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DLN: 93493319058843

Form **990**

Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

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

Open to Public

Part I Summary 1 Briefly describe the organization's mission or most significant activities 1 it is the mission of Santa Y niez V alley Cottage Hospital to provide superior health care through a commitment to and to our core values of excellence, integrity, and compassion if he volunteer Board of Directors uses these core decisions that will improve health care access, affordability and quality. STVCH is a small hospital will be superior health care access, and superior success hospital. The hospital provides critical emergency services which allow for local stabilization of the patient an affiliated hospital that provides a higher level of care 2 Check this box ₱☐ if the organization discontinued its operations or disposed of more than 25% of its net assets an affiliated hospital that provides a higher level of care 3 Number of voting members of the governing body (Part VI, line 1a)	A Fo	r the	2012 ca	lendar year, or tax year beginning	01-01-2012 , 2012, and ending	12-31-2	012			-
Deep Bassies As Deep Bassi				C Name of organization				D Emplo	yer iden	tification number
Sumber and steer (or Pi D tow's models not detected to decreased Bloom/suitr	☐ Add	lress c	change		TAL .			95-22	24265	
Temposed ellum	┌ Nar	ne cha	ange	Doing Business As						
Townweeth City or bown, sake or country, and 20 + 4 Service Medical Serv	┌ Inıt	ıal retu	urn	Number and street (or P O box if ma	all is not delivered to street address) Ro	om/suite		E Telepho	one numb	ner
Application personal Application personal Application personal Application personal Application personal Application personal Application personal Application personal Application Application	┌ Ter	mınate	ed	PO BOX 689						
Figure 2 Summary The exempt status Figure 3 Summary	┌ Am	ended	return							
Renald Werth Same as C shove Santa Barbara, CA 93102 Tax-exempt status	┌ App	licatio	n pending	SANTA BARBARA, CA 931020689				G Gross r	eceipts \$	16,689,515
Roand Werf Sank Barban, CA 93102 Take-evempt status Fostic Barban, CA 93102 Take-evempt status Take-evempt s				F Name and address of princ	cipal officer	I	l(a) Is	this a group	return	 for
Santa Barbara, CA 93102										┌ Yes 🗸 No
Tax-exempt status						١,	H(b) Δr	e all affiliate	s includ	led2 TYes TNo
Websites: ► WWW.COTTAGEHEALTHSYSTEM.ORG						`				
Website:	I Tax	x-exer	mpt status	5	nsert no) 4947(a)(1) or 527	Ш.	G	coup avamnt	uon num	hor b
Part Summary	J W	ebsit	e:► WV	WW COTTAGEHEALTHSYSTEM O	RG	'	1(c) G	oup exempt	.ioii iiuii	ibel F
The Briefly describe the organization's mission or most significant activities It is the mission of Sante Yinez Valley Cottage Hospital to provide superior health care through a commitment to introduce the control of the provides of the control of the provides of the vision of the patient	K Form	n of o	rganızatıor	n	Other 🕨	I	L Year of	formation 19	62 M 9	State of legal domicile CA
Tit is the mission of Santa Ynez Valley Cottage Hospital to provide superior health care through a commitment to and to our core values of excellence, integrity, and compassion The Volunteer Board of Directors these core decisions that will improve health care access, affordability and quality SYVCH is a rural hospital and is designed access hospital. The hospital provides critical emergency services which allow for local stabilization of the pater an affiliated hospital that provides a higher level of care. 2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets an affiliated hospital that provides a higher level of care. 3 Number of volting members of the governing body (Part VI, line 1a)									<u> </u>	
3 Number of voting members of the governing body (Part VI, line 1a)	Governance		and to o decision access an affilia	our core values of excellence, integns that will improve health care achospital. The hospital provides criated hospital that provides a highe	grity, and compassion The volun cess, affordability and quality S\ itical emergency services which er level of care	teer Boa YVCH is allow for	arural l local st	rectors uses nospital and abilization o	these on the second sec	core values to make gnated a critical tient and transfer to
6 Total number of volunteers (estimate if necessary) 7a Total unrelated business revenue from Part VIII, column (C), line 12 7b Net unrelated business taxable income from Form 990-T, line 34 7c Prior Year 8 Contributions and grants (Part VIII, line 1h) 9 Program service revenue (Part VIII, line 1h) 9 Program service revenue (Part VIII, line 2g) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 112) 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 14 Benefits paid to or for members (Part IX, column (A), lines 1-3) 15 Salanes, other compensation, employee benefits (Part IX, column (A), lines 5-10) 16a Professional fundraising fees (Part IX, column (A), line 4) 17 Other expenses (Part IX, column (A), line 11e) 18 Total fundraising expenses (Part IX, column (A), line 11e) 19 Revenue less expenses Subtract line 18 from line 12 20 Total assets (Part X, line 16) 21 Total liabilities (Part X, line 26) 21 Total liabilities (Part X, line 26) 22 Net assets or fund balances Subtract line 21 from line 20 23 Signature Block 24 Date Part II Signature Block 25 Joan Bincher CFO 26 Type or pint name and title 26 Professional file 27 Part II Signature Block 27 Part II Signature Block 28 Part II Signature Block 29 Part II Signature Block 20 Part II Signature Forman Preparer signature 21 Part II Signature Block 21 Part II Signature Block 22 Part II Signature Block 23 Part II Signature Block 24 Part II Signature Block 25 Part II Signature Block 26 Part II Signature Block 27 Part II Signature Block 27 Part II Signature Block 28 Part II Signature Block 29 Part	<u>ئ</u>	2	Check t	his box 🔭 if the organization dis	continued its operations or dispo	sed of m	nore tha	n 25% of its	net ass	sets
6 Total number of volunteers (estimate if necessary) 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a b Net unrelated business taxable income from Porm 990-T, line 34 7b 5 Net unrelated business taxable income from Form 990-T, line 34 7b 6 Net unrelated business taxable income from Form 990-T, line 34 7b 78	ies Ies	3	Number	of voting members of the governing	ng body (Part VI, line 1a)				з	16
Fortial number of volunteers (estimate if necessary) Far Total unrelated business revenue from Part VIII, column (C), line 12 Ta	ጀ								4	12
TaTotal unrelated business revenue from Part VIII, column (C), line 12 b Net unrelated business taxable income from 990-T, line 34 Contributions and grants (Part VIII, line 1h) 9 Prior Year 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), lines 12) 13 Grants and similar amounts paid (Part IX, column (A), lines 1 - 3) 14 Benefits paid to or for members (Part IX, column (A), lines 1 - 3) 15 Salares, other compensation, employee benefits (Part IX, column (A), lines 5 - 10) 16 Professional fundraising fees (Part IX, column (A), line 11e) 0 Total fundraising expenses (Part IX, column (A), line 11e) 17 Other expenses (Part IX, column (A), lines 11a - 11d, 11f-24e) 18 Total expenses Add lines 13 - 17 (must equal Part IX, column (A), line 25) 19 Revenue less expenses Subtract line 18 from line 12 10 Total isabilities (Part X, line 16) 20 Total assets (Part X, line 26) 21 Total liabilities (Part X, line 26) 22 Net assets or fund balances Subtract line 21 from line 20 16 (A) 17 Signature Block 18 John Bincher CFO 19 Type or pint name and title 19 Proprior name and title 10 Profits Ein Firm's name 10 Preparer 10 Proprior Imm's name 10 Preparer's signature 10 Date 10 Date 10 Date 11 Prim's Ein Firm's Ein Firm's Ein Firm's name 11 Prim's Ein Firm's Ein Firm's Ein Firm's name 12 Part III Firm's name 13 Prim's name Firm's rame Preparer's signature 14 Prim's Ein Firm's name 15 Prim's Ein Firm's	े	5	Total nu	ımber of ındıvıduals employed ın c	alendar year 2012 (Part V , line 2	2a) .			5	98
B Net unrelated business taxable income from Form 990-T, line 34. 8 Contributions and grants (Part VIII, line 1h) 935,108 9 Program service revenue (Part VIII, line 2g) 132,274,677 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 63,538 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 114,895 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) 14,388,218 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 10,000 14 Benefits paid to or for members (Part IX, column (A), lines 1-3) 10,000 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 16a Professional fundraising fees (Part IX, column (A), line 11e) 0 17 Other expenses (Part IX, column (A), line 11e) 0 18 Total fundraising expenses (Part IX, column (A), line 11e) 5,690,263 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 12,946,125 19 Revenue less expenses Subtract line 18 from line 12 1,442,093 8 Eaginning of Current Year 20 Total assets (Part X, line 16) 20,638,573 21 Total liabilities (Part X, line 26) 5,690,263 21 Total liabilities (Part X, line 26) 3,826,488 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all informal preparer has any knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all informal preparer has any knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all informal preparer has any knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all informal preparer has any knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all informal preparer has any know		6	Total nu	ımber of volunteers (estımate ıf ne	cessary)				6	216
8 Contributions and grants (Part VIII, line 1h) 935,108 9 Program service revenue (Part VIII, line 2g) 13,274,677 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . 63,538 11 Other revenue Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 114,895 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . 10,000 14 Benefits paid to or for members (Part IX, column (A), lines 1-3) . 10,000 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5,5-10) . 0 16 Professional fundraising fees (Part IX, column (A), line 1h) . 0 17 Other expenses (Part IX, column (A), line 1le) . 0 18 Total fundraising expenses (Part IX, column (A), line 11e) . 0 19 Revenue less expenses Subtract line 18 from line 12 . 1,442,093 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 1,2946,125 19 Revenue less expenses Subtract line 18 from line 12 . 1,442,093 19 Revenue less expenses Subtract line 18 from line 12 . 1,442,093 20 Total assets (Part X, line 16) . 20,638,573 21 Total liabilities (Part X, line 26) . 3,826,488 21 Total liabilities (Part X, line 26) . 3,826,488 22 Net assets or fund balances Subtract line 21 from line 2 . 16,812,085 Part II Signature Block Under penalties of penjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all informal preparer has any knowledge Paid Pend Promotype preparer's name Preparer's signature Date Check for Signature Print self-employed Films se									7a	1,100
8 Contributions and grants (Part VIII, line 1h)		Ь	Net unre	elated business taxable income fro			7b	0		
9 Program service revenue (Part VIII, line 2g)			C - m t m	which are and arrants (Daut VIII II.	- 1 h)	\vdash			100	Current Year
12 Total revenue Part VIII, column (A), lines 3, 8d, 8c, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	≗	l								1,711,995 14,421,990
12 Total revenue —add lines 8 through 11 (must equal Part VIII, column (A), line 12)	Yen	l	_							74,744
12)	걆							100,163		
The second similar amounts paid (Part IX, column (A), lines 1-3)		12					14 200 210			16 200 002
14 Benefits paid to or for members (Part IX, column (A), line 4)		12								16,308,892
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 16a Professional fundraising fees (Part IX, column (A), line 11e)		l				-	0			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		l								<u> </u>
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	\$			•		-		7,245,	- 	7,676,487
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	₹	16a							0	0
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19 Revenue less expenses Subtract line 18 from line 12		l							-	6,259,078
## Part II Signature Block Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information preparer has any knowledge Signature of officer Joan Bricher CFO Type or print name and title		l				· -				13,944,976 2,363,916
Part II Signature Block Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information preparer has any knowledge Sign Here Signature of officer	00 00 00 00 00 00 00 00 00 00 00 00 00		Kever	ide less expenses Subtrace line 1	0 Holli lilic 12		Beginn	ing of Curre	-	End of Year
Part II Signature Block Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information preparer has any knowledge Sign Here Signature of officer	988 888	20	Total	assets (Part X, line 16)		.		20,638,	573	23,836,111
Part II Signature Block Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information preparer has any knowledge Sign Here Signature of officer	A PE	21	Total	liabilities (Part X, line 26)		[3,826,	488	4,069,626
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, a my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information preparer has any knowledge Sign					ine 21 from line 20			16,812,	085	19,766,485
Print/Type preparer's name Preparer's signature Date Check if self-employed Firm's name Firm's name Firm's EIN	Unde my kr prepa Sign	r pen nowle rer h	alties of edge and as any k	perjury, I declare that I have example that I have example the strue, correct, and complete the strue, correct, and complete the struck of officer and str				is based on 2013-11-14		
Paid Preparer Firm's name ► Firm's EIN ►			17	·	Preparer's signature	Date	1,	heck 🗀 if	PTIN	
Preparer Prims name Prims ein Prims	Paid	i					9	elf-employed		
				Firm's name 🕨				imn's EIN 🕨		
				Fırm's address 🕨			T F	hone no		

