Statements of Cash Flows

Years ended December 31, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Cash received from joint venture	$	10,445,218	13,262,781
Cash received from other activities		141,454	32,273
Cash paid to suppliers and employees		(1,515,582)	(1,062,121)
Cash paid to grantees		(4,209,439)	(4,683,769)
Interest on certificates of deposit		(43,510)	(51,183)
Interest and dividends received		1,773,666	1,408,715
Net cash provided by operating activities		6,591,807	8,906,696
Cash flows from investing activities:			
Proceeds from sale of investment securities		8,597,821	7,474,419
Purchase of investment securities		(13,222,425)	(15,353,349)
Repurchase of ownership shares in Mat-Su Valley Medical Center LLC		(139,179)	—
Net cash used in investing activities		(4,763,783)	(7,878,930)
Net increase in cash and cash equivalents		1,828,024	1,027,766
Cash and cash equivalents:			
Beginning of year		13,675,688	12,647,922
End of year	$	15,503,712	13,675,688
Reconciliation of change in net assets to net cash provided by operating activities:			
Change in net assets	$	13,684,407	8,637,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Amortization of leasehold improvements		3,912	3,913
Distributions in excess of (undistributed) earnings of joint venture		(1,971,754)	(626,233)
Unrealized and realized losses (gains) on investments		(4,236,332)	1,889,749
Changes in assets and liabilities that provided (used) cash:			
Grants receivable		5,000	49,609
Prepaid insurance		(7,420)	(3,543)
Accounts payable and accrued expenses		29,886	(57,435)
Grants payable		(915,892)	(986,657)
Net cash provided by operating activities	$	6,591,807	8,906,696

See accompanying notes to financial statements.

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Valley Hospital Association, Inc. (the Association) owned and operated a 40-bed acute-care, tax-exempt community hospital facility located in Palmer, Alaska and also owned and operated the Valley Hospital Medical Center, as well as a variety of outpatient programs located therein. The outpatient programs included primary care clinics, laboratory, imaging, retail pharmacy, home health care, and hospice. Effective December 1, 2003, the Association ceased its patient care and pharmacy operations and contributed the majority of its assets and liabilities to a newly formed limited liability company (note 3). The Association continues to operate exclusively for religious, charitable, scientific, literary, or other educational purposes, for the sole benefit of the Association members and the local community.

(b) Use of Accounting Estimates

The preparation of the financial statements requires management of the Association to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include amounts held in checking and savings accounts. Money market mutual funds that are part of the investment portfolio are not considered cash equivalents and are reported as investment securities.

(d) Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Association are reported at fair value at the date the promise is received. The gifts are reported as either temporarily restricted or permanently 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 as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying statements.

(e) Investment Securities

Investment securities consist of mutual funds and debt and equity securities. The investments are accounted for as a trading portfolio and are measured at fair value in the statements of financial position. Fair value of the mutual funds and debt and equity securities are based on quoted market prices at the reporting date multiplied by the quantities held. Investment income or loss (including realized and net change in unrealized gains and losses on investments, interest, and dividends) is

(Continued)

included in the excess of revenues, gains, and other support over expenses unless the income or loss is restricted by donor or law.

(f) Investment in Joint Ventures

Investment in joint ventures is accounted for on the equity method of accounting. The Association's pro rata share of earnings or losses are reflected in the statements of unrestricted revenues, expenses, and other changes in unrestricted net assets. The Association would recognize a loss when there is a loss in value in the equity method investment, which is other than a temporary decline.

(g) Grant Awards

The Association recognizes a grant as a liability when the award is approved by the board of directors.

(h) Fair Value Measurements

The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Association determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(i) Subsequent Events

The Association has evaluated subsequent events from the balance sheet date through September 9, 2013, the date at which the financial statements were available to be issued, and determined that there are no items to disclose.

(Continued)

(2) Investment Securities and Fair Value Hierarchy

The following tables present the investment securities of the Association and the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012 and 2011:

		Fair values measurements using		
	2012	Level 1	Level 2	Level 3
Investment securities:				
Mutual funds:				
Money market funds	$ 501,431	501,431	—	—
Real estate funds	2,550,357	2,550,357	—	—
Fixed income funds	3,724,470	3,724,470	—	—
Growth funds	32,315,177	32,315,177	—	—
Debt securities:				
U.S. Treasuries	2,941,312	—	2,941,312	—
U.S. Agencies	654,728	—	654,728	—
Corporate bonds	3,233,618	—	3,233,618	—
Mortgage pools	3,471,604	—	3,471,604	—
Municipal bonds	264,977	—	264,977	—
	$ 49,657,674	39,091,435	10,566,239	—

