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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 01-01-2012 , 2012, and ending 12-31-2012

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

C Name of organization
Feather River Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
5974 Pentz Rd

City or town, state or country, and ZIP + 4
Paradise, CA 95969

D Employer identification number
94-1101228

E Telephone number
(530) 877-9361

G Gross receipts $ 180,410,855

F Name and address of principal officer
KEVIN ERICH

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 ▶ 1071

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

J Website: ▶ www frhosp org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1947

M State of legal domicile CA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To share God's love by providing physical, mental and spiritual healing

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

Activities & Governance

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**	9
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,338
6	Total number of volunteers (estimate if necessary)	**6**	435
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	170,679
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	112,225

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	149,606	433,647
9	Program service revenue (Part VIII, line 2g)	162,396,469	178,659,041
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	213,386	489,310
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,344,056	535,009
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	164,103,517	180,117,007
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,500	5,000
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	84,273,147	88,004,022
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	72,977,074	84,212,888
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	157,254,721	172,221,910
19	Revenue less expenses Subtract line 18 from line 12	6,848,796	7,895,097

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	115,038,925	118,852,200
21	Total liabilities (Part X, line 26)	93,766,433	89,684,611
22	Net assets or fund balances Subtract line 21 from line 20	21,272,492	29,167,589

Net Assets or Fund Balances

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

****** | 2013-11-15
Signature of officer | Date

GARY KEMSKE Treas/VP Finance
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

To share God's love by providing physical, mental and spiritual healing

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 $ 149,320,116 including grants of $ 5,000) (Revenue $ 354,410,591)

Feather River Hospital provides quality medical health care regardless of race, creed, sex, national origin, handicap, age, or ability to pay Although reimbursement for services rendered is critical to the operation and stability of Feather River Hospital, the organization recognizes that not all individuals possess the ability to pay for essential medical services Adventist Health's vision is to enhance the health of the communities where we live and serve, by engaging our communities and our patients in a new definition of a partnership for personal community health In keeping with this commitment to serve all members of the community, the following will be considered when individuals who need health care cannot pay providing free care and/or subsidized careproviding care to persons covered by governmental programs at below costproviding health/wellness activities and community education programsNot only does Feather River Hospital provide low-cost care to individuals covered by government programs and those unable to afford health care, but it also helps patients find and access private and governmental resources for health care benefits Feather River Hospital recognizes below-cost reimbursement as charity and uncompensated care in meeting its mission to the entire community The unreimbursed value of providing care to these patients in 2012 was $15,279,209 00 Inpatient services in 2012 were provided to 6,383 patients These services included Newborn Deliveries - 961Inpatient Surgery Cases - 1,384Radiology procedures performed - 10,847Cardiology procedures (including EKG, Echo, EEG) - 9,458Cardiac Cath Services - 347Laboratory tests performed - 152,272CT Scanner procedures - 2,613Magnetic Imaging (MRI) procedures - 526Outpatient services in 2012 were provided to 266,520 patients These services included Emergency room visits - 22,679Outpatient surgery operating minutes - 67,972Radiology procedures performed (incl Mammography) - 24,441Cardiology procedures performed (including EKG, Echo, EEG) - 12,131Cardiac Catherizations and other procedures - 304Laboratory tests performed -262,276Rural Health Clinic visits - 109,109CT Scanner procedures - 5,938Cancer Center procedures - 7,878PET CT Scanner procedures - 346Magnetic Imaging (MRI) - 2,274Midwifery Visits - 6,204Specialty Clinic visits - 329OB Clinic visits - 1,605Total Women's Health Clinic visits - 2,035Primary Care visits - 858ENT Clinic visits - 273Ambulatory Infusion procedures - 9,790Anti-Coagulation visits - 9,989 Home Care services in 2012 were provided to 38,282 patients These services included Home Health visits - 12,559Hospice visits - 18,028Hospice House patients - 201Home Medical Equipment Feather River Hospital recognizes it has an obligation to provide human services above and beyond its role as a healing facility The following community benefits demonstrate the tangible ways in which the organization is fulfilling its mission Bereavement and Grief Support GroupsHealth FairsBlood Pressure ClinicsFlu ClinicsBlood and Health ScreeningsMeals on Wheels Volunteer ProgramChristmas Angel Tree Program Dinner with the Doctors (Monthly health lectures)Donated Thanksgiving MealsAmerican Cancer Society - (Breast Cancer Awareness Month, Relay for Life)Hospice Thrift ShopGuest Meals Partners in Health (Community Magazine)CHIP Education Program - (Coronary Health Improvement Program)Diabetes Education ProgramHealthy Mothers-Childbirth EducationLifeline Personal Emergency SystemPhysician Referral LineParadise Chamber of Commerce AmbassadorsAdult and Infant CPR ClassesScholarship ProgramsBlood DriveShuttle Services for Feather River Health Center PatientsChildbirth Educational ClassesSalvation Army Advisory CommitteeGovernment Assistance Enrollment

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 149,320,116

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	188		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,338		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			No
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ 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 ▶Gary Kemske 5974 Pentz Rd Paradise, CA (530)877-9361

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, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

☐ Check this box if neither the organization nor any related 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) REINER SCOTT V Chair/Sec	0 00 50 00	X		X				0	915,400	183,744
(2) CARMEN ROBERT Chairman	0 00 50 00	X		X				0	1,814,442	38,864
(3) TORKELSEN MAX Director	0 00 1 00	X						0	2,233	0
(4) RIPPEY WESLEY Director	0 00 1 00	X						0	100,406	0
(5) REIMCHE ALAN Director	0 00 1 00	X						0	2,290	0
(6) JONES HELMUTH Director	0 00 1 00	X						0	1,127	0
(7) JOBE MEREDITH Dir/Gen Counsel	0 00 1 00	X						0	318,021	73,755
(8) INNOCENT LARRY Director	0 00 1 00	X						0	1,273	0
(9) GRAHAM RICARDO Director	0 00 1 00	X						0	2,556	0
(10) GABRIEL MELODY Director	0 00 1 00	X						0	300	0
(11) FRIESTAD CHRISTINE Director	0 00 1 00	X						0	2,586	0
(12) FIKE RUTHITA Director	0 00 1 00	X						0	695	0
(13) DICKINSON CHARLES Director	0 00 1 00	X						0	3,085	0
(14) CREITZ LYNN Director	0 00 1 00	X						0	4,052	0
(15) CAVINESS LARRY Director	0 00 1 00	X						0	3,245	0
(16) GORDON DANIEL Tr/VPFin/As Sec	50 00 0 00			X				0	340,793	71,611
(17) ERICH KEVIN President	50 00 0 00			X				0	411,143	233,777

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			
(18) WING BILL Asst Sec	0 00 50 00			X				0	665,195	154,613
(19) WEHTJE RODNEY Asst Treasurer	0 00 50 00			X				0	534,490	210,115
(20) REBOK DOUGLAS Asst Sec	0 00 50 00			X				0	872,315	159,731
(21) STILSON KEITH VP ANCILLARY SVCS	50 00 0 00				X			0	208,552	33,237
(22) SANTOS GLORIA VP PT CARE SVCS	50 00 0 00				X			0	270,833	70,233
(23) PAUL MILLER PHARMACIST - DIR	40 00 0 00					X		178,866	0	10,513
(24) LARRY GORDON PHARMACIST	40 00 0 00					X		165,549	0	9,746
(25) HEATHER BARBER PHARMACIST	40 00 0 00					X		160,871	0	9,602
(26) BRIAN ESTABROOK PHYS ASSISTANT	40 00 0 00					X		162,472	0	9,171
(27) STEVEN GAWTHROP PHYS ASSISTANT	40 00 0 00					X		152,442	0	6,387
(28) DODDS LARRY Fmr Dir/V Chair/Sec	0 00 0 00						X	0	78,842	18,492

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	820,200	6,553,874	1,293,591

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 ▶ 5

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
PARADISE ANESTHESIA GROUP 4700 ZEPHYR POINT PARADISE CA 95969	MEDICAL SERVICES	513,569
SAM MAZJ MD INC 433 SOUTHBURY LANE CHICO CA 95973	MEDICAL SERVICES	646,708
CALIF EMERGENCY PHYSICIANS MEDICAL GROUP PO BOX 582663 MODESTO CA 953580046	MEDICAL SERVICES	686,808
PARAMOUNT ANESTHESIA ASSOC INC 11107 HILAIRE BLAISE DR BAKERSFIELD CA 93311	MEDICAL SERVICES	997,960
PARADISE MEDICAL GROUP 6470-A PENTZ RD PARADISE CA 95969	MEDICAL SERVICES	3,639,078