Fell		Schedule O contains a respo	nse to any question in this Par	tIII	
1	Briefly describe	the organization's mission			
core	values of excelle		on The volunteer Board of Dire	n care through a commitment to ou ectors uses these core values to m	
2			t program services during the		
	If "Yes," describ	e these new services on Sch	edule O		
3	services?			ıt conducts, any program	
	If "Yes," describ	e these changes on Schedule	e O		
4	expenses Secti	on 501(c)(3) and 501(c)(4)		ts three largest program services, eport the amount of grants and allo	
	(Code) (Expenses \$	11,871,614 including grants of	\$ 9,411) (Revenue \$	14,449,557)
	days, served 23,4: outpatient surgical communities of So regardless of their and are assisted ir healthcare, Santa Discounted care is Hospital also rents shots at a reduced program for senior requires hospitals i	39 outpatients including emergency services, laboratory, imaging diagrilvang, Buellton, Santa Ynez, Los Ol ability to pay. All patients who do in applying for charity if the patient of Ynez Valley Cottage Hospital offers also available for families who malimedical office space on a per clinic cost to the community, low cost be Santa Ynez Valley Cottage Hospital	services to 6,700 patients. The Hospitostic services and cardiac rehabilitations, and Ballard. Santa Ynez Valley (not present with third-party insurance does not qualify for any other assista full charity care to all patients whose to up to 542% of the FPL. In order to basis. In 2012, Santa Ynez providecke helmets and CPR classes. The hotal is also rebuilding and retrofitting if	a known as the Santa Ynez Valley In 2012 Ital provided essential emergency treatment on services to the residents of the Santa Ynez Cottage Hospital provides emergency services are automatically screened for eligibility in Ince To ensure that every member of the Common elevel is at or below 350% of the Forensure that the Community has access to dispraction with financial assistance. In 2 spital's cardiac rehabilitation service also proper is facilities in order to comply with the unfultation is complying with the State mandate in	nt, inpatient acute care, nez Valley, including the ces to anyone seeking care, a government health programs community has access to ederal Poverty Level (FPL) physician specialists, the 012, the Hospital provided fluovides a low cost exercise inded California mandate that
4b	(Code) (Expenses \$) (Revenue \$)
		, (=::==================================		, (,
4c	(Code) (Expenses \$	including grants of \$) (Revenue \$)
4d	Other program (Expenses \$	services (Describe in Sched	ule O) ding grants of \$	0)(Revenue \$	0)
4e					
46	rocar program :	service expenses F	11,871,614		

art IV	Check	dist 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? <i>If "Yes," complete Schedule D, Part II</i>	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? <i>If "Yes," complete Schedule D, Part V</i>	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			
а	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
	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI 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	Yes	
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? <i>If</i> " <i>Yes,"</i> complete Schedule G, Part II	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If</i> "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? 🔞	20h	Yes	

Par	t 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	Yes	
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		
С	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? 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)			
а	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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M \footnotemark	29	Yes	
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	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	Yes	
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	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If</i> "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	

Раг	Statements Regarding Other IRS Fillings 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 29		103	110
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 0			
	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			
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	
За	Did the organization have unrelated business gross income of \$1,000 or more during the year?	За	Yes	
Ь	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, 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			
5-2	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
		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		Νo
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).			
	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
	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	7.		N.o.
	file Form 8282?	7c		Νo
a	11 Tes, indicate the number of Forms 8282 filed during the year			
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		Νo
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a	7h		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	_		
_		8		
	Sponsoring organizations maintaining donor advised funds.	_		
	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
0	Section 501(c)(7) organizations. Enter			
	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			
	Section 501(c)(12) organizations. Enter			
а	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
.2a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
L3	Section 501(c)(29) qualified nonprofit health insurance issuers.			
а	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans			
c	Enter the amount of reserves on hand			
.4a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		Νo
	If "Yes " has it filed a Form 720 to report these payments? If "No " provide an explanation in Schedule O	14h		

Se	ection 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			
	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			
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	Yes	
3		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	110
	Did the organization have members of stockholders, or other persons who had the power to elect or appoint one or		163	
	more members of the governing body?	7a	Yes	
	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			
а	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		Νo
Se	ection B. Policies (This Section B requests information about policies not required by the Internal R	evenu	ıe Cod	e.)
			Yes	No
			1 63	140
10a	Did the organization have local chapters, branches, or affiliates?	10a	163	No
	Did the organization have local chapters, branches, or affiliates?	10a 10b	1 65	
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters,		Yes	
b 11a	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing	10b		
b 11a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b		
b 11a b 12a	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b	Yes	
b 11a b 12a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a	Yes	
b 11a b 12a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	10b 11a 12a 12b	Yes Yes	
b 11a b 12a b c	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy?	10b 11a 12a 12b	Yes Yes Yes	
b 11a b 12a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a 12b 12c 13	Yes Yes Yes	No
b 11a b 12a c 13 14	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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?	10b 11a 12a 12b 12c 13 14	Yes Yes Yes	No
b 111a b 112a c 113 114 115 a	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes	No
b 111a b 112a c 113 114 115 a	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official	10b 11a 12a 12b 12c 13 14	Yes Yes Yes	No
b 11a b 12a c 13 14 15 a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes	No
b 11a b 12a c 13 14 15 a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes	No
b 11a b 12a c 13 14 15 a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes	No No
b 11a b 12a c 13 14 15 a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a 12b 12c 13 14 15a 15b 16a	Yes Yes Yes Yes	No No
b 11a b 12a c 13 14 15 a b 16a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? 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?	10b 11a 12a 12b 12c 13 14 15a 15b 16a	Yes Yes Yes Yes	No No
b 11a b 12a c 13 14 15 a b 16a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a 12b 12c 13 14 15a 15b 16a	Yes Yes Yes Yes	No No

Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of

State the name, physical address, and telephone number of the person who possesses the books and records of the organization

interest policy, and financial statements available to the public during the tax year

►Karen Jones 400 West Pueblo Santa Barbara, CA (805) 569-7294

Form	990	(2012)
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Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

	1									
(A) Name and Title	A verage hours per week (list any hours for related (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-	(F) Estimated amount of other compensation from the
	organizations below dotted line)	Individual trustae or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1033 MISC)	MISC)	organization and related organizations
See Additional Data Table										
	•	•	•							Form 990 (2012)