		Fair values measurements using		
	2011	Level 1	Level 2	Level 3
Investment securities:				
Mutual funds:				
Money market funds	$ 2,225,323	2,225,323	—	—
Real estate funds	1,965,722	1,965,722	—	—
Fixed income funds	2,991,326	2,991,326	—	—
Growth funds	25,030,934	25,030,934	—	—
Debt securities:				
U.S. Treasuries	2,715,402	—	2,715,402	—
U.S. Agencies	678,976	—	678,976	—
Corporate bonds	1,849,596	—	1,849,596	—
Mortgage pools	3,148,615	—	3,148,615	—
Municipal bonds	234,354	—	234,354	—
	$ 40,840,248	32,213,305	8,626,943	—

(Continued)

Investment income and losses for assets limited as to use, as well as investment securities, for the years ended December 31, 2012 and 2011 are comprised of the following:

A-5

	2012	2011
Investment securities:		
Interest and dividend income	$ 1,773,666	1,408,715
Net change in unrealized gain (loss)	3,702,679	(2,336,585)
Realized gains on securities	533,653	395,653
Investment management fees	(123,464)	(139,402)
Total investment income (loss)	$ 5,886,534	(671,619)

(3) Investment in Joint Ventures

During the year ended December 31, 2003, the Association entered into a contribution and development agreement with a wholly owned subsidiary of Triad Hospitals, Inc. (Triad), a Texas-based company. Under the terms of the agreement, the Association contributed a majority of its assets and liabilities in exchange for cash and a 23.8% equity interest in Mat-Su Valley Medical Center, LLC (joint venture). Additionally, a new $87.7 million hospital facility was built to replace the existing hospital facility. The new facility is twice the size of the existing facility at 76 acute care beds. Under the agreement, Triad provided the majority of the financing. The joint venture is governed by a board consisting of an equal number of Association and Triad representatives. The agreement grants the Association the option to purchase, at fair value, an additional equity interest in the joint venture up to a maximum of 10%. During 2006 the Association exercised the purchase option to increase its ownership percentage to 25%. In 2007, Community Health Systems, Inc. (CHS), a Tennessee-based publicly traded company, acquired Triad Hospitals, including Triad's interest in the joint venture. Also in 2008, the joint venture board of directors voted to sell 0.8% of the interest in the hospital to a physician syndication group. Under the syndication agreement, the physicians do not hold a board seat or any voting rights. At the same time of the syndication, the joint venture board of directors voted to spin off home health, and hospice and also the MyDok's pharmacy into separate legal entities, Mat-Su Valley II LLC and Mat-Su Valley III LLC, respectively.

Summary ownership information for the joint venture LLC's as of December 31, 2012 are as follows:

	Investment in joint ventures	Valley Hospital Association, Inc.	CHS	Physicians syndicate
Mat-Su Valley Medical Center, LLC	$ 40,484,380	24.84%	74.52%	0.64%
Mat-Su Valley II, LLC	(3,987)	25.00	75.00	—
Mat-Su Valley III, LLC	233,936	25.00	75.00	—
	$ 40,714,329			

(Continued)

Summary ownership information for the joint venture LLC's as of December 31, 2011 are as follows:

	Investment in joint ventures	Valley Hospital Association, Inc.	CHS	Physicians syndicate
Mat-Su Valley Medical Center, LLC	$ 38,307,997	24.80%	74.38%	0.82%
Mat-Su Valley II, LLC	(44,139)	25.00	75.00	—
Mat-Su Valley III, LLC	339,538	25.00	75.00	—
	$ 38,603,396			

Mat-Su Valley II, LLC has an accumulated deficit of $15,945 and $176,556 at December 31, 2012 and 2011, respectively. Losses have historically been funded by loans from CHS. Loans from CHS to Mat-Su Valley II, LLC at December 31, 2012 and 2011 total $240,965 and $677,394, respectively.

Summary financial information for Mat-Su Valley Medical Center, LLC as of and for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Financial position:		
Current assets	$ 73,331,335	58,625,558
Property, plant, and equipment, net	91,867,940	93,842,232
Goodwill, intangible assets, and other	26,054,717	24,854,043
Total assets	$ 191,253,992	177,321,833
Current liabilities	$ 18,298,422	13,358,116
Other liabilities	4,784,874	3,918,338
Members' equity	168,170,696	160,045,379
Total liabilities and members' equity	$ 191,253,992	177,321,833
Association's share of members' equity, before adjustment	$ 41,176,798	39,000,415
Adjustment to retain historical cost basis	(1,185,562)	(1,185,562)
Equity method goodwill	493,144	493,144
Association's share of members' equity, historical cost basis	$ 40,484,380	38,307,997
Results of operations:		
Net patient revenue	$ 168,401,083	163,359,988
Operating expenses	(120,970,535)	(110,603,898)
Other revenue	2,820,750	2,735,890
Net income	$ 50,251,298	55,491,980
Association's share of net income	$ 12,482,422	13,759,343

(Continued)

In April of 2011, the Association learned that the U.S. Department of Justice has begun a consolidated investigation of the Joint Venture's majority owner, CHS and its wholly owned entities. The investigation is related to allegations of improper Medicare billing practices. The civil division of the Department of Justice, multiple U.S. Attorney's offices, and the Office of Inspector General for the Department of Health and Human Services (HHS) are now closely coordinating their investigation of several overlapping allegations of billing practices. The Office of Audit Services for the Office of Investigations for HHS has been engaged to conduct a national audit of certain of CHS's billing practices. It is uncertain at this time if this investigation will extend to the Joint Ventures. Accordingly, management is unable to determine the ultimate outcome of this matter and its impact on the Joint Venture and the Association.