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 34

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				
	c	Fundraising events	1c				
	d	Related organizations	1d	11,381			
	e	Government grants (contributions)	1e	38,556			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	383,710			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			433,647		
Program Service Revenue			Business Code				
	2a	OTHER REVENUE	900099		433,986	387,112	46,874	
	b	MEDICAL EHR INCEN PAY REV	900099		690,304	690,304		
	c	DIETARY SERV REVENUE	900099		982,787	16,079		966,708
	d	EMPLOYEE SALES-PHARMACY	446110		1,732,706			1,732,706
	e	PATIENT SERVICE REVENUE	621990		174,733,496	174,721,897	11,599	
	f	All other program service revenue			85,762	10,800		74,962
	g	**Total.** Add lines 2a–2f			178,659,041			
	3	Investment income (including dividends, interest, and other similar amounts)			313,017		100,594	212,423
	4	Income from investment of tax-exempt bond proceeds			0			
	5	Royalties			0			
			(i) Real	(ii) Personal				
	6a	Gross rents	41,707					
	b	Less rental expenses						
	c	Rental income or (loss)	41,707					
	d	Net rental income or (loss)			41,707			41,707
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory		176,293				
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)		176,293				
	d	Net gain or (loss)			176,293			176,293
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a	39,863				
	b	Less direct expenses	b	-782				
	c	Net income or (loss) from fundraising events			40,645			40,645
	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	821,929				
	b	Less cost of goods sold	b	294,630				
	c	Net income or (loss) from sales of inventory			527,299		11,612	515,687
		Miscellaneous Revenue		Business Code				
	11a	Chg Interest in Fnd		900099	-74,642	-74,642		
	b							
	c							
	d	All other revenue						
	e	**Total.** Add lines 11a–11d			-74,642			
	12	**Total revenue.** See Instructions			180,117,007	175,751,550	170,679	3,761,131

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	5,000	5,000		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	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	64,655,766	60,794,945	3,860,821	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,543,287	2,543,287		
9 Other employee benefits	16,043,149	14,943,930	1,099,219	
10 Payroll taxes	4,761,820	4,477,119	284,701	
11 Fees for services (non-employees)				
a Management	0			
b Legal	346,853		346,853	
c Accounting	284,131		284,131	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	14,267,448	13,486,565	780,883	
12 Advertising and promotion	500,803	11,661	489,142	
13 Office expenses	2,312,844	1,781,647	531,197	
14 Information technology	4,213,198	4,204,274	8,924	
15 Royalties . .	0			
16 Occupancy	2,270,547	2,266,297	4,250	
17 Travel	407,579	337,627	69,952	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	87,918	57,518	30,400	
20 Interest	2,266,489	2,266,489		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	6,404,948	6,393,503	11,445	
23 Insurance	330,429	330,429		
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 Rental/lease equip costs	1,594,158	1,577,896	16,262	
b Other Expenses	9,550,080	38,380	9,511,700	
c Purchased services	12,760,713	7,188,799	5,571,914	
d Pt Care Supplies	26,579,040	26,579,040		
e All other expenses	35,710	35,710		
25 **Total functional expenses.** Add lines 1 through 24e	172,221,910	149,320,116	22,901,794	0
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)				

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		438,931	1	465,867
	2	Savings and temporary cash investments		693,569	2	3,061,938
	3	Pledges and grants receivable, net		11,119	3	20,034
	4	Accounts receivable, net		22,493,587	4	23,789,685
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			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			6	0
	7	Notes and loans receivable, net			7	0
	8	Inventories for sale or use		3,144,144	8	2,998,459
	9	Prepaid expenses and deferred charges		1,142,377	9	953,673
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 122,927,566			
	b	Less accumulated depreciation	10b 61,376,180	60,587,949	10c	61,551,386
	11	Investments—publicly traded securities			11	0
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		26,527,249	15	26,011,158
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		115,038,925	16	118,852,200
Liabilities	17	Accounts payable and accrued expenses		13,135,871	17	10,699,787
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	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			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		80,630,562	25	78,984,824
	26	**Total liabilities.** Add lines 17 through 25		93,766,433	26	89,684,611
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		19,790,228	27	27,764,532
	28	Temporarily restricted net assets		1,482,264	28	1,403,057
	29	Permanently restricted net assets			29	
		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		21,272,492	33	29,167,589
	34	Total liabilities and net assets/fund balances		115,038,925	34	118,852,200

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	180,117,007
2	Total expenses (must equal Part IX, column (A), line 25)	2	172,221,910
3	Revenue less expenses Subtract line 2 from line 1	3	7,895,097
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	21,272,492
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	29,167,589

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Feather River Hospital

Employer identification number
94-1101228

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	
Total									

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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 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 for 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 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).

Facts And Circumstances Test

Explanation

NOTE L – RELATED-PARTY TRANSACTIONS

The System had transactions with organizations that are considered related parties The amounts receivable from related parties are reported in the accompanying combined financial statements as other receivables of $3,070 and $1,229 and notes receivable of $13,868 and $12,857 at December 31, 2012 and 2011, respectively

NOTE M – COMMITMENTS AND CONTINGENCIES

Certain member organizations are involved in litigation arising in the ordinary course of business In addition, the Department of Health and Human Services' OIG is investigating whether certain member organizations have submitted false claims to the Medicare and Medicaid programs or have violated other laws Submission of false claims or violation of other laws can result in substantial civil and/or criminal penalties and fines, including treble damages and/or possible debarment from future participation in such programs The System is cooperating in these investigations Although management does not believe these matters will have a material adverse effect on the System's combined financial position, there can be no assurance that such will be the case

A member organization received a subpoena on November 17, 2011, in relation to a hospital initiative that was implemented in 2009 with the goal of improving patient access to inpatient care The scope of the information requested is very broad, and applies in some cases to documents from 2008 to present The government has not asserted any specific claims and the System is cooperating with this investigation

Adventist Health, Glendale Adventist Medical Center, Southern California Medical Foundation, and White Memorial Medical Center received a subpoena from the federal government on November 3, 2008, requesting documents and information pertaining to each entity's compliance with the federal Anti-kickback law and "Stark" law During 2013, the parties expect to resolve all the issues resulting in the White Memorial Medical Center entering into a settlement agreement and corporate integrity agreement with the OIG A liability for the settlement has been accrued as of December 31, 2012, and did not have a material effect on the System's combined financial statements

The System extended lines of credit primarily to physicians totaling $3,737 and $4,331 at December 31, 2012 and 2011, respectively

NOTE N – FINANCIAL GRANTS

Several of the System's hospitals are located in areas of frequent earthquake activity and have sustained damage from earthquakes in the past Three System hospitals received $156,150 of grant funds from the for repair of damage and seismic structural upgrades and all of these funds were recorded in the accompanying financial statements in years prior to 2012 reserves the right to recover funds from the System for a period of eight years from completion of the final phase of construction if the facilities do not continue to be used by a tax-exempt organization for the provision of acute care patient services

grant funds received for capitalized expenditures are accounted for as an exchange transaction and are reported as deferred revenue Deferred revenue of $109,848 and $115,563 at December 31, 2012 and 2011,

NOTE N - FINANCIAL GRANTS – Continued

respectively, is recorded as other noncurrent liabilities After completion of a project, the related deferred revenue is amortized over the expected useful life of the asset and recorded as other revenue Amortization of deferred revenue totaled $5,715 and $5,892 for the years ended December 31, 2012 and 2011, respectively

NOTE O – NEW ACCOUNTING PRONOUNCEMENTS

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2012-05, *Not-for-Profit Entities Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which amended Accounting Standards Codification (ASC) 230, *Statement of Cash Flows*, to clarify the statement of cash flow presentation of cash received from the sale of donated assets and to eliminate the diversity of presentation that currently occurs in practice Management is currently evaluating the potential impact of this guidance, which will be effective July 1, 2013, but does not expect it to have a material impact on the System's combined financial statements

In July 2012, the FASB issued ASU No 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, which will allow an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test Under these amendments, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on a qualitative assessment, that it is not more likely than not that the indefinite-lived intangible asset is impaired The System adopted ASU 2012-02 effective January 1, 2012, and the adoption did not have a material impact on the System's combined financial statements

In May 2011, the FASB issued ASU No 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards*, which amended ASC 820, *Fair Value Measurement* to change the wording used to describe many of the requirements in US GAAP for measuring fair value and for disclosing information about fair value measurements The System adopted ASU 2011-04 effective January 1, 2012, and the adoption did not have a material impact on the System's combined financial statements

NOTE P – SUBSEQUENT EVENTS

In February 2013, the System issued 2013 Fixed Rate Taxable Bonds in the amount of $50,000 and the Tax Exempt Fixed Rate Series 2013A California Health Facilities Financing Authority (CHFFA) Revenue Bonds in the amount of $290,300 The funds from the tax exempt offerings were used to refund all of the CHFFA Series 2002 Series A and 2002 Series B Variable Rate Revenue Bonds and the 2003 Series A Revenue Bonds as well as provide funding to finance the acquisition, construction and equipping of capital improvements at health care facilities of the Members of the Obligated Group