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

	(A) Name and Title	(B) A verage hours per week (list any hours	more t	tion (han d on is	one l both	box, an	heck unless officer stee)	i	(D) Reportable compensation from the organization (W-	(E) Reportable compensation from related organizations (W 2/1099-MISC)	-	(F) Estima amount o compens from	ated fother sation the
		for related organizations below dotted line)	Individual trustie or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1099-MISC)			rganizat relat organiza	ed
1b	Sub-Total			•				 					
c d	Total from continuation sheet Total (add lines 1b and 1c) .	s to Part VII, S	ection A	۱. 	٠.			*	949,381	2,271,03	39		1,221,708
2	Total number of individuals (in \$100,000 of reportable compo						d abov	e) w	ho received more th	ian			
										_		Yes	No
3	Did the organization list any f e on line 1a? <i>If</i> "Yes," complete S					key •	emplo	yee, •	or highest compen	sated employee	3		No
4	For any individual listed on lin organization and related organ individual										4	Yes	
5	Did any person listed on line 1 services rendered to the organ									or individual for	5		No
Se	ection B. Independent Co	ntractors											
1	Complete this table for your five compensation from the organization											tax year	

(A) Name and business address	(B) Description of services	(C) Compensation
HOSPITAL BUILDING & EQUIP CO 11330 Olive Blvd Saint Louis MO 63141	Contractor fees	471,342
SHARED IMAGING LLC BOX 88544 MILWAUKEE WI 532880544	RADIOLOGY SERVICES	349,864
CALIFORNIA EM-1 MEDICAL SERVICES 7032 COLLECTION CENTER DR CHICAGO IL 60693	PHYSICIAN	228,964
SMITH ROGER A PO BOX 634 SANTA YNEZ CA 93460	INSPECTION SERVICES	147,482
STEVE PITTS INSPECTION SERVICE 4673 Tiffany Park Circle Santa Maria CA 93455	Construction Inspection	136,461
Total number of independent contractors (including but not limited to these lists	ad abaya) wha received make than	

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 ►8

Form 99		•	_					Page 9
Part V	/##I	Statement of Check if Sched	o f Revenue ule O contains a respor	nse to any question i	n 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
o L	1a	Federated cam	paigns 1a	0				
Contributions, Giffs, Grants and Other Similar Amounts	ь	Membership du	ues 1b	1,670				
5 6	С	Fundraising ev	ents 1c	0				
fts,	d	Related organiz	zations 1d	1,642,548				
i5 ia	e	Government grant		8,828				
Sin				58,949				
uti ie fi	f	similar amounts no	ons, gifts, grants, and 1f ot included above					
를	g	Noncash contributi 1a-1f \$	ions included in lines	36,416				
ng n	h	Total. Add line	s 1 a - 1 f		1,711,995			
<u> </u>				Business Code				
e≘	2a	NET PATIENT SERV	VICE REVENUE	900099	14,310,962	14,310,962	0	_
wen	b		AL SUPPLEMENTAL	900099	48,284	48,284	0	0
2 <u>2</u>		PAYMENTS			·		-	
Ş	С	EHR MEDICARE IN		900099	32,054	32,054	0	0
Program Serwoe Revenue	d	PHYSICIAN ROOM	RENT	900099	30,690	30,690	0	0
Tan L	e	0 II abbau nungu						
Tog.	f	All other progra	am service revenue		0	0	0	0
	g		s 2a-2f		14,421,990			
	3		come (including dividend ar amounts)		66,508	o	o	66,508
	4		stment of tax-exempt bond	-	0	0	0	0
	5	Royalties .		▶ ↑	0	0	0	0
			(ı) Real	(II) Personal				
	6a	Gross rents						
	b	Less rental expenses						
	c	Rental income or (loss)	0	0				
	d	, ,	me or (loss)					
			(ı) Securities	(II) O ther				
	7a	Gross amount from sales of	352,443	0				
		assets other than inventory	332,113					
	ь	Less cost or						
		other basis and sales expenses	344,207	0				
	С	Gain or (loss)	8,236	0				
	d	Net gain or (los	r		8,236	0	0	8,236
ψ	8a	Gross income fevents (not inc	from fundraising :luding					
Other Revenue		\$	0					
ě		of contributions See Part IV, lir	s reported on line 1c)					
Ξ.			a	11,048				
Ë.	ь	Less direct ex	penses b	36,416				
ō	С	Net income or	(loss) from fundraising	events 🛌	-25,368		0	-25,368
	9a		from gaming activities					
		See Part IV, III	ne 19 a l					
	b	Less direct ex	penses b					
	С		(loss) from gaming activ	vities				
	10a	Gross sales of						
		returns and allo	owances . a					
	Ь	less costofa	oods sold b					
	c		(loss) from sales of inve	entory 🛌				
		Miscellaneou		Business Code				
	11a	THRIFT SHOP	REVENUE	453310	96,864	0	0	96,864
	b		MISC REVENUE	621511	1,100	0	1,100	0
	С	REBATES & RE	FUNDS	900099	16,408	16,408	0	0
	d	All other reven	ue		11,159	11,159	0	0
	e	Total. Add line	s 11a-11d	🕨	125,531			
	12	Total revenue.	See Instructions	🕌	16 308 892	14 449 557	1 100	146 240

14,449,557

16,308,892

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) マ Check if Schedule O contains a response to any question in this Part IX (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fundraising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 411 411 Grants and other assistance to individuals in the United States See Part IV, line 22 9,000 9,000 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 0 0 Benefits paid to or for members 0 0 Compensation of current officers, directors, trustees, and 241,364 209,987 31,377 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 7,863 7,863 0 Other salaries and wages 5,023,123 4,368,589 654,534 Pension plan accruals and contributions (include section 401(k) 567,981 483,745 84,236 and 403(b) employer contributions) Other employee benefits 1,451,193 1,247,241 203,952 10 384,963 342,969 41,994 11 Fees for services (non-employees) Management 1,200,936 636,834 564,102 1,789 1,789 Legal Accounting 17,892 17,892 3,953 3,953 Professional fundraising services See Part IV, line 17 0 0 Investment management fees 23,177 23,177 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 2,253,289 2,022,126 231,163 Schedule O) Advertising and promotion . . ٥ ٥ Ω 12 13 Office expenses . . . 176,465 107,634 68,831 48,918 42,559 6,359 14 Information technology . 15 Royalties . 245,961 203,500 42,461 16 Occupancy **17** 7,741 3,289 4,452 Travel 18 Payments of travel or entertainment expenses for any federal, 0 state, or local public officials 0 0 19 Conferences, conventions, and meetings . 704 704 20 Interest Payments to affiliates 21 22 Depreciation, depletion, and amortization . 877,858 868,832 9,026 23 407,376 384,822 22,554 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 MEDICAL SUPPLIES 0 563,346 563,346 **EQUIPMENT MAINTENANCE** 383,084 362,926 20,158 DUES AND SUBSCRIPTIONS 27,451 760 26,691 d LICENSES 4,283 2,400 1,883 e All other expenses 14,855 2,781 12,074 Total functional expenses. Add lines 1 through 24e 25 13,944,976 11,871,614 2,073,362 0 Joint costs. Complete this line only if the organization 26 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

Cash—non-interest-bearing	Par	t X	Balance Sheet Check if Schedule O contains a response to any question in this Part X			
1				(A)		` '
3 Pledges and grants receivable, net 2,042,025 4 1,759,895		1	Cash—non-interest-bearing		1	
A Accounts receivable, net 2.042.025 4 1,750.808		2	Savings and temporary cash investments	1,848,730	2	1,979,556
Solution and other receivables from current and former officers, directors, trustees, key schedule L.		3	Pledges and grants receivable, net	0	3	0
## Part		4	Accounts receivable, net	2,042,025	4	1,759,889
1		5	employees, and highest compensated employees Complete Part II of			
9 Prepaid expenses and deferred charges 10a 17.478.800 104.428 9 161.146 10a 17.478.800 10b 12.417.354 10c 12.749.965 11 1 1 1 1 1 1 1 1	s	6	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		5	0
9 Prepaid expenses and deferred charges 10a 17.478.800 104.428 9 161.146 10a 17.478.800 10b 12.417.354 10c 12.749.965 11 1 1 1 1 1 1 1 1	क्					0
9 Prepaid expenses and deferred charges 10a 17.478.800 104.428 9 161.146 10a 17.478.800 10b 12.417.354 10c 12.749.965 11 1 1 1 1 1 1 1 1	8	7			7	
10s		8	Inventories for sale or use	82,967	8	78,143
Part VI of Schedule D 10a 17,479,860 10c 12,749,995 10c 12,749,995 10c 12,749,995 11c 17,479,860 10b 4,728,865 12,417,364 10c 12,749,995 11c 17,479,860 11c 17,479		9		104,428	9	161,146
11 Investments—publicity traded securities 0 11 0 0 12 0 0 13 10 0 12 0 0 13 10 0 13 10 0 13 10 0 13 10 0 13 10 0 13 10 0 13 10 0 14 0 0 15 10 14 10 0 15 10 15 10 14 10 15 10 14 10 15 10 14 10 15 10 14 10 15 10 14 10 15 10 14 10 15 10 14 10 15 10 14 10 15 15 15 15 15 15 15		10a				
12 Investments—other securities See Part IV, line 11 0 12 0 0 13 0 0 14 0 0 13 0 0 14 0 14 0 14 0 15 0 0 14 0 0 15 0 0 14 0 0 15 0 0 0 14 0 0 15 0 0 0 15 0 0 0 0 0 0 0 0 0		b	Less accumulated depreciation 10b 4,728,865	12,417,354	10c	12,749,995
13		11	Investments—publicly traded securities	0	11	0
14		12	Investments—other securities See Part IV, line 11	0	12	0
15		13	Investments—program-related See Part IV, line 11	0	13	0
16 Total assets. Add lines 1 through 15 (must equal line 34) 20,638,573 16 23,836,111 17		14	Intangible assets	0	14	0
17		15	Other assets See Part IV, line 11	806,664	15	665,146
18 Grants payable 0 18 0 0 19 0 0 19 0 0 0 0 0 0 0 0 0		16	Total assets. Add lines 1 through 15 (must equal line 34)	20,638,573	16	23,836,111
Page 19 Deferred revenue		17	Accounts payable and accrued expenses	1,395,729	17	1,443,632
Tax-exempt bond liabilities		18	Grants payable	0	18	0
21 Escrow or custodial account liability Complete Part IV of Schedule D		19	Deferred revenue	0	19	0
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		20	Tax-exempt bond liabilities	0	20	0
Unsecured notes and loans payable to unrelated third parties		21	Escrow or custodial account liability $\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \$	0	21	0
Unsecured notes and loans payable to unrelated third parties	ilitie	22				
Unsecured notes and loans payable to unrelated third parties	<u>ge</u>		persons Complete Part II of Schedule L	0	22	0
25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		23	Secured mortgages and notes payable to unrelated third parties	0	23	0
and other liabilities not included on lines 17-24) Complete Part X of Schedule D		24	Unsecured notes and loans payable to unrelated third parties	0	24	0
Total liabilities. Add lines 17 through 25		25	and other liabilities not included on lines 17-24) Complete Part X of Schedule	2 420 750	25	2 625 004
Organizations that follow SFAS 117 (ASC 958), check here and complete lines 27 through 29, and lines 33 and 34. 16,723,448 27 18,832,344 28 Temporarily restricted net assets		26		, ,		
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds		26		3,020,400	26	4,009,020
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds			- '			
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	<u>ਲ</u>	27	Unrestricted net assets		27	
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	<u>а</u>	28	Temporarily restricted net assets	, , , , , , , , , , , , , , , , , , ,	28	934,141
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	Ξ	29	·	0	29	0
30 Capital stock or trust principal, or current funds	ir Fu					
33 Total net assets or fund balances		30	Capital stock or trust principal, or current funds		30	
33 Total net assets or fund balances	Ř	31	Paid-in or capital surplus, or land, building or equipment fund		31	
33 Total net assets or fund balances		32	Retained earnings, endowment, accumulated income, or other funds		32	
34 Total liabilities and net assets/fund balances		33	Total net assets or fund balances	16,812,085	33	19,766,485
	~	34	Total liabilities and net assets/fund balances	20,638,573	34	23,836,111