(4) Concentrations of Risk

At varying times during the year, the Association had cash deposits with major financial institutions, which exceed Federal Depository Insurance limits. These financial institutions have a strong credit rating and management believes credit risk related to these deposits is minimal.

(5) Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is also exempt from State of Alaska income tax. Certain activities of the Association may constitute unrelated business income and be subject to tax; however, any such tax is immaterial to the financial statements.

At December 31, 2012, the Association has net operating loss carryforwards for Federal and State of Alaska income tax purposes of $521,000 which are available to offset future Federal and State of Alaska taxable income, if any, on unrelated business income. The majority of these loss carryforwards expire in 2026. The related deferred tax assets were $78,000 and $81,000 at December 31, 2012 and 2011, respectively. The Association also recorded a valuation allowance equal to the amount of the deferred tax assets for each year as in the judgment of management, it is more likely than not that these deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future unrelated business income during the periods in which those temporary differences become deductible. The change in valuation allowance for the years ended December 31, 2012 and 2011 was $3,000 and $9,000, respectively.

U.S. generally accepted accounting principles require plan management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Association, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

(Continued)

(6) Defined Contribution Plan

The Association has a qualified 401(k) safe harbor plan (the Plan) whereby employees may defer compensation subject to certain limitations under the Internal Revenue Code. The Association matches up to 4% of employee compensation dollar for dollar for all full-time employees who have been employed for at least three months. During the years ended December 31, 2012 and 2011, the Association contributed $17,303 and $14,722, respectively, to the Plan. The Plan also provides for employer discretionary profit sharing contributions. No profit sharing contributions were made in 2012 or 2011.

(7) Commitments and Contingencies

The Association is a party to various claims, legal actions, complaints, and regulatory investigations 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 financial statements of the Association.

Form **8868**
(Rev January 2013)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

OMB No 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . . . . . ▶ X
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing *(e-file)*. You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions) For more details on the electronic filing of this form, visit *www irs.gov/efile* and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only . . . . . ▶ ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return See instructions	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	VALLEY HOSPITAL ASSOCIATION, INC. DBA MAT-SU HEALTH FOUNDATION	92-0019395
	Number, street, and room or suite no If a P O box, see instructions 950 E. BOGARD ROAD, STE. 218	Social security number (SSN)
	City, town or post office, state, and ZIP code For a foreign address, see instructions WASILLA, AK 99654	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720- (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ DONALD ZOERB, III

Telephone No ▶ 907 352-2863 FAX No ▶

- If the organization does not have an office or place of business in the United States, check this box . . . . . ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) N/A . If this is for the whole group, check this box . . . . . ▶ ☐ . If it is for part of the group, check this box . . . . . ▶ ☐ and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 20 13, to file the exempt organization return for the organization named above The extension is for the organization's return for:
▶ X calendar year 2012 or
▶ ☐ tax year beginning _____, 20____, and ending _____, 20____.

2 If the tax year entered in line 1 is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	**3a**	$ 0
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	**3b**	$ 0
c	**Balance due.** Subtract line 3b from line 3a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	**3c**	$ 0

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box . . . . . ▶ X

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II **Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	VALLEY HOSPITAL ASSOCIATION, INC. DBA MAT-SU HEALTH FOUNDATION	92-0019395
File by the due date for filing your return See instructions	Number, street, and room or suite no If a P O box, see instructions 950 E. BOGARD ROAD, STE 218	Social security number (SSN)
	City, town or post office, state, and ZIP code For a foreign address, see instructions WASILLA, AK 99654	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ DONALD ZOERB, III
  Telephone No. ▶ 907 352-2863 FAX No ▶
- If the organization does not have an office or place of business in the United States, check this box . . . . . ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) N/A . If this is for the whole group, check this box . . . . . ▶ ☐ . If it is for part of the group, check this box . . . . . ▶ ☐ and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 11/15, 20 13

5 For calendar year 2012, or other tax year beginning , 20 , and ending , 20

6 If the tax year entered in line 5 is for less than 12 months, check reason. ☐ Initial return ☐ Final return
☐ Change in accounting period

7 State in detail why you need the extension ADDITIONAL TIME IS NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions.	8a	$ 0
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	$ 0
c	**Balance Due.** Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	8c	$ 0

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ Sara K Fasell Title ▶ CPA Date ▶ 8/7/13