The System has evaluated subsequent events through the April 22, 2013 issuance date of the combined financial statements

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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 the organization	**Employer identification number**
Feather River Hospital	94-1101228

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-

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		
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-		

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

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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		17,218
i	Other activities?		No	
j	Total Add lines 1c through 1i			17,218
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
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?		No	

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

Identifier	Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 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
Feather River Hospital

Employer identification number
94-1101228

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

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 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		2,154,440		2,154,440
b Buildings		77,478,397	36,043,525	41,434,872
c Leasehold improvements				
d Equipment		30,280,080	21,078,935	9,201,145
e Other		13,014,649	4,253,720	8,760,929
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				61,551,386

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) 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
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) OTHER RECEIVABLES	363,037
(2) RECEIVABLES FROM RELATED ORGAN	13,284,658
(3) OTHER ASSETS	1,270,791
(4) Receivables from third-party payors	8,850,611
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	26,011,158

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
WORKERS COMPENSATION LIABILITY	3,755,264
PAYABLES TO RELATED ORGAN	75,229,560
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	78,984,824

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 ☐

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	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

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

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

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

Identifier	Return Reference	Explanation
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	Board-Designated, temporary and permanently restricted endowment funds are for specified operating and capital projects The funds are released as project costs are expended

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Feather River Hospital

Employer identification number
94-1101228

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

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

- **a** ☐ Mail solicitations
- **b** ☐ Internet and email solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☑ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

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

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

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 SmallMiscEvnts (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	39,863			39,863
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)	39,863			39,863
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	-782			-782
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(-782)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				40,645

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

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

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

b If "No," explain _____

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

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

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

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

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

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319109183

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
Feather River Hospital

Employer identification number
94-1101228

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	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
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	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
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	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %			
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			1,083,457	3,473	1,079,984	0 630 %
b Medicaid (from Worksheet 3, column a)			27,700,429	39,716,811	-12,016,382	
c Costs of other means-tested government programs (from Worksheet 3, column b)			7,217,887	4,989,382	2,228,505	1 290 %
d **Total** Financial Assistance and Means-Tested Government Programs			36,001,773	44,709,666	-8,707,893	1 920 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			887,237	176,812	710,424	0 410 %
f Health professions education (from Worksheet 5)			6,046		6,046	
g Subsidized health services (from Worksheet 6)			2,643,103	2,021,278	621,825	0 360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			141,260		141,260	0 080 %
j **Total.** Other Benefits			3,677,646	2,198,090	1,479,555	0 850 %
k **Total.** Add lines 7d and 7j			39,679,419	46,907,756	-7,228,338	2 770 %

Part II **Community Building Activities** Complete this 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 Heathcare Financial Management Association Statement No 15?	1	Yes	
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 1,214,653			
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 3 255,077			
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	65,705,554
6	Enter Medicare allowable costs of care relating to payments on line 5	6	86,666,273
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-20,960,719
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	Yes	
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	Yes	

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					

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	Feather River Hospital 5974 Pentz Rd Paradise, CA 95969	X	X					X			

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 Feather River Hospital

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		No
	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		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon 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**	Yes	
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 ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ 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**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

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**	Yes	
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)			

Charges 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 ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any 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?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
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?
10

	Name and address	Type of Facility (describe)
1	FRH Skyway Primary Care & Wellness Center 111 Raley Blvd Ste 140 Chico, CA 95928	1206(d) Clinic
2	Feather River ENT 6161 Clark Rd Ste 6 Paradise, CA 95969	1206(d) Clinic
3	Feather River Specialty Services 6009 Pentz Rd Ste D Paradise, CA 95969	1206(d) Clinic
4	Feather River Midwifery - Paradise 771 Buschmann Rd Ste L Paradise, CA 95969	1206(d) Clinic
5	Feather River OBGyn Associates 771-AA Buschmann Rd Paradise, CA 95969	1206(d) Clinic
6	Feather River Midwifery - Chico 1617 Esplanade Ave Chico, CA 95926	1206(d) Clinic
7	Feather River Family Health Center 5730 Canyon View Dr Paradise, CA 95969	Rural Health Clinic
8	Paradise Hospice House 1295 Bille Rd Paradise, CA 95969	Congregate Health Living Facility
9	Feather River Hospital Canyon View Clinic 5734 Canyon View Dr Paradise, CA 95969	Rural Health Clinic
10	Feather River Health Center 5125 Skyway Paradise, CA 95969	Rural Health Center

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 hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	CA
	Part VI - Affilated Health Care System Roles and Promotion	The hospital is a member of Adventist Health, a health care system which provides healthcare services in diverse markets within the Western United States A member hospital may share some services with other member hospitals in its geographic area, such as clinical, management and support services Using today's technology, hospitals outside the geographic area are able to provide support through remote services such as telepharmacy and robotics surgery The Corporate Office provides important shared administrative support for member hospitals' rural health clinics and home care agencies, quality of care, other clinical needs, financing and risk management, and shared clinical and financial information technology As many experienced and new physicians search for alternatives to independent practice, there is also corporate administrative support for hospital affiliated medical groups that engage physicians through employment or other contracts This provides stability and growth of qualified physicians across many specialties, which is very important to make healthcare services available and to maintain and improve health within the communites served

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	Feather River Hospital is actively involved in and participates with a variety of community events to promote the health of this community Our Community Benefit plan is designed to focus on addressing identified health concerns or needs of this community, and include numerous programs and service offerings These include health education efforts such as classes and informational lectures by health care providers, health screenings, support groups for several specific programs, and communication efforts to help inform the community about how they can access these services Our multiple locations and breadth of services ensure that we address access to care issues, and our rural health clinics support the provision of health care services to the medically-underserved population We encourage our leadership to participate with key community groups in order to ensure strong, positive relationships with the community and use these individuals to create a feedback loop mechanism to ensure that we are listening to their needs Our outreach efforts include health and safety expo activities with local schools, providing free flu shots to those in our community with chronic diseases and their caregivers, and we are dedicated to helping members of our community to find ways to improve their lifestyle that are most appropriate for them These activities are not included elsewhere on Schedule H Feather River Hospital also works to ensure that the health of our community is a priority through our outreach efforts and in the way that we approve sponsorships and/or donations We participate with a variety of these efforts that are not part of Part I Charity Care and Other Community Benefits, and are no included elsewhere on Schedule H These activities include Participation with key community groups who work to address health and safety issues of community segments, such as youth at risk, the medically-underserved, and the elderly Collaboration with Butte College and Chico State University to support the education and training of nurses and other health care professionals by providing opportunities for clinical rotations, student internships, administrative residencies, and financial support for faculty Donations of appropriate supplies and equipment to organizations and activities to support the continuation of health care services Reductions in energy usage through an on-site co-generation facility, and recycling efforts to divert waste streams away from inappropriately clogging landfills Support town and county efforts to educate and prepare for emergencies, including sending staff to training, participating with drills, and sharing learnings with others
	Part VI - Community Information	Feather River Hospital defines its primary service area as encompassing the ridge communities of Paradise, Magalia, Sterling City, and parts of Butte Valley This geographical region has approximately 45,000 residents, and is largely comprised of elderly (Medicare) patients The hospital's secondary service area is defined broadly as those communities surrounding the primary service area, namely Oroville, Chico, Durham, Gridley, etc This broader geographical region is comprised of more than 120,000 residents Some services of the hospital (such as the Birth Day Place, the Cancer Center, and the Joint Replacement Center) bring in patients from communities outside these service area designations, due to their specialty and reputation Feather River Hospital's patient mix is primarily Medicare and Medi-Cal, with a small percentage of private pay or managed care patients

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	At the time of registration, patients who are uninsured and underinsured are provided information about government healthcare programs Patients also are orally informed of their right to request charity assistance Signs are displayed in the patient business office, patient registration areas and the emergency room in multiple languages informing patients of this right as well The hospital also provides a brochure during the registration process that explains the hospital billing and collection procedures, and how to request financial assistance In addition, every billing statement sent to patients contains information on how to request financial assistance The hospital charity assistance policy is posted on the hospital website
	Part VI - Needs Assessment	The organization conducts a Community Needs Assessment every three years, usually in conjunction with its annual community survey tool These additional questions are extrapolated into a specific community needs assessment report and are evaluated in addition to other data compiled from various other listening posts throughout the organization, such as the Physician Referal program, the President's Advisory Forum, complaint data, bright idea suggestions and community outreach at events