Par	t XI Reconcilliation of Net Assets			<u> </u>	- 3	
	Check if Schedule O contains a response to any question in this Part XI				<u></u>	
1	Total revenue (must equal Part VIII, column (A), line 12)	1		16,3	308,892	
2	Total expenses (must equal Part IX, column (A), line 25)	2		13,9	13,944,976	
3	Revenue less expenses Subtract line 2 from line 1	3		2,3	363,916	
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		16,8	312,085	
5	Net unrealized gains (losses) on investments	5			-16,551	
6	Donated services and use of facilities	6			0	
7	Investment expenses	7			0	
8	Prior period adjustments	8			0	
9	Other changes in net assets or fund balances (explain in Schedule O)	9		6	507,035	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10		19,7	766,485	
Par	t XII Financial Statements and Reporting					
	Check if Schedule O contains a response to any question in this Part XII				<u> </u>	
				Yes	No	
1	Accounting method used to prepare the Form 990					
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 revie a separate basis, consolidated basis, or both	wed on				
	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 sepa basis, consolidated basis, or both	rate				
	☐ Separate basis ☐ Both consolidated and separate basis					
С	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversigh audit, review, or compilation of its financial statements and selection of an independent accountant?	t of the	2c	Yes		
	If the organization changed either its oversight process or selection process during the tax year, explain it Schedule O	n				
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in th Single Audit Act and OMB Circular A-133?	e	3a		No	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the raudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equire	3b			

Software ID: 12000197 **Software Version:** v1.00

EIN: 95-2224265

Name: SANTA YNEZ VALLEY COTTAGE HOSPITAL

Form 990, Part VII - Compensation of Compensated Employees, and Indepe	Officers, Dir	ectors	s,Trı	uste	ees,	, Key	/ En	nployees, Highe	st	
(A) Name and Title	(B) Average hours per week (list	Position more unless	(C on (do than	not one son i er an	box s bo d a	.,		(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
	any hours for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			related organizations
Judith Hopkinson Director	2 3 8	х						0	0	0
Jon Clark Director	2 3 8	х						0	0	0
P Steven Ainsley Director	2 3 8	х						0	0	0
Gregory Faulkner Director	2 3 8	х						0	0	0
Elliot Prager MD Director	2 3 8	х						0	0	0
J Robert Andrews Director (Partial Year)	2 3 8	х						0	0	0
Angel Iscovich MD Director (Partial Year)	2 3 8	х						0	0	0
Edward Bentley MD Director	2 38	х						0	0	0
John Romo Committee Chair	25 4 75	х						0	0	0
Marshall Turner Jr Committee Chair	25 4 75	х						0	0	0
Thomas Watson MD Committee Chair	25 4 75	х						0	11,805	0
Charles A Jackson Committee Chair	25 4 75	х						0	0	0
Fred Lukas Committee Chair	25 4 75	х						0	0	0
Margaret Baker Committee Chair	25 4 75	х		х				0	0	0
Jeffrey Kupperman MD Secretary (Partial year)	25 4 75	х		х				0	1,342	0
Alex Koper MD Secretary (Partial year)	25 4 75	х		х				0	12,575	0
Fred Gluck Vice Chair (Partial Year)	25 4 75	х		х				0	0	0
Ed Birch PhD Vice Chair (Partial Year)	25 4 75	х		х				0	0	0
Robert Nakasone Vice Chair (Partial Year)	25 4 75	х		х				0	0	0
Robert Nourse Vice Chair (Partial Year)	25 4 75	х		х				0	0	0
Gretchen Milligan Board Chair	1 19	х		х				0	0	0
Ronald C Werft CEO	3 57			х				0	1,010,499	635,089
Steven A Fellows COO	2 5 47 5			х				0	576,456	174,787
Joan Bricher CFO	2 5 47 5			х				0	540,682	239,362
Julie Artoux Assistant Secretary	2 5 47 5			х				0	117,680	18,962

18,962

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

RT III Radiographer

(A) Name and Title	(B) Average hours per week (list		than	not one son i er an	box s bo d a	,		(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
	any hours for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			related organizations
Wende Cappetta VP SYVCH	40 0				х			205,578	0	35,786
Gayle Mercado Clinical Manager	40 0					х		159,213	0	24,573
Madeline Lozano Clinical Lab Coord	40					х		158,652	0	23,417
Denise Holmes Clinical Mgr-SYVCH	40 0					x		144,999	0	23,560
Mary Puryear Clinical Mgr-SYVCH	40 0					х		141,191	0	22,592
Rıcardo Gonzalez Menchaca	40					x		139.748	0	23.580

139,748

23,580

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493319058843

Employer identification number

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

SANTA YNEZ VALLEY COTTAGE HOSPITAL

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.

Open to Public Inspection

									95-2224		
	rt I			blic Charity Sta						nstruction	S
	organı:		•	te foundation becaus	•			•	•		
1		A chur	ch, convent	ion of churches, or a	ssociation of	fchurches d	lescribed in s	ection 170	(b)(1)(A)(i).		
2	Г	A scho	ol described	d in section 170(b)(1	L)(A)(ii). (At	tach Sched	ule E)				
3	굣	A hosp	ital or a cod	perative hospital se	rvice organiz	zatıon desci	ıbed ın sectio	on 170(b)(:	L)(A)(iii).		
4	Γ	A medi	cal researc	h organization opera	ted ın conjun	ction with a	hospital des	crıbed ın s	ection 170(b)((1)(A)(iii).	Enter the
_	_			ity, and state							
5	ı	_	•	erated for the benefi	-	e or universi	ity owned or o	perated by	a governmen	tal unit des	cribed in
	_			(A)(iv). (Complete P	· ·						
6	<u> </u>			local government o	_						
7				at normally receives			support from	a governm	nental unit or f	rom the ge	neral public
8	_			on 170(b)(1)(A)(vi). : described in sectio i			mplete Bart I	τ \			
9	<u>'</u>		•	at normally receives	. , . , .	, , , ,	•	•	ibutions mom	harchin fac	s and gross
9	'	_		rities related to its e					· ·	-	
		•		oss investment inco	•	_					
		•		ganızatıon after June				•		cax) nom c	,4311163363
10	\vdash	•	,	ganized and operate	•			•	•		
11	<u>'</u>	_		ganized and operated	•				. , , ,	to carry out	the nurneces of
	'	_		ly supported organiz	,		, ,		•	•	
				bes the type of supp							()()
		a	Type I	b Type II c	Type II	I - Functior	nally integrate	ed d [Type III - N	on-functior	ally integrated
е	Γ	•	-	ox, I certify that the	-				, ,		•
				ion managers and ot	her than one	or more pu	blicly support	ed organiz	atıons descrıb	ed in secti	on 509(a)(1) or
f			1509(a)(2)	received a written d	etermination	from the IE	S that it is a	Type I Ty	ne II or Tyne	III suppor	ting organization
•			this box	received a written a	cccimination	nom the m	Co chac ic is a	1 9 0 0 1 , 1 9	pc 11, 01 1 ypc	III Suppoi	
g		Since A	ugust 17, 2	2006, has the organ	ızatıon accep	oted any gift	t or contributi	on from an	y of the		·
			ng persons?								
		., .		rectly or indirectly o	•		5	persons d	escribed in (ii		Yes No
		•		governing body of th	• •	•	n?				.g(i)
			•	er of a person descr							g(ii)
				lled entity of a perso						11	g(iii)
h		Provide	e the followi	ng information about	the supporte	ed organizat	tion(s)				
	i) Nan	ne of	(ii) EIN	(iii) Type of	(iv) Is	the	(v) Did you	ı notıfy	(vi) Is	the	(vii) A mount of
•	suppoi	rted		organization	organizati	ion in	the organi		organizat		monetary
0	rganiz	ation		(described on	col (i) lis		ın col (i) d		col (i) org		support
				lines 1-9 above or IRC section	your gove docume		suppor	ቲ?	ın the U	S ?	
				(see	docume	nt '					
				instructions))	-	T	+ .,	Τ	- N	Τ	-
				,,	Yes	No	Yes	No	Yes	No	
							1			ļ	
Tat-				1			•			1	

Sch	edule A (Form 990 or 990-EZ) 2012							Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation faile	ed to q	
	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	ow, please com	<u>iplete Pa</u>	rt III.)	
	ection A. Public Support endar year (or fiscal year beginning					1		
	in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2	312	(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							
6	(f) Public support. Subtract line 5 from							
	line 4							
S	ection B. Total Support							
Cal	endar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 20)12	(f) Total
_	in) ► A mounts from line 4		. ,		. ,	, ,		. ,
7 8	Gross income from interest,							
0	dividends, payments received on							
	securities loans, rents, royalties							
	and income from similar							
9	sources Net income from unrelated							
9	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							
4.0	10)		<u> </u>					
12	Gross receipts from related activitie					12		
13	First five years. If the Form 990 is this box and stop here							ization, check
	ection C. Computation of Pub				<u> </u>	<u> </u>		
14	Public support percentage for 2012			11, column (f))		14		
15	Public support percentage for 2011			, , , , , , ,		15		
	33 1/3% support test—2012. If the o	· ·	•	on line 13 and l	ine 14 is 33 1/20%		chack ti	nie hov
104	and stop here. The organization qua				me 1 1 13 33 1/3/0	or more,	JIICCK CI	► □
b	33 1/3% support test—2011. If the				and line 15 is 33	3 1/3% or n	nore, ch	eck this
	box and stop here. The organization						. 4 4	▶□
1/a	10%-facts-and-circumstances test- is 10% or more, and if the organizat							•
	in Part IV how the organization mee							
	organization				4	r	,	▶ □
b	10%-facts-and-circumstances test-							
	15 is 10% or more, and if the organ Explain in Part IV how the organizat							lv
	supported organization	ion meets the T	acts-ana-cncum:	stances test III	ic organization qu	uiiiiE5 45 i	a public	·y ▶□
18	Private foundation. If the organizat	on did not check	c a box on line 13	, 16a, 16b, 17a,	or 17b, check thi	s box and	see	·
	instructions							▶ ┌

Schedule A (Form 990 or 990-EZ) 2012 Page 3 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 (a) 2008 **(b)** 2009 (c) 2010 (d) 2011 (e) 2012 (f) Total in) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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						
3	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
	Amounts included on lines 1, 2,						
/a	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						
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c						
	from line 6)						
_Se	ction B. Total Support						
Cale	ndar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
	in) ►	(u) 2000	(6) 2003	(6) 2010	(4) 2011	(6) 2012	(1) 10tai
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
Ь	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						
11	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)			Librari Corretto con	6.01	E04(-)(2)	
14	First five years. If the Form 990 is for	or the organization	on's first, second	i, thira, fourth, or	ππη tax year as a	1 501(c)(3) org	anization, ►
	check this box and stop here	a Cunnaut Da					<u> </u>
	ction C. Computation of Public			12		T I	
15	Public support percentage for 2012			13, column (T))		15	
16	Public support percentage from 2011	L Schedule A, Pa	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	me Percenta	ge			
17	Investment income percentage for 20				nn (f))	17	
					. , ,	 	
18	Investment income percentage from					18	
19a	33 1/3% support tests—2012. If the o						ıd lıne 17 ıs not ▶□

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 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule A (Form 990 or 990-EZ) 2012

DLN: 93493319058843

OMB No 1545-0047

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.

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** SANTA YNEZ VALLEY COTTAGE HOSPITAL 95-2224265 Complete if the organization is exempt under section 501(c) or is a section 527 organization. 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). 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 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes 3 Was a correction made? ☐ Yes □ No If "Yes," describe in Part IV Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3). Enter the amount directly expended by the filing organization for section 527 exempt function activities 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 Did the filing organization file Form 1120-POL for this year? 4 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 **(c)** EIN (e) A mount of political (a) Name (b) Address (d) A mount paid from contributions received filing organization's and promptly and funds If none, enter -0directly delivered to a separate political organization If none, enter-0-

e Grassroots ceiling amount (150% of line 2d, column (e))

f Grassroots lobbying expenditures

Sch	nedule C (Form 990 or 990-EZ) 2012					Page 2
Pa	art II-A Complete if the organization	is exempt under	section 501(c)(3) and fil	ed Form 5768	(election
_	under section 501(h)). Check ► if the filing organization belongs to a	an affiliated group (and	lict in Part IV os	ach affiliated are	un mambar's nam	o addross EIN
	expenses, and share of excess lobb	ying expenditures)		_	up member s nam	e, address, LTN
<u>B</u>	Check Frifthe filing organization checked box	x A and "limited contro	ıl" provisions apı	oly		
	Limits on Lobbying E (The term "expenditures" means an		l .)		(a) Filing organization's totals	(b) Affiliated group totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lob	bying)			
b	Total lobbying expenditures to influence a legisla	ative body (direct lobb	yıng)			
c	Total lobbying expenditures (add lines 1a and 1b	o)				
d	O ther exempt purpose expenditures					
е	Total exempt purpose expenditures (add lines 1c					
f	Lobbying nontaxable amount Enter the amount fo	rom the following table	ın both			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
	Not over \$500,000	20% of the amount on li	ne 1e			
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	0,000		
	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				
	Grassroots nontaxable amount (enter 25% of lin	e 1f)				
_	Subtract line 1g from line 1a If zero or less, ente	•		-		
i	Subtract line 1f from line 1c If zero or less, ente			-		
_	If there is an amount other than zero on either lin		organization file	Form 4720 rep	ortina	1
-	section 4911 tax for this year?					┌ Yes ┌ No
_	4-Voor Av	veraging Period U	Inder Section	F01/b)		
	(Some organizations that made a scolumns below. See the	section 501(h) el	ection do not	have to cor		ne five
	Lobbying Expe	enditures During	4-Year Avera	ging Period		1
	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 nontavable amount					

Part II-B		rganization is exempt under section 501(c)(3) and has	NOT	
	filed Form 5/68	election under section 501(h)).		

	and Wan warman a to the a to the world to be low meaning in Doub TV a data and day are trained to the left in a	(ã	1)		(b)	
For e	ach "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying ity.	Yes	No	An	noun	ıt
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					
а	Volunteers?		No			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No			
С	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?		No			
i	Other activities?	Yes				3,953
j	Total Add lines 1c through 1i					3,953
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					
С	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?					
Par	t III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(6).	1 501(c)(5), o	r sec	ctio	n
				1	es	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		

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).		
а	Current year	2a	
Ь	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
SchC_P2B_S00_L01	· · · · · · · · · · · · · · · · · · ·	Lobbying activities are calculated as a percentage of dues paid to various organizations

DLN: 93493319058843

OMB No 1545-0047

SCHEDULE D (Form 990)

Department of the Treasury

► 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.

Supplemental Financial Statements

Open to Public

Interna	l Revenue Service	► Attach to For	m 990. ► See separate instructions.	Inspection
	me of the organiz			Employer identification number
JAI\	VIA TIVLZ VALLET CO	LIAGE HOSTIAE		95-2224265
Pa				inds or Accounts. Complete if the
	organiz	ation answered "Yes" to Form 990	, Part IV, line 6. (a) Donor advised funds	(h) Funda and atherraceounts
1	Total number at	and of year	(a) Donor advised lunds	(b) Funds and other accounts
2		ributions to (during year)		
3		ts from (during year)		
4	Aggregate value			
5			L ors in writing that the assets held in dono	r advised
•		rganization's property, subject to the or		☐ Yes ☐ No
6	used only for ch conferring impe	naritable purposes and not for the benef ermissible private benefit?	onor advisors in writing that grant funds fit of the donor or donor advisor, or for an	y other purpose Yes No
Pa	rt III Consei	r vation Easements. Complete ıf	the organization answered "Yes" to	Form 990, Part IV, line 7.
1	Preservation of Preservation	onservation easements held by the org n of land for public use (e g , recreation of natural habitat n of open space	or education) Preservation of an Preservation of a c	historically important land area ertified historic structure
2		e last day of the tax year	a qualified conservation contribution in th	Held at the End of the Year
а	Total number o	f conservation easements	<u> </u>	2a
ь	Total acreage r	estricted by conservation easements	F	2b
С		servation easements on a certified histo	oric structure included in (a)	2c
d		servation easements included in (c) acq ire listed in the National Register	uired after 8/17/06, and not on a	2d
3	Number of cons	servation easements modified, transferr	red, released, extinguished, or terminate	d by the organization during
	the tax year ►_			
4	Number of state	es where property subject to conservat	ion easement is located 🛌	
5		ization have a written policy regarding t the conservation easements it holds?	the periodic monitoring, inspection, hand	ling of violations, and
6	Staff and volunt	teer hours devoted to monitoring, inspe	cting, and enforcing conservation easem	nents during the year
7		enses incurred in monitoring, inspecting	g, and enforcing conservation easements	during the year
8		servation easement reported on line 2(o	d) above satisfy the requirements of sec	tion 170(h)(4)(B)(ı)
9	In Part XIII, de balance sheet,	escribe how the organization reports cor	nservation easements in its revenue and e footnote to the organization's financial ents	
Par		zations Maintaining Collection ete if the organization answered "Y	s of Art, Historical Treasures, ('es" to Form 990, Part IV, line 8.	or Other Similar Assets.
1a	works of art, his	storical treasures, or other similar asse	.16 (ASC 958), not to report in its reven its held for public exhibition, education, o to its financial statements that describes	or research in furtherance of public
b	works of art, his		.16 (ASC 958), to report in its revenue s its held for public exhibition, education, o e items	
	(i) Revenues ir	ncluded in Form 990, Part VIII, line 1		► \$
	(ii) Assets incl	uded ın Form 990, Part X		▶ \$
2	If the organizat	ion received or held works of art, histor	rical treasures, or other similar assets fo 116 (ASC 958) relating to these items	
а	Revenues inclu	ded in Form 990, Part VIII, line 1		▶ - \$