Identifier	ReturnReference	Explanation
Number of Hospital Facilty - 1	Part V, Line 20d - Other Billing Determination of Individuals Without Insurance	The hospital's financial assistance policy has three income ranges for patients who received emergency medical care, which provides a discount based on Medicare rates There are also three income ranges for patients who received non-emergency medical care, the two lower income ranges provide a discount based on Medicare rates The higher income range provides a discount from the balance due after the uninsured discount, that is available to all uninsured patients without regard to income Only five of the six income ranges are discounted based on Medicare rates
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	When a patient has requested screening for charity care, the hospital must immediately cease collection activity and place the account in a charity pending status If 100% charity is approved, the entire account balance is written off to charity care If the patient has a sliding scale liability based on the federal poverty guidelines, they are billed only for that liability If the patient fails to pay their after-charity liability, they are assigned to a collection agency with an identifier that indicates to the agency that the patient is "low income" and the following criteria must be followed by the agency 1 They may not report the patient to a credit bureau2 They may not file a lawsuit to recover the outstanding liability3 They may not charge interest

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	The Medicare cost report apportions the hospitals costs on the basis of inpatient days and ancillary and outpatient charges to establish the costing methodology Healthcare delivery by hospitals is a complex, highly regulated business in the United States Healthcare unit cost inflation is driven by compliance with ever-expanding regulatory requirements, shortages of highly skilled labor and evolving medical and information technology The health care market basket is unrelated to that of the average individual consumer Since the 1997 Balanced Budget Act, Medicare annual payment updates have fallen behind actual healthcare cost inflation to the point that Medicare payments to many U S hospitals are well below the cost of providing care These unreimbursed costs are a community benefit for seniors and others in the community as these individuals are continuing to receive care without which many would become dependent on other governmental resources such as Medicaid The benefit to the community for healthier Medicare recipients is no different than those benefits the community realizes for uninsured and underinsured patients who are eligible for partial and full charity care Medicare is a safety net for seniors and others Without Medicare coverage, many individuals would undoubtedly qualify for charity care In addition to the mismatch between Medicare payment increases and healthcare cost inflation, the highly complex Medicare payment systems and formulas produce disparate payment levels from one hospital to another for the same service These disparate payment levels create disparate results within groups of hospitals Reconciliation of Medicare Revenue from the hospital's Medicare Cost Report to GL *Medicare Cost Report Revenue 53,725,508 Prior Year Settlements 334,704 Cost Report Reimbursable Bad Debts 478,203 Estimates and Accrual Variances 305,268 Other 10,861,871 Subtotal - Amount reported in PtIII, Line 5 65,705,554 Amounts include in Part 1, lines g and f - Total Medicare Revenue 65,705,554*Note The Medicare Cost Report revenue does not include the bad debt reimbursement The Cost Report revenue does include the patient co-pay and deductible amounts Adding the bad debt reimbursement would have duplicated the revenue already accounted for in the co-pay and deductible amounts
	Part III, Line 4 - Bad Debt Expense	The system-wide combined audited financial statements do not contain a footnote describing bad debt expense

Identifier	ReturnReference	Explanation
	Part III, Line 3 - Methodology of Estimated Amount & Rationale for Including in Community Benefit	The portion of the bad debts attributed to charity care as reported on Part III, Line 3 was calculated by an independent third-party consulting firm This is an estimate of additional charity care that would have been granted if patients had cooperated by furnishing family financial information A statistically valid sampling of patient accounts written-off was evaluated The evaluation used various factors to determine which patients would have been eligible for charity care Had the hospital obtained sufficient information from all patients who qualified for financial assistance, these additional accounts would have been recorded as charity care instead of bad debt
	Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense	Uncollected patient accounts are analyzed using written patient financial services policies that apply standard procedures for all patient accounts The result of the analysis is what is recognized as bad debt expense For example, all self-pay patients receive a discount If the discounted account is unpaid after collection efforts, the unpaid balance is classified as bad debt The cost-to-charge ratio described for Part I, Line 7 is multiplied times the hospital's bad debt expense as reported in the system-wide audited combined financial statements The resulting figure has been reported as bad debts at cost on Part III, Line 2

Identifier	ReturnReference	Explanation
	Part I, Line 7 - Explanation of Costing Methodology	The costs were determined by using a cost-to-charge ratio The cost-to-charge computation is based on hospital specific data included in the system-wide audited combined financial statements The formula used for computation equals financial statement data labeled as follows Total expenses - (Provision for bad debts + Other revenue + Interest income)/Gross patient chargesFeather River Hospital is located in a medically underserved area and participates in a quality assurance fee program with the State of California to fund certain Medi-Cal coverage expansions The state redistributes funds to hospitals that provide patient care to a higher proportion of indigent and medically underprivileged patients, who otherwise would most likely not have access to physicians and other medical services The community benefit analysis includes receipts from this redistribution that are used to assist in partially offsetting the significant costs associated with providing patient care to this population group The program may or may not continue in the future based on the State of California's regulations and policies and the approval of the federal government

Additional Data

Software ID: 12000229
Software Version: 2012v2.0
EIN: 94-1101228
Name: Feather River Hospital

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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?
10

Name and address	Type of Facility (describe)
FRH Skyway Primary Care & Wellness Center 111 Raley Blvd Ste 140 Chico, CA 95928	1206(d) Clinic
Feather River ENT 6161 Clark Rd Ste 6 Paradise, CA 95969	1206(d) Clinic
Feather River Specialty Services 6009 Pentz Rd Ste D Paradise, CA 95969	1206(d) Clinic
Feather River Midwifery - Paradise 771 Buschmann Rd Ste L Paradise, CA 95969	1206(d) Clinic
Feather River OBGyn Associates 771-AA Buschmann Rd Paradise, CA 95969	1206(d) Clinic
Feather River Midwifery - Chico 1617 Esplanade Ave Chico, CA 95926	1206(d) Clinic
Feather River Family Health Center 5730 Canyon View Dr Paradise, CA 95969	1206(d) Clinic
Paradise Hospice House 1295 Bille Rd Paradise, CA 95969	1206(d) Clinic
Feather River Hospital Canyon View Clinic 5734 Canyon View Dr Paradise, CA 95969	1206(d) Clinic
Feather River Health Center 5125 Skyway Paradise, CA 95969	1206(d) Clinic

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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, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Feather River Hospital

Employer identification number
94-1101228

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all 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**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured 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**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		No

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				
See Additional Data Table							

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID: 12000229
Software Version: 2012v2.0
EIN: 94-1101228
Name: Feather River Hospital

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
STILSON KEITH	(I) (II)	175,000	23,074	10,478	21,891	11,346	241,789	
SANTOS GLORIA	(I) (II)	200,240	27,140	43,453	45,237	24,996	341,066	26,101
GORDON DANIEL	(I) (II)	262,870	28,495	49,428	52,843	18,768	412,404	28,415
ERICH KEVIN	(I) (II)	300,240	56,892	54,011	208,721	25,056	644,920	38,005
WING BILL	(I) (II)	554,320	77,197	33,678	131,876	22,737	819,808	
WEHTJE RODNEY	(I) (II)	362,899	71,582	100,009	191,288	18,827	744,605	63,809
REBOK DOUGLAS	(I) (II)	561,780	137,623	172,912	138,641	21,090	1,032,046	116,805
REINER SCOTT	(I) (II)	654,000	149,534	111,866	160,719	23,025	1,099,144	42,890
CARMEN ROBERT	(I) (II)	982,571	240,680	591,191	15,298	23,566	1,853,306	472,760
JOBE MEREDITH	(I) (II)	262,685		55,336	56,358	17,397	391,776	
STEVEN GAWTHROP	(I) (II)	139,398	12,870	174	6,387		158,829	
BRIAN ESTABROOK	(I) (II)	119,068	43,350	54	9,171		171,643	
HEATHER BARBER	(I) (II)	160,871			9,602		170,473	
LARRY GORDON	(I) (II)	165,479		70	9,746		175,295	
PAUL MILLER	(I) (II)	167,311	4,392	7,163	10,513		189,379	
DODDS LARRY	(I) (II)	78,280		562	3,564	14,928	97,334	

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Feather River Hospital

Employer identification number
94-1101228

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Debra Gordon	Gordon-Officer	84,977	Employment		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