b Assets included in Form 990, Part X

►\$

Par	Organizations Maintaining Co	<u>llections of Ar</u>	t, His	stori	<u>cai ir</u>	easu	ires, or U	tne	r Similar <i>i</i>	4sse	ts (co	<u>ntınued)</u>
3	Using the organization's acquisition, accessi collection items (check all that apply)	on, and other reco	rds, cl	heck	any of t	he foll	owing that a	are a	sıgnıfıcant u	ise of	ts	
а	Public exhibition		d	Γ	Loan	orexc	hange progr	ams				
b	Scholarly research		e	Γ	Other							
c	Preservation for future generations											
4	Provide a description of the organization's co	ollections and expl	aın ho	w the	y furthe	r the o	organization	's ex	cempt purpos	e in		
5	During the year, did the organization solicit o								nılar	_		_
	assets to be sold to raise funds rather than t									<u> </u>		No
Par	Escrow and Custodial Arrange Part IV, line 9, or reported an am						n answere	d "Y	es" to Form	า 990	,	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	ıan or other ınterm	ediary	/ for c	ontribu	tions	or other ass	ets	not	Г	⁄es	┌ No
b	If "Yes," explain the arrangement in Part XII	I and complete the	e follo	wing t	able		_					
							-			Amou	nt	
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 Fo	orm 990, Part X, Iır	ne 21?	>						Γ,	es/	┌ No
b	If "Yes," explain the arrangement in Part XII	I Check here if the	e expla	anatı	on has l	oeen p	rovided in P	art :	XIII			Γ
Pai	rt V Endowment Funds. Complete											
	D	(a)Current year	(b)Prior	year	b (c) ⊤	wo years back	(d)	Three years bad	k (e)	Four ye	ears back
1a	Beginning of year balance							+				
b	Contributions							+				
С	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 curr	ent year end balar	ice (lir	ne 1g	, colum	n (a))	held as					
а	Board designated or quasi-endowment 🟲											
b	Permanent endowment ►											
С	Temporarily restricted endowment ► The percentages in lines 2a, 2b, and 2c show	uld equal 100%										
3a	Are there endowment funds not in the posses organization by	-		that	are held	l and a	idministere	d for	the		Yes	No
	(i) unrelated organizations							•	 	Ba(i)		
b	(ii) related organizations							٠.	<u>[3</u> 	3b		
4	Describe in Part XIII the intended uses of th	ie organization's ei	ndowm	nent f	unds				_			
Par	t VI Land, Buildings, and Equipme	nt. See Form 99	90, Pa									
	Description of property) Cost or is (invest		(b) Cost or o basis (othe		(c) Accumulat depreciation		(d) Boo	ok value
1a	_and					0	22	,582				22,582
b I	Buildings					0	8,891	,307	2,118	,105	(5,773,202
c l	_easehold improvements					0		0		0		0
d I	Equipment					0	4,229	,432	2,516	,094		1,713,338
_e	Other	<u> </u>				0	4,335	,539	94	,666		4,240,873
	I. Add lines 1a through 1e <i>(Column (d) must e</i>			ımn (B), line	10(c).)					12	2,749,995

Part VII Investments—Other Securities. See	orm 990, Part X, line 12	2.	
(a) Description of security or category	(b)Book value		od of valuation
(including name of security)		Cost or end-or	f-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 V line	<u>.</u> 13	
(a) Description of investment type	(b) Book value		od of valuation
	(2) Book Funds		f-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, lin			
(a) Descrip	tion		(b) Book value
Tabal (Calumn (b) and a surely a surely and a surely a surely and a surely and a surely and a surely a surely and a surely a surely a surely and a surely a surely a surely a surely a surely and a surely a surely a surely a surely a surely a surely and a surely a s	`		
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.			
Part X Other Liabilities. See Form 990, Part X (a) Description of liability	, line 25. (b) Book value		
	(U) DOOK Value		
Federal income taxes	0		
MINIMUM PENSION LIABILITY	857,520		
SELF INSURANCE LIABILITY	888,641		
DUE TO AFFILIATES	819,922		
PHYSICIAN GUARANTEE	10,186		
RETIREMENT PLAN - SERP	49,725		
	,		
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	2,625,994		

Part	XI Reconciliation of Revenue per Audited Financial Statements With Revenue	er Return
1	Total revenue, gains, and other support per audited financial statements	1
2	A mounts included on line 1 but not on Form 990, Part VIII, line 12	
а	Net unrealized gains on investments	
b	Donated services and use of facilities	
c	Recoveries of prior year grants	
d	Other (Describe in Part XIII) 2d	
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	A mounts included on Form 990, Part VIII, line 12, but not on line 1	
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a	
ь	Other (Describe in Part XIII)	1
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	
а	Donated services and use of facilities	
b	Prior year adjustments	Ī
c	Other losses	1
d	Other (Describe in Part XIII)	<u> </u>
e	Add lines 2a through 2d	
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	
b	Other (Describe in Part XIII)	7
_		1 . 1
С	Add lines 4a and 4b	4c
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5 5

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 ınformatıon

Identifier	Return Reference	Explanation
SchD_P10_S00_L02	Schedule D, Part X, Line 2	The System and its affiliates, except for Pacific Diagnostic Laboratories, are not-for-profit corporations and are tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxation under Section 501(a) of the Code and corresponding provisions of the California Revenue and Taxation Code, except to the extent of income derived from taxable unrelated business activities. Unrelated business income is not material to the financial statements. The System completed an analysis of its tax positions, in accordance with ASC 740, Income Taxes, and determined that there are no uncertain tax positions taken or expected to be taken. The System has recognized no interest or penalties related to uncertain tax positions. The System is subject to routine audits by the taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The System believes it is no longer subject to income tax examinations for years prior to 2009.

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization SANTA YNEZ VALLEY COTTAGE HOSPITAL

Employer identification number

95-2224265

Pa	rt I Financial Ass	istance an	d Certain	Other Community	Benefits at Cost				
								Yes	No
1a	Did the organization have	a financial as	ssistance po	icy during the tax year?	P If "No," skip to questi	on 6a	1a	Yes	
ь	If "Yes," was it a written j	policy?					1b	Yes	
2	If the organization had mi financial assistance polic	•	•			pplication of the			
	A pplied uniformly to a Generally tailored to i				mly to most hospital fac	cilities			
3	Answer the following base organization's patients du			nce eligibility criteria th	at applied to the larges	t number of the			
а	Did the organization use I If "Yes," indicate which o					providing <i>fre</i> e care?	3a	Yes	
	┌ 100% ┌ 150% ┌	200% F 0	ther		350 %			1	
b	Did the organization use I which of the following was						3b	Yes	
	□ 200% □ 250% □	300%	50% — 40	0% 🔽 Other		542 %			
c	If the organization used for criteria for determining elused an asset test or oth discounted care	igibility for fre	ee or discoun	ted care Include in the	description whether th	e organization			
4	Did the organization's fina							Vaa	
5a	provide for free or discour Did the organization budg the tax year?		or free or disc					Yes	
ь	If "Yes," did the organiza	tion's financia	al assistance	expenses exceed the b	oudgeted amount? .		5b	1	No
c	If "Yes" to line 5b, as a re	esult of budge	t considerati	ons, was the organizati	on unable to provide fre	e or discounted			
	care to a patient who was	eligibile for fi	ree or discou	nted care?			5c		
	Did the organization prep				r?		6a	Yes	
b	If "Yes," did the organiza			·			6b	Yes	
	Complete the following ta worksheets with the Sche	dule H				submit these			
7	Financial Assistance			munity Benefits at Co	ost				
	ancial Assistance and Means-Tested overnment Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	served benefit expense revenue expense					
а	Financial Assistance at cost (from Worksheet 1)			94,865	0	94,	865	0	68 %
b	Medicaid (from Worksheet 3, column a)			787,879	336,720	451,	159	3	23 %
С	Costs of other means-tested government programs (from Worksheet 3, column b)			21,212	4,772	16,	440	0	12 %
d	Total Financial Assistance and Means-Tested Government Programs .	0	0	903,956	341,492	562,	464	4	03 %
	Other Benefits								
е	Community health improvement services and community benefit operations (from Worksheet 4)			24,934		24 -	934	0	18 %
f	Health professions education (from Worksheet 5)	s education							
g	Subsidized health services (from Worksheet 6)			94,093	31,555	62,	538	0	45 %
h	Research (from Worksheet 7)			0			\Box		
ı	Cash and in-kind contributions for community benefit (from Worksheet 8)			0					
J	Total . Other Benefits	0	0	119,027	31,555	87, 649,	_		63 %
k	k Total. Add lines 7d and 7j . 0 0 1,022,983 373,047							4	66 %

Pa	ct II Community Building activities during the of the communities in	tax year, an		Part VI how its o	ommun			activities promo	oted		
		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense		rect off revenue	_	(e) Net communit building expense		(f) Perc total ex	
1	Physical improvements and housing										
2	Economic development										
3	Community support										
4	Environmental improvements										
	Leadership development and training										
6	for community members Coalition building				+						
	Community health improvement				1						
8	advocacy Workforce development				_				_		
	Other				+						
0	Total										
	t IIII Bad Debt, Medicar	e, & Collec	tion Practic	es							
	ion A. Bad Debt Expense							. [Yes	No
L	Did the organization report bac Statement No 15?		e in accordance	with Heathcare Fi	nancial M	anage	ment A	ssociation	1	Yes	
2	Enter the amount of the organi				e						
	methodology used by the orga					2		351,354			
3	Enter the estimated amount of patients eligible under the organization										
	the methodology used by the o	organization to	estimate this a	amount and the rati							
	any, for including this portion of					3		0			
ŀ	Provide in Part VI the text of to or the page number on which to						ribes b	ad debt expense			
ect	ion B. Medicare			e accaemed imaner	State						
5	Enter total revenue received fr	om Medicare	(including DSH	and IME)		5		6,753,751			
5	Enter Medicare allowable cost	s of care relat	ing to payments	s on line 5		6		6,557,724			
7	Subtract line 6 from line 5 Th	ıs ıs the surpl	us (or shortfall)			7		196,027			
3	Describe in Part VI the extent Also describe in Part VI the co Check the box that describes	osting method	ology or source								
	Cost accounting system	r co	st to charge rat	по Г	Other						
ect	ion C. Collection Practices										
a	Did the organization have a wr	ıtten debt coll	ection policy du	ırıng the tax year?					9a	Yes	
b	If "Yes," did the organization's contain provisions on the colleassistance? Describe in Part V	ection practice	es to be followed	d for patients who a	re known	to qu	alify for	financial	9b	Yes	
Pai	t IV Management Comp								ans—se	e instruct	ions)
	(a) Name of entity	(I	D) Description of pr activity of entity		(c) Organi profit % o ownersh	r stock		d) Officers, directors, trustees, or key employees' profit % r stock ownership %	pro	e) Physic ofit % or ownershi	stock
		<u>L</u>									
							+		+		
							+		+		
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0											
1											
2											
.3		1							+		

Part V	Facility Information										
Section	A. Hospital Facilities	Licensed	General	Children's	Teac	Ortic	Research	ER-2:	ER-other		
smallest How ma	order of size from largest to t—see instructions) ny hospital facilities did the ation operate during the tax year? ———	sed hospital	ral medical & surgical	ren's hospital	Teaching hospital	Critical access hospital	arch facility	ER-24 hours	ther		
Name, a	address, and primary website address		2							Other (Describe)	Facility reporting group
1	Santa Ynez Valley Cottage Hospital PO Box 689 Santa Barbara,CA 93102 www.cottagehealthsystem org	х	x			x		х			
-											
-											

Schedule H (Form 990) 2012

Part V Facility Information (continued)

hospital facilities? \$_____

Nan	Santa Ynez Valley Cottage Hospital e of hospital facility or facility reporting group	_		
For	single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)	_		
			Yes	No
Con	munity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining 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		
	If "Yes," indicate what the CHNA report describes (check all that apply)			
а	A definition of the community served by the hospital facility			
b	Demographics of the community			
С	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	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)			
а	Hospital facility's website			
b	A vailable upon request from the hospital facility			
_	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)			
а	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			
е	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			
q	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			

P	art V Facility Information (continued)			
	ancial 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 350%			
11	If "No," explain in Part VI the criteria the hospital facility used		\ , ₋ -	
	Used FPG to determine eligibility for providing <i>discounted</i> care?	11	Yes	
	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)			
а	▼ Income level			
b	Asset level			
c	Medical indigency			
d	Insurance status			
е	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)			
а	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			
е	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)			
	ling and Collections		1	
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			
	Reporting to credit agency			
b	Lawsuits			
C	Liens on residences			
d	Body attachments			
е	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			
а	Reporting to credit agency			
b	<u>-</u>			
C	Liens on residences			
d	Body attachments			
_	C Other similar actions (describe in Part VI)	ı		i

chedule H	(Form 990)	2012

If "Yes," explain in Part VI

Page

Pá	art 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)			
а	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			
	Documented its determination of whether patients were eligible for financial assistance under the hospital facility's			
	financial assistance policy			
е	Other (describe in Part VI)			
Po	licy 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			ĺ
а	The hospital facility did not provide care for any emergency medical conditions			ĺ
b	The hospital facility's policy was not in writing			ĺ
C	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			ĺ
d	Other (describe in Part VI)			ĺ
Cha	arges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)			
	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			
	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			ĺ
d	Other (describe in Part VI)			ĺ
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

Schedule H (Form 990) 2012

Ρ	а	a	e

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

Schedule H (Form 990) 2012

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 III, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1, 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
- **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.)
- **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
- **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 1₁, 3, 4, 5c, 6₁, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
SchH_P01_S00_L06a	Schedule H, Part I, Line 6a	Cottage Health System pepares a community benefit report on behalf of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Santa Ynez Valley Cottage Hospital It is filed with the State of California in compliance with California Senate Bill 697 The Community Benefit Report is available to the public upon request
SchH_P01_S00_L07	Schedule H, Part I, Line 7	The costing methodology includes inpatient, outpatient, and emergency department and is broken down by payer categories. Both direct and overhead costs have been allocated, by services rendered. Each Payer's net revenue is offset by the total cost and the results by Payer are calculated. In addition to a hospital-wide cost/charge ratio, we have calculated cost/charge ratios for each Payer, based on the cost of the type of services rendered to their specific patients. Therefore, the community benefit amounts attributable to Medicaid and other government programs are calculated based on their specific cost/charge ratio.

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07g	Schedule H, Part I, Line 7g	Cardiac Rehab services are provided at a loss to the hospital
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line	Bad debt is not included in the Community Benefit report FOOTNOTE In July 2011, the FASB issued Accounting Standards Update (ASU) No 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities (ASU 2011-07) The provisions of ASU 2011-07 require certain health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue in the statement of income rather than an operating expense Additional disclosures related to sources of patient service revenue and allowance for uncollectible accounts is also be required This new guidance is effective for fiscal years beginning after December 15, 2011, with early adoption permitted The System adopted the provisions of ASU 2011-07 as of and for the year ended December 31, 2012, and retrospectively applied the presentation requirements to all periods presented

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	8	Santa Ynez Valley Cottage Hospital is designated a critical access hospital (CAH) and did not experience a shortfall from allowable costs in 2012
SchH_P03_S0C_L09b	9 b	All patients receive 6 statements over 135 days, which include a statement about how to inquire about financial assistance Patients who are known to qualify for charity care or are in the process of applying for charity care are not sent to collection until a final charity care determination is made If they qualify, their account is written down to zero

Identifier	ReturnReference	Explanation			
SchH_P05_S0B_L14	Schedule H, Part V, Section B, Line 14	A summary of the policy is posted in admitting offices. The full policy is reported to and available from the OSHPD website (www oshpd ca gov). The policy can also be obtained upon request from a Patient Financial Counselor, whose contact information is provided on all billing statements along with a message regarding financial assistance. Patients that do not present any third party insurance information receive a brochure and eligibility counseling for the Patient Business. Office.			
SchH_P05_S0B_L20	Schedule H, Part V, Section B, Line 20	The maximum that could be charged is based on % of charges that is lower than commercial rates			

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	Cottage Health System, on behalf of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Santa Ynez Valley Cottage Hospital, is currently in the process of updating its review of community health needs. In 2011, the System relied upon the community health assessment performed by the County of Santa Barbara. The last full assessment completed by Cottage was in 2009, when Cottage Health System began an overhaul of its community benefit process and programs First, Cottage reviewed focus areas of local, state, and national organizations to determine its own focus areas and then next reviewed its internal community outreach programs to ensure they aligned. Cottage Health System reviewed its external community grants process. Funds were shifted from the Foundation to Operations and grant guidelines were developed around the identified focus areas. Both the focus areas and grant program were part of an overall Community Benefit Plan that was approved by the Board of Directors in early 2010. As part of the community benefit review in 2009, Cottage Health System reviewed focus areas of multiple organizations. The Centers for Disease Control and Prevention and The National Health Foundation were reviewed at the national level, and the California Department of Public Health was reviewed at a state level. Locally, four organizations' focus areas and reports were reviewed. Santa Barbara County Public Health Department Status Report 2009, Santa Barbara KIDS Network, United Way of Santa Barbara, and Santa Barbara KIDS Network, United Way of Santa Barbara, and Santa Barbara Kids Network, United Way of Santa Barbara, and Santa Barbara heighborhood Clinics Cottage Health System conducts a regular community perception survey, which includes questions regarding community needs. Cottage Health System also held a brainstorming session with 20 different hospital departments, and the Community Health Coordinating Committee provided input. After reviewing all of the information, Cottage Health. System determined the great
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	Cottage Health System has a multi-faceted Financial Assistance Program to ensure that patients who do not have insurance are screened for eligibility in a government-sponsored healthcare plan and receive information about charity care programs. Every patient who does not present the hospital with proof of insurance or existing government support will be given a handout (in English or Spanish) upon registration that is compliant with California Assembly Bill 774 (AB774). The handout contains information about the Hospital's charity care programs. This includes where to obtain applications, income guidelines, other qualification information and contact information for Customer Service and the Admitting department. The Hospital posts information about the charity care program in all registration areas required by AB774. Signs in English and Spanish are located in all areas where patients are registered for inpatient and outpatient services. Signs are also located in the patient billing office and cashier office. Patients will also be contacted by an admitting representative or eligibility counselor to assist the patient in determining eligibility for government-sponsored insurance programs and assist with the application process at no cost to the patient. Patient Financial Counselors who answer customer service calls are instructed to offer charity care applications to all patients who indicate they have financial need.