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2012

Open to Public Inspection

Name of the organization
Feather River Hospital

Employer identification number
94-1101228

Identifier	Return Reference	Explanation
	Form 990, Part VI, Line 7a	The hospital bylaws define its board of directors to be the same individuals who are members of the Adventist Health System/West board of directors Adventist Health System/West, a California not-for-profit religious corporation, is the sole corporate member of the hospital
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	The hospital does not make its governing documents available, beyond required filings of articles of incorporation with the Secretary of State The hospital does not make its conflict of interest policy publicly available The hospital files monthly/quarterly summary financial reports with the state health planning agency
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	The hospital board of directors has established a Compensation Committee to oversee the executive compensation program This committee is composed of independent directors with no conflicts of interest The committee performs the following functions recommends a total compensation philosophy to the board, assures compliance with the board-approved philosophy, meets annually to review comparability data from outside consultants, recommends any adjustments to current executive compensation, including salary ranges for hospital CEOs and CFOs, that would be indicated by the data, evaluates executive performance against annual goals, recommends appropriate incentive awards to the board for approval, follows a diligent process that meets regulatory requirements for a rebuttable presumption of reasonableness, records committee deliberations and decisions in timely minutes, selects, engages and supervises any consultant hired to advise and provide comparability data The board-approved executive compensation philosophy specifies that salary ranges will be established for hospital CEOs and executives, with midpoints aligned with the 50th percentile of comparable system hospital data, and having a 24 percent spread from minimum to maximum (industry norm is approximately a 50 percent spread) A hospital CEO has a maximum potential incentive of 30 percent of base salary (This incentive potential is less than the industry norm) Other hospital executives have a maximum potential incentive of 20 percent of base salary
Form 990, Part VI, Line 15a	Form 990, Part VI, Line 15a Compensation Review & Approval Process - CEO, Top Management	See explanation of process for setting CEO compensation below on Form 990, Part VI, Line 15b explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	During the first quarter of each year, the annual conflict of interest questionnaire is sent to board members, hospital officers, key employees, and department directors for completion and signature The questionnaire is accompanied by a letter of explanation to illustrate examples of a conflict and to remind the recipient that if any perceived conflict should arise before the next annual questionnaire he/she is to notify the CEO immediately The corporate internal audit staff reviews these questionnaires and disclosures each year during the audit process
Form 990, Part VI, Line 11b	Form 990, Part VI, Line 11b Form 990 Review Process	The completed Form 990 is shared with members of the hospital's board of directors by electronic communication for their review prior to filing A special board meeting is scheduled to answer questions and receive input from the board after their review but prior to filing
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	The sole corporate member, Adventist Health System/West, must approve all changes to the articles of incorporation and bylaws
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	The hospital is organized as a not-for-profit religious corporation The sole corporate member is Adventist Health System/West, a California not-for-profit religious corporation The hospital operates as an affiliate of Adventist Health System/West

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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
Feather River Hospital

Employer identification number
94-1101228

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

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
See Additional Data Table							

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) Disproprtionate 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

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) South Coast Medical Center 2100 Douglas Blvd Roseville, CA 95661 95-2037291	Wind down after sale of hospital	CA	N/A	C Corp					No

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

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

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Additional Data

Return to Form

Software ID: 12000229
Software Version: 2012v2.0
EIN: 94-1101228
Name: Feather River Hospital

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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Combined Financial Statements

Adventist Health System/West

Year Ended December 31, 2012
with Report of Independent Auditors

Audited Combined Financial Statements

ADVENTIST HEALTH

December 31, 2012

Audited Combined Financial Statements

Ernst & Young LLP
Sacramento Office
2901 Douglas Boulevard
Suite 300
Roseville, California 95661

Tel +1 916 218-1900
Fax +1 916 218-1999
www ey com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Adventist Health

We have audited the accompanying combined financial statements of Adventist Health (the "System"), which comprise the combined balance sheets as of December 31, 2012 and 2011, and the related combined statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in conformity 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 of material misstatement, whether due to fraud or error

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's 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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Adventist Health at December 31, 2012 and 2011, and the combined results of its operations and its cash flows for the years then ended in conformity with U S generally accepted accounting principles

Ernst + Young LLP

April 22, 2013

COMBINED BALANCE SHEETS
(In thousands of dollars)

ADVENTIST HEALTH

	December 31 2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 311,257	$ 250,119
Marketable securities	27,489	45,393
Assets whose use is limited		
Board-designated	107	78
Held by trustees	35,698	22,472
Donor-restricted	9	56
Patient accounts receivable, net of allowance for uncollectible accounts of approximately $107,000 and $78,000 at December 31, 2012 and 2011, respectively	362,346	357,638
Receivables from third-party payors	31,977	7,957
Other receivables	30,893	27,280
Inventories	43,743	42,594
Prepaid expenses and other current assets	32,653	23,711
TOTAL CURRENT ASSETS	876,172	777,298
OTHER ASSETS		
Notes receivable	18,242	16,658
Marketable securities	448,804	472,564
Assets whose use is limited		
Board-designated	117,666	102,563
Held by trustees	217,000	231,242
Donor-restricted	19,824	20,429
Long-term investments	23,022	25,004
Deferred financing costs	7,001	7,373
Other long-term assets	56,881	38,905
TOTAL OTHER ASSETS	908,440	914,738
PROPERTY AND EQUIPMENT, net	1,484,213	1,397,999
TOTAL ASSETS	$ 3,268,825	$ 3,090,035

	December 31	
	2012	2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 97,764	$ 86,885
Accrued compensation and related payables	155,165	146,738
Accrued interest	10,945	11,404
Liabilities to third-party payors	54,509	58,151
Other current liabilities	39,849	40,772
Short-term financing	64	152
Current maturities of long-term debt	19,270	25,622
TOTAL CURRENT LIABILITIES	377,566	369,724
LONG-TERM DEBT, net of current maturities	1,064,531	1,048,825
OTHER NONCURRENT LIABILITIES	298,585	292,078
TOTAL LIABILITIES	1,740,682	1,710,627
NET ASSETS		
Unrestricted	1,467,978	1,322,034
Temporarily restricted	54,329	51,412
Permanently restricted	5,836	5,962
TOTAL NET ASSETS	1,528,143	1,379,408
TOTAL LIABILITIES AND NET ASSETS	$ 3,268,825	$ 3,090,035

See notes to combined financial statements

COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(In thousands of dollars)

ADVENTIST HEALTH

	Year Ended December 31	
	2012	2011
UNRESTRICTED REVENUES, GAINS, AND SUPPORT		
Net patient service revenue	$ 2,859,781	$ 2,598,941
Less provision for bad debts	155,664	113,865
Net patient service revenue less provision for bad debts	2,704,117	2,485,076
Premium revenue	32,990	22,779
Other revenue	179,993	138,695
Net assets released from restrictions for operations	8,448	6,759
TOTAL UNRESTRICTED REVENUES, GAINS, AND SUPPORT	2,925,548	2,653,309
EXPENSES		
Employee compensation	1,443,834	1,365,001
Professional fees	261,505	233,288
Supplies	410,777	395,525
Purchased services and other	511,407	407,658
Interest	35,734	35,747
Depreciation	129,204	118,760
TOTAL EXPENSES	2,792,461	2,555,979
EXCESS OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS	$ 133,087	$ 97,330

	Year Ended December 31 2012	2011
UNRESTRICTED NET ASSETS		
Excess of revenues over expenses from continuing operations (from page 4)	$ 133,087	$ 97,330
Change in net unrealized gains and losses on other-than-trading securities	6,330	6,967
Donated property and equipment	38	688
Net assets released from restrictions for capital additions	5,737	6,069
INCREASE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS	145,192	111,054
Net gain (loss) from discontinued operations	752	(1,609)
INCREASE IN UNRESTRICTED NET ASSETS	145,944	109,445
TEMPORARILY RESTRICTED NET ASSETS		
Restricted gifts and grants	16,715	15,770
Net realized and unrealized gains on investments	175	123
Change in value of split-interest agreements	212	(3)
Net assets released from restrictions	(14,185)	(12,828)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	2,917	3,062
PERMANENTLY RESTRICTED NET ASSETS		
Restricted gifts and grants	2	10
Net realized and unrealized (losses) gains on investments	(128)	727
(DECREASE) INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	(126)	737
INCREASE IN NET ASSETS	148,735	113,244
NET ASSETS, BEGINNING OF YEAR	1,379,408	1,266,164
NET ASSETS, END OF YEAR	$ 1,528,143	$ 1,379,408

See notes to combined financial statements

COMBINED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

ADVENTIST HEALTH

	Year Ended December 31 2012	2011
OPERATING ACTIVITIES		
Change in net assets	$ 148,735	$ 113,244
Adjustments to reconcile increase in net assets to net cash provided by operating activities of continuing operations		
(Gain) loss from discontinued operations	(752)	1,609
Depreciation	129,204	118,760
Provision for bad debts	155,664	113,865
Provision for loss on notes receivable	3,171	5,375
Net gain on investments	(28,763)	(23,713)
Net loss on sale of property and equipment	6,440	4,060
Net changes in operating assets and liabilities		
Increase in net patient accounts receivable	(160,372)	(147,597)
Increase in other assets	(30,487)	(14,552)
Decrease in net liabilities to third-party payors	(27,662)	(5,569)
Increase in other liabilities	19,366	31,163
Other	4,783	(402)
NET CASH PROVIDED BY OPERATING ACTIVITIES OF CONTINUING OPERATIONS	219,327	196,243
INVESTING ACTIVITIES		
Purchases of property and equipment	(217,223)	(193,605)
Proceeds from sale of property and equipment	1,295	313
Issuance of notes receivable	(7,332)	(6,195)
Collections on notes receivable	2,983	5,793
Sales (purchases) of investments, net	54,219	(90,238)
NET CASH USED IN INVESTING ACTIVITIES OF CONTINUING OPERATIONS	(166,058)	(283,932)
FINANCING ACTIVITIES		
Proceeds from issuance of short-term financing	118,850	41,698
Payments on short-term financing	(86,688)	(59,323)
Proceeds from issuance of long-term debt	4,673	163,206
Payments on long-term debt	(27,553)	(32,932)
Expenditures for deferred financing costs	(136)	(478)
NET CASH PROVIDED BY FINANCING ACTIVITIES OF CONTINUING OPERATIONS	9,146	112,171
CASH PROVIDED BY (USED IN) DISCONTINUED OPERATIONS	(1,277)	(1,877)
INCREASE IN CASH AND CASH EQUIVALENTS	61,138	22,605
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	250,119	227,514
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 311,257	$ 250,119

See notes to combined financial statements

NOTES TO COMBINED FINANCIAL STATEMENTS
(In thousands of dollars)

ADVENTIST HEALTH

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Principles of Combination – Adventist Health System/West (Adventist Health or the "System") is a California not-for-profit religious corporation that controls and operates hospitals and other health care facilities in the Western United States Many of the hospitals now controlled and operated by Adventist Health were formerly operated by various conferences of the Seventh-day Adventist Church (the "Church") The obligations and liabilities of Adventist Health and its hospitals and other health care facilities are neither obligations nor liabilities of the Church or any of its other affiliated organizations

The combined financial statements include the accounts of the following entities, which operate or previously operated under the business name of Adventist Health

Adventist Health (Corporate Office) - Roseville, California
Adventist Health Physicians Network - Roseville, California
Adventist Medical Center - Hanford, California
Adventist Medical Center - Portland, Oregon
Adventist Medical Center - Reedley, California
Castle Medical Center - Kailua, Hawaii
Central Valley General Hospital - Hanford, California
Feather River Hospital - Paradise, California
Glendale Adventist Medical Center - Glendale, California
Howard Memorial Hospital - Willits, California
Paradise Valley Hospital - Roseville, California
St Helena Hospital Clear Lake - Clearlake, California
St Helena Hospital Napa Valley - St Helena, California
San Joaquin Community Hospital - Bakersfield, California
Simi Valley Hospital - Simi Valley, California
Sonora Regional Medical Center - Sonora, California
South Coast Medical Center - Roseville, California
Southern California Medical Foundation - Roseville, California
Tillamook County General Hospital - Tillamook, Oregon
Ukiah Valley Medical Center - Ukiah, California
Walla Walla General Hospital - Walla Walla, Washington
Western Health Resources - Roseville, California
White Memorial Medical Center - Los Angeles, California

The entities that are included in the combined financial statements are organized as not-for-profit corporations under the laws of the state in which they operate and most are tax-exempt organizations under §501(c)(3) of the Internal Revenue Code The Board of Directors (the "Board") of Adventist Health and/or Adventist Health management constitutes the membership and/or serves as the legal board of the individual hospital corporations All material inter-company transactions have been eliminated in combination

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of unrestricted readily marketable securities with original maturities not in excess of three months when purchased and net deposits in demand accounts Cash deposits are federally insured in limited amounts

Inventories – Inventories are stated at the lower of cost or market as determined on a first-in, first-out basis

Marketable Securities – Marketable securities, stated at fair value, consist primarily of United States (US) government treasury and agency securities and corporate notes, which are readily marketable and are designated as other-than-trading Investment income or loss (including interest, dividends, and realized gains and losses on investments) is included in the excess of revenues over expenses from continuing operations unless the income or loss is restricted by donor or law Unrealized gains and losses, calculated using the specific identification method, are excluded from the excess of revenues over expenses Securities with remaining maturity dates of one year or less as of the balance sheet date are classified as current

Assets Whose Use Is Limited – Certain System investments are limited as to use through Board resolution, provisions of contractual arrangements with third parties, terms of indentures, self-insurance trust arrangements, or donors who restrict the use of specific assets The Board and certain hospital boards have resolved to fund the replacement and expansion of depreciable capital assets but may, at their discretion, use these funds for other purposes Assets that are expected to be expended within one year are classified as current, including board-designated assets that are available and periodically borrowed for working capital needs

Split-interest Agreements – The System is the trustee and beneficiary of various split-interest agreements The carrying amounts of the System's split-interest assets are included with investments held by trustee and donor-restricted investments and include marketable securities and real estate Trust assets are carried at fair value Assets under split-interest agreements were $24,150 and $25,060 at December 31, 2012 and 2011, respectively Trust obligations are reported in other noncurrent liabilities at their discounted estimated present value using actuarially-determined life expectancy tables Discount rates range between approximately 6% to 10% Liabilities under split-interest agreements were $6,388 and $7,721 at December 31, 2012 and 2011, respectively

Goodwill – The System recorded goodwill of $16,246 and $5,805 at December 31, 2012 and 2011, respectively, which is included in other long-term assets with additions of $10,441 and $5,805 in 2012 and 2011, respectively

Deferred Financing Costs – Direct financing costs are deferred and amortized over the life of the financings using the effective-interest method

Property and Equipment – Property and equipment are reported on the basis of cost, except for donated items, which are recorded as an increase in unrestricted net assets based on fair market value at the date of the donation During the period of construction, the System capitalizes expenditures that materially increase values, change capacities, extend useful lives, or interest costs net of earnings on invested bond proceeds The System accrued obligations for property, plant, and equipment of $13,532 and $8,036 at December 31, 2012 and 2011, respectively

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Management periodically evaluates the carrying amounts of long-lived assets for possible impairment The System estimates that it will recover the carrying value of its long-lived assets from future operations, however, considering the regulatory environment, competition, and other factors affecting the industry, there is at least a reasonable possibility this estimate might change in the near term The effect of any change could be material

Depreciation is computed using the straight-line method over the expected useful lives of the assets, which range from 3 to 40 years Amortization of equipment under capital leases is included in depreciation expense

Bond Discounts/Premiums – Bonds payable are included in long-term debt, net of unamortized original issue discounts or premiums Such discounts or premiums are amortized using the effective interest method based on outstanding principal over the life of the bonds

Other Noncurrent Liabilities – Other noncurrent liabilities are comprised primarily of accruals for workers' compensation claims, professional and general liability claims, deferred revenue, and long-term charitable gift annuity obligations

Net Assets – All resources not restricted by donors are included in unrestricted net assets Resources temporarily restricted by donors for specific operating purposes, or for a period of time greater than one year, are reported as temporarily restricted net assets When the restrictions have been met, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of operations and changes in net assets under unrestricted revenues, gains, and support Resources restricted by donors for additions to property and equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended Resources restricted by donors for nonexpendable endowments are reported as permanently restricted net assets Investment income from restricted net assets is classified as either temporarily restricted or unrestricted based on the intent of the donor Gifts of future interests are reported as temporarily restricted net assets Gifts, grants, and bequests not restricted by donors are reported as other revenue

Net Patient Service Revenue – Net patient service revenue is recognized when services are provided and reported at the estimated net realizable amounts from patients, third-party payors, and others, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered

Charity Care – The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy In assessing a patient's ability to pay, the System uses federal poverty income levels and evaluates the relationship between the charges and the patient's income The System did not materially change its charity care policy during 2012 The estimated cost of charity care was $51,894 and $57,145 in 2012 and 2011, respectively The costs were determined using cost-to-charge ratios

Premium Revenue – The System has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants, regardless of the services actually performed by the System

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Electronic Health Record Revenue – The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and demonstrate meaningful use of certified EHR technology

The System accounts for Medicare and Medicaid EHR incentive payments using the gain contingency method For the year ended December 31, 2012, Medicare and Medicaid incentives of $17,093 and $14,448, respectively, were recognized in other revenue upon demonstration of compliance with the meaningful use criteria A portion of the income from Medicare incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, System compliance with meaningful use criteria is subject to audit by the federal government, which could result in changes to amounts previously recorded

Functional Expenses – Approximately 86% and 87% of total expenses reported in the accompanying combined financial statements relate to the provision of health care services in 2012 and 2011, respectively The remaining expenses represent general and administrative support

Advertising – The System expenses advertising costs as incurred Advertising expense, included in purchased services and other expenses, was $10,339 and $9,158 in 2012 and 2011, respectively

Excess of Revenues Over Expenses – The combined statements of operations and changes in net assets include excess of revenues over expenses from continuing operations as a performance indicator Changes in unrestricted net assets that are excluded from excess of revenues over expenses from continuing operations include unrealized gains and losses on investments in other-than-trading securities, contributions of long-lived assets, use of restricted funds for capital additions, and gains and losses from discontinued operations

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the reported amounts in the combined financial statements and the accompanying notes Actual results could differ from these estimates

Reclassification – Certain 2011 amounts have been reclassified to conform to the 2012 presentation

As originally reported in the 2011 combined statement of cash flows, the proceeds from issuance of and payments on short-term financing were understated by $25,878 and $39,078, respectively, and proceeds from the issuance of and payments on long-term debt were overstated by $34,898 and $48,098, respectively As a result, an immaterial reclassification adjustment for the year ended December 31, 2011 was made during the preparation of the 2012 financial statements The reclassification did not result in any changes in cash provided by financing activities

NOTE B – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all financial assets and liabilities approximates fair value except for self-insurance liabilities and long-term debt The following methods and assumptions were used to estimate the fair value of each class of financial instruments

Other Noncurrent Liabilities – Self-insurance liabilities are based on actuarial estimates It is not practical to estimate the fair value of the remaining liabilities due to the uncertainty of the timing of actual payments

Long-term Debt – The fair value of the System's long-term debt, including current maturities, is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the System for debt of the same remaining maturities The carrying amount and fair value of long-term debt at December 31, 2012, was $1,083,801 and $1,115,965, respectively At December 31, 2011, the carrying amount and fair value of long-term debt was $1,074,447 and $1,083,984, respectively

Financial Instruments – Fair value is the price that would be received upon sale of an asset in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset The fair value should be calculated based on assumptions that market participants would use in pricing the asset, not on assumptions specific to the entity

A fair value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market Each fair value measurement is reported in one of the three levels determined by the lowest level input considered significant to the fair value measurement in its entirety These levels are defined as

Level 1 Quoted prices are available in active markets for identical assets as of the measurement date Financial assets in Level 1 include US treasury securities, domestic and foreign equities, and exchange-traded mutual funds

Level 2 Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets Financial assets in this category generally include government agencies and municipal bonds, asset-backed securities, and corporate bonds

Level 3 Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment The System had no Level 3 investments at December 31, 2012 and 2011

(In thousands of dollars)

NOTE B – FAIR VALUE OF FINANCIAL INSTRUMENTS – Continued

The fair value of the System's financial assets, measured on a recurring basis at December 31, 2012, consists of the following

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Fair Value at December 31 2012
Cash and cash equivalents	$ 415,435	$ -	$ 415,435
US government treasury obligations	23,936	-	23,936
US agency debentures	-	62,057	62,057
US agency mortgage-backed securities	-	93,890	93,890
Corporate debt securities	-	403,120	403,120
Municipal bonds	-	75,623	75,623
Equities	71,953	-	71,953
	$ 511,324	$ 634,690	$ 1,146,014

The fair value of the System's financial assets, measured on a recurring basis at December 31, 2011, consists of the following

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Fair Value at December 31 2011
Cash and cash equivalents	$ 354,386	$ -	$ 354,386
US government treasury obligations	21,217	-	21,217
US agency debentures	-	93,719	93,719
US agency mortgage-backed securities	-	106,356	106,356
Corporate debt securities	-	404,498	404,498
Municipal bonds	-	74,332	74,332
Equities	60,423	-	60,423
	$ 436,026	$ 678,905	$ 1,114,931

There were no significant transfers to or from Levels 1 or 2 during the years presented

(In thousands of dollars)

NOTE C – PATIENT ACCOUNTS RECEIVABLE

The System's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies and self-pay patients The System manages its receivables by regularly reviewing its patient accounts and contracts and by providing appropriate allowance for contractual reimbursement, policy discounts, charity, and uncollectible amounts These allowances are estimated based upon an evaluation of governmental reimbursements, negotiated contracts, and historical payments The System's allowance for uncollectible accounts for self-pay patients was 76% and 62% of self-pay accounts receivable at December 31, 2012 and 2011, respectively

The following is a summary of significant concentrations of gross patient accounts receivable

	December 31	
	2012	2011
Medicare	29%	31%
Medicaid	33	32
Other third-party payors	30	30
Self-pay	8	7
	100%	100%

As a result of further analysis of its sources of revenue performed during the preparation of its fiscal 2012 financial statement disclosures, the System determined that it had understated the percentage of Medicare and Medicaid gross accounts receivable by 5% and 7%, respectively, and overstated other third party payors by 12% for the year ended December 31, 2011 Accordingly, the 2011 amounts have been re-characterized for the purposes of the presentation within the table above These changes in the disclosed payor categories had no effect on the reported net patient accounts receivable in the combined balance sheet at December 31, 2011, and revenues in the combined statement of operations for the year ended December 31, 2011

(In thousands of dollars)

NOTE D – ASSETS WHOSE USE IS LIMITED

The following is a summary of assets whose use is limited

	December 31 2012	December 31 2011
Assets designated by the Board, primarily for property and equipment	$ 117,773	$ 102,641
Less portion reported as current	(107)	(78)
	$ 117,666	$ 102,563
Investments held by trustees for		
Debt service	$ 71,873	$ 70,233
Future capital projects	56,698	90,249
Self-insurance programs	119,906	89,551
Charitable annuities and other	4,221	3,681
Total investments held by trustees	252,698	253,714
Less portion reported as current	(35,698)	(22,472)
	$ 217,000	$ 231,242
Donor-restricted investments for		
Charitable trusts and life estate tenancies	$ 17,042	$ 18,532
Other purposes	2,791	1,953
Total donor-restricted investments	19,833	20,485
Less portion reported as current	(9)	(56)
	$ 19,824	$ 20,429

(In thousands of dollars)

NOTE E – INVESTMENTS

The following is a summary of investments classified by major type, which are included in the balance sheet under marketable securities, assets whose use is limited, and investments

	December 31 2012	December 31 2011
Investments reported at fair value as determined by quoted market prices		
Trustee-held cash and cash equivalents	$ 104,178	$ 104,267
US government treasury obligations	23,936	21,217
US agency debentures	62,057	93,719
US agency mortgage-backed securities	93,890	106,356
Corporate debt securities	403,120	404,498
Municipal bonds	75,623	74,332
Equities	71,953	60,423
	834,757	864,812
Commercial real estate	28,858	30,078
Other investments	26,004	24,911
	$ 889,619	$ 919,801

Commercial real estate investments are recorded at cost or fair market value if donated These investments are periodically reviewed for impairment and written down if necessary Other investments include joint ventures and partnerships and are recorded using the equity method of accounting

Net realized investment income, including capital gains, interest, and dividend income, is reported as a component of other revenue and includes the following

	Year Ended December 31 2012	Year Ended December 31 2011
Investment earnings		
Unrestricted and board-designated funds	$ 27,663	$ 25,784
Trustee-held funds		
Bonds	2,844	2,883
Self-insurance programs	12,223	6,368
	$ 42,730	$ 35,035

For purposes of performance evaluation, management considers investment earnings on bond and self-insurance trustee-held funds to be components of operating income These earnings are used to pay the operating expenses of interest and insurance

(In thousands of dollars)

NOTE E – INVESTMENTS – Continued

Changes in net unrealized gains and losses on other-than-trading securities, reported at fair value, are separately disclosed in the combined statements of operations and changes in net assets Unrealized gains and losses associated with these securities relate principally to market changes in interest rates for similar types of securities Since the System has the intent and ability to hold these securities for the foreseeable future, and it is more likely than not that the System will not be required to sell the investments before their recovery, the declines are not reported as realized unless they are deemed to be other-than-temporary In determining whether the losses are other-than-temporary, the System considers the length of time and extent to which the fair value has been less than cost or carrying value, the financial strength of the issuer, and the intent and ability of the System to retain the security for a period of time sufficient to allow for anticipated recovery or maturity

NOTE F – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment

	December 31	
	2012	2011
Land and improvements	$ 141,787	$ 130,454
Buildings and improvements	1,670,980	1,610,421
Equipment	781,881	711,042
	2,594,648	2,451,917
Less accumulated depreciation	(1,282,861)	(1,173,248)
	1,311,787	1,278,669
Construction in progress	172,426	119,330
	$ 1,484,213	$ 1,397,999

The System has commitments to complete certain construction in progress projects in the amount of $68,930 at December 31, 2012

(In thousands of dollars)

NOTE F – PROPERTY AND EQUIPMENT – Continued

The System is in the process of developing internal use software for clinical operations. Depreciation expense for the software totaled $10,137 and $9,056 in 2012 and 2011, respectively. Amounts capitalized are included in property and equipment as follows:

	December 31	
	2012	2011
Equipment	$ 132,416	$ 112,847
Less accumulated depreciation	(56,577)	(46,440)
	75,839	66,407
Construction in progress	19,646	15,658
	$ 95,485	$ 82,065

NOTE G – LONG-TERM DEBT

A master note under the master bond indenture provides security for substantially all long-term debt. Under the terms of the master bond indenture, substantially all System combined entities are jointly and severally obligated for the payments to be made under the master note. In addition, security is provided by a combination of bond insurance, funds held in trust of $71,873, and bank letters of credit aggregating to $150,613 at December 31, 2012. Bonds are not secured by any property of the System.

The System is obligated under variable rate demand instruments, which are subject to certain market risks. The letters of credit, which the System intends to renew on a long-term basis, expire between 2014 and 2017 with the arrangements converting any unpaid amounts to term loans due within three years after conversion. The term loans would bear interest based on prime or the London Interbank Offered Rate (LIBOR). Long-term debt has been issued primarily on a tax-exempt basis.

Certain lenders impose limitations on the issuance of new debt by the System and require it to maintain specified financial ratios.

Interest paid, net of amounts capitalized, totaled $36,193 and $35,938 in 2012 and 2011, respectively. Interest capitalized totaled $3,169 and $5,076 in 2012 and 2011, respectively.

The System recorded operating lease expense amounting to $38,219 and $44,441 in 2012 and 2011, respectively.

(In thousands of dollars)

NOTE G – LONG-TERM DEBT – Continued

The following is a summary of long-term debt and capital lease obligations

	December 31	
	2012	2011
Long-term bonds payable, with fixed rates currently ranging from 4.50% to 5.75%, payable in installments through 2040	$ 628,205	$ 639,675
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2041	334,325	337,500
Long-term notes payable, with rates that vary with market conditions, payable in installments through 2027	117,516	92,318
Net unamortized original issue premium	3,100	3,549
	1,083,146	1,073,042
Capital lease obligations	655	1,405
	1,083,801	1,074,447
Less current maturities	(19,270)	(25,622)
	$ 1,064,531	$ 1,048,825

Scheduled maturities of long-term debt, capital lease obligations, and minimum lease payments on noncancelable operating leases with initial terms in excess of one year are as follows for the year ended December 31, 2012

	Long-term Debt and Capital Leases	Operating Leases
2013	$ 19,270	$ 25,268
2014	74,845	17,295
2015	19,425	12,582
2016	41,101	8,388
2017	21,597	5,954
Thereafter	904,463	29,779
	$ 1,080,701	$ 99,266

(In thousands of dollars)

NOTE H – RESTRICTED NET ASSETS

Net assets are restricted for the following purposes

	December 31 2012	December 31 2011
Temporarily restricted		
Equipment and buildings	$ 32,310	$ 31,528
Patient care, education, research, and other	15,567	13,429
Time-restricted trusts held for unrestricted purposes	6,452	6,455
	$ 54,329	$ 51,412
Permanently restricted - Endowments	$ 5,836	$ 5,962

NOTE I – PATIENT SERVICE REVENUE

Patient service revenue after contractual allowances and discounts and before provisions for bad debts, by major payor sources, was as follows

	Year Ended December 31 2012	Year Ended December 31 2011
Medicare	$ 1,035,251	$ 956,489
Medicaid	615,865	553,956
Others	1,208,665	1,088,496
Net patient service revenue	$ 2,859,781	$ 2,598,941

As a result of further analysis of its sources of revenue performed during the preparation of its fiscal 2012 financial statement disclosures, the System determined that it had overstated the amount of its revenue disclosed as other patient service revenue by $248,878 for the year ended December 31, 2011 with an offsetting understatement of its Medicare and Medicaid contracted patient service revenue of $135,582 and $113,296 respectively Accordingly, the 2011 amounts have been re-characterized for the purposes of the presentation within the table above These changes in the disclosed payor categories had no effect on the reported net patient accounts receivable in the combined balance sheet at December 31, 2011, and revenues in the combined statement of operations for the year ended December 31, 2011

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, and per diem payments The health care industry is subject to complex laws and regulations of federal, state and local governments Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions, and in

NOTE I – PATIENT SERVICE REVENUE – Continued

the case of tax-exempt hospitals, the requirements of tax-exemption In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations by health care providers The System also operates a compliance program, which reviews compliance with government health care program requirements and investigates allegations of non-compliance received from internal and external sources From time to time findings may result in repayment of monies previously received from government payers and/or commercial payers, payment of penalties, and/or disclosure of such overpayments, including, but not limited to, disclosure to Centers for Medicare and Medicaid Services and its contracted agents, or the Office of the Inspector General (OIG) - Department of Health and Human Services As a result, there is at least a reasonable possibility that the recorded estimates may change by a material amount in the near term

Differences between original estimates and subsequent revisions, including final settlements, ongoing audits, and investigations, are recognized in the period in which the revisions are made Subsequent revisions compared favorably to original estimates by approximately $35,499 and $45,187 for the years ended December 31, 2012 and 2011, respectively

The System recorded revenue from state programs for serving a disproportionate share of Medicaid and low-income patients in the amount of $36,418 and $37,471 in 2012 and 2011, respectively, including final settlements on prior years

During 2011, the state of California enacted a six-month quality assurance fee program whereby participating hospitals would pay fees to the state to obtain Medi-Cal reimbursement matched by federal funds In December, 2011, the Centers for Medicare and Medicaid Services approved the fee program, which covered the period of January 1, 2011 through June 30, 2011 The fees paid to the state along with the federal matching funds are redistributed to California hospitals to fund certain Medi-Cal coverage expansions In 2011, the System recorded $77,719 in patient service revenue and $35,765 in other expenses related to this program with an increase to the excess of revenues over expenses from continuing operations of $41,954 Of the total revenue recorded, $68,178 had been received as of December 31, 2011, and the remaining $9,541 is included in receivables from third-party payors Expenses consist of $33,265 in quality assurance fees paid to the state and $2,500 in payments to the California Health Foundation Trust for redistribution to hospitals that would otherwise incur a net loss from the program In addition, in 2011 the System recorded another $5,441 in patient service revenue related to the initial 2009-2010 21-month program for amounts that were not approved and known until 2011

In September 2011, the state of California enacted a 30-month quality assurance fee program for the period of July 1, 2011 through December 31, 2013 This program was not approved as of December 31, 2011 In 2012, the 30-month fee-for-service program was approved and the System recorded $196,005 in patient service revenue and $110,762 in other expenses related to this program with an increase to the excess of revenues over expenses from continuing operations of $85,243 Of the total revenue recorded, $168,147 had been received as of December 31, 2012, and the remaining $27,858 is included in receivables from third-party payors Expenses consist of $103,340 in quality assurance fees paid or payable to the state and $7,422 in payments to the California Health Foundation Trust for redistribution to hospitals that would otherwise incur a net loss from the program

NOTE J – RETIREMENT PLAN

Most of the System's operating entities participate in a single defined contribution plan (the "Plan") The Plan is exempt from the Employee Retirement Income Security Act of 1974 The Plan provides, among other things, that the employer will contribute 3% of wages plus additional amounts for employees earning more than the Social Security wage base capped by the IRS compensation limit for the Plan year Additionally, the Plan provides that the employer will match 50% of the employee's contributions up to 4% of the contributing employee's wages Substantially all full-time employees who are at least 18 years of age are eligible for coverage in the Plan The cost to the System for the Plan is reported in the combined statements of operations in the amount of $34,004 and $33,773 for the years ended December 31, 2012 and 2011, respectively

NOTE K – SELF-INSURANCE LIABILITY PROGRAMS

The System has established a separate self-insured revocable trust (the "System Trust") that covers the System's facilities for professional and general liability claims up to $7,500 per occurrence and $20,000 in aggregate The System contracts with Adhealth, Limited (Adhealth), a Bermuda company, to provide excess coverage for professional and general liability claims that exceed the self-insured revocable trust limits Adhealth provided excess coverage with aggregate and per claim limits of $107,500 for professional and general liability claims, and additional limits of $25,000 for general liability claims for the years ended December 31, 2012 and 2011 Adhealth has purchased reinsurance through commercial insurers for 100% of the excess limits of coverage

Claim liabilities (reserves) for future losses and related loss adjustment expenses for professional liability claims have been determined by an actuary at the present value of future claim payments using a 3% discount rate for program years 2012 and 2011 Such claim reserves are based on the best data available to the System, however, these estimates are subject to a significant degree of inherent variability Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term The System Trust's accrued liability for professional and general liability claims is included in the combined balance sheets in the amount of $118,192 and $105,071 at December 31, 2012 and 2011, respectively

The System has a 50% ownership position in Adhealth at December 31, 2012 and 2011, and accounts for its investment using the equity method of accounting The System provides funding to Adhealth based on Adhealth's cost of acquiring commercial insurance The funding contributions are reflected as an expense in the combined statements of operations and changes in net assets

The System maintains a self-insured workers' compensation plan to pay for the cost of workers' compensation claims The System has entered into an excess insurance agreement with an insurance company to limit its losses on claims The cost of workers' compensation claims is accrued using actuarially determined estimates that are based on historical factors Such claim reserves are based on the best data available to the System, however, these estimates are subject to a significant degree of inherent variability Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term

Workers' compensation claim liabilities have been determined by an actuary at the present value of future claim payments using a 3% discount rate for 2012 and 2011 The System's accrued liability for workers' compensation claims is recorded in the combined balance sheets in the amount of $66,395 and $64,481 at December 31, 2012 and 2011, respectively