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Santa Barbara County consists of 2,750 square miles of land and inland water area. Approximately rectangular in shape, Santa Barbara County is bordered on the north by San Luis. O bispo County, on the east by Ventura County, and on the south and west by 107 miles of Pacific coastline. Much of the county is mountainous. The Santa Ynez, San Rafael and Sierra Madre mountains extend in a predominately east-west direction. Within the county, there are numerous fertile agricultural areas, including the Santa Maria, Cuyama, Lompoc, and Santa Ynez Valleys, and the southeast coastal plain. These areas, which include most of the developed land, also accommodate the majority of the population. Los Padres. National Forest, in the eastern part of the county, covers approximately 44 percent of the total county area. Vandenberg. Air Force Base is in the Lompoc region, while UCSB is on the South Coast. "North County." refers to the area west and north of Gaviota and includes the Lompoc, Santa Maria, Santa Ynez and Cuyama valleys. "South Coast." refers to the Goleta, Santa Barbara, and Carpinteria coastal plain. Santa Barbara County's 423,895 population is divided into six sub regions. Carpinteria Valley (4 2%), Santa Barbara/Goleta Region (43 5%), Santa Ynez Valley (5 3%), Lompoc Valley (14%), Santa Maria Valley (31%), Guadalupe Valley (1 7%), and the Cuyama Valley (3%). Of the total population, 50% are females. The median age is 33 6 years. Twenty-nine percent of the population is 0-17 years old, 58 % are 20-54 years old and 13% are 65 and older. For people reporting one race, 88 6% are White, 2 4% are Black or African American, 1 7% are American Indian or Alaska Native, 4 5% are Asian, less than 0 3% are Native. Hawaiian or Other Pacific Islander, and 2 5% reported 2 or more races. 40 4% are persons of Hispanic or Latino origin. Of the County's population, 21% are foreign-born, 32 8% of persons over the age of five reported speaking a language other than English at home, and 12 7% of county residents live below.
SchH_P06_S00_L05		The Board of Directors is made up of prominent community members who volunteer their time to ensure that the Santa Y nez Valley Community has access to high-quality, affordable healthcare. The Board of Directors is actively involved in the Hospital's strategic decisions and takes its commitment to the Community very seriously. The Board approves of an annual financial budget and ten-year financial plan to guarantee the Hospital will continue to offer hospital services to the Community for years to come. The Board also approves of annual top goals that are consistent with the mission, vision and values of the Hospital. The financial forethought of the Board of Directors resulted in surplus funds that are being used to rebuild the facility. SYVCH is building a new hospital in order to comply with the unfunded mandate of the State of California's Senate Bill 1953 (SB1953), which requires all hospitals to retrofit or rebuild in order to withstand a major earthquake. The Hospital used this opportunity to live the core value of excellence by ensuring that the new facility will meet the current and future healthcare needs of the Community. SYVCH works cooperatively with the open medical staff to improve healthcare in the community. The Hospital is exploring how to better align with physicians in order to provide the highest quality of care.

Identifier	ReturnReference	e Explanation					
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	Cottage Health System is the parent organization of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Santa Ynez Valley Cottage Hospital and Goleta Valley Professional Buildings, Inc These organizations have a common Board of Directors Cottage Health System Hospitals are the sole hospital providers in the Community and strategic plans are created with all the Hospitals and their Communities in mind SYVCH is the smallest of the three hospitals and the only federally-designated critical access hospital					
chH_P06_S00_L07	Schedule H, Part VI, Line 7	Cottage Health System files an annual community benefit report in the State of California					

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

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

OMB No 1545-0047

DLN: 93493319058843

Open to Public

Department of the Treasury Internal Revenue Service

Schedule I

(Form 990)

Name of the organization						Employer identificati	on number
SANTA YNEZ VALLEY COTTAGE HO	DSPITAL					95-2224265	
Part I General Information	n on Grants and	l Assistance				•	
 Does the organization maintain the selection criteria used to av Describe in Part IV the organiz 	ward the grants or as: ation's procedures fo	sistance? r monitoring the use o	f grant funds in the Unite	ed States			₹ Yes T
Part II Grants and Other A Form 990, Part IV, lin							es" to
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	
2 Enter total number of section 5							
3 Enter total number of other orga				Cat No. 50055P			le I (Form 990) 2012

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

(a)Type of grant or assistance	(b) Number of recipients	(c)A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) Nursing Scholarships	3	9,000	C		
Part IV Supplemental Inform					

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

Identifier	Return Reference	Explanation
SchI_P01_S00_L02	, ,	Scholarship applications are reviewed before funds are disbursed and verification that the student has enrolled and paid for the semester is required before funds are disbursed. For auxiliary patient-account payments, a bill is received from the Business Office to verify amount. The payment is made directly to the hospital.

Schedule I (Form 990) 2012

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DLN: 93493319058843

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury

Internal Revenue Service

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

Compensation Information

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

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name of the organization SANTA YNEZ VALLEY COTTAGE HOSPITAL **Employer identification number**

95-2224265

Pa	rt I Questions Regarding Compensation			
			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	First-class or charter travel Housing allowance or residence for personal use			
	Travel for companions Payments for business use of personal residence			
	Tax idemnification and gross-up payments			
	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			
а	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	
С	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		Νo
	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			
а	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			
а	The organization?	6a		No
b	Any related organization?	6b		Νo
	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			
	ın 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		

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	(D) Nontaxable	(E) Total of columns	(F) Compensation
		(i) Base compensation	(ii) Bonus & ıncentive compensation	incentive reportable		benefits	(B)(ı)-(D)	reported as deferred in prior Form 990
(1)Ronald C Werft CEO	(i) (ii)	0 747,865	0 248,541	0 14,093	0 619,353	0 15,736	0 1,645,588	0
(2)Steven A Fellows	(i) (ii)	0 439,361	0 123,935	0 13,160	0 159,051	0 15,736	0 751,243	0
(3)Joan Bricher CFO	(i) (ii)	0 424,551	0 101,024	0 15,107	0 223,576	0 15,786	0 780,044	0
(4)Wende Cappetta VP SYVCH	(i) (ii)	172,691 0	27,944 0	4,943 0	21,947 0	13,839 0	241,364 0	0
(5)Gayle Mercado Clinical Manager	(i) (ii)	147,793 0	11,158 0	262 0	7,948 0	16,625 0	183,786 0	0
(6)Madeline Lozano Clinical Lab Coord	(i) (ii)	152,404 0	0	6,248 0	7,901 0	15,516 0	182,069 0	0
(7)Denise Holmes Clinical Mgr-SYVCH	(i) (ii)	133,673 0	10,884 0	44 2 0	7,228 0	16,332 0	168,559 0	0
(8)Mary Puryear Clinical Mgr-SYVCH	(i) (ii)	126,781 0	10,785 0	3,625 0	6,878 0	15,714 0	163,783 0	0
(9) Rıcardo Gonzalez Menchaca RT III Radıographer	(i) (ii)	130,673 0	0	9,075 0	6,955 0	16,625 0	163,328	0

Schedule J (Form 990) 2012

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

A 130 Complete this part for any additi	so complete this part for any additional information							
Identifier	Return Reference	Explanation						
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	On an annual basis the Executive Compensation Committee (ECC) of the Board of Directors meets to determine appropriate compensation for executives, including the CEO, COO, CFO, and vice presidents. All members of the ECC are independent members of the Board of Directors. The ECC engages an independent consultant to prepare comparative compensation reports for each position. The executive's individual performance will also be considered when determining compensation. The ECC recommends compensation for the executives to the full Board for approval. This process takes place annually for all executives.						
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	The amounts reported in the current year's deferred compensation includes recognition of past service. The amounts are subject to a substantial risk of forfeiture. Any amounts paid under this plan in the future will be reported again as reportable compensation in the year paid. No payouts occurred in 2012						

Schedule J (Form 990) 2012

Software ID: 12000197

Software Version: v1.00

EIN: 95-2224265

Name: SANTA YNEZ VALLEY COTTAGE HOSPITAL

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

. orm projection of the control of t								
(A) Name		(B) Breakdown o	of W-2 and/or 1099-MIS	SC compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form
		(i) Base Compensation	(ii) Bonus & Incentive compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ
Ronald C Werft	(I) (II)	0 747,865	0 248,541	0 14,093	0 619,353	0 15,736	0 1,645,588	0
Steven A Fellows	(I) (II)	0 439,361	0 123,935	0 13,160	0 159,051	0 15,736	0 751,243	0
Joan Bricher	(I) (II)	0 424,551	0 101,024	0 15,107	0 223,576	0 15,786	0 780,044	0 0
Wende Cappetta	(ı) (ıı)	172,691	27,944	4,943 0	21,947 0	13,839 0	241,364 0	0 0
Gayle Mercado	(ı) (ıı)	147,793 0	11,158 0	262 0	7,948 0	16,625 0	183,786 0	0 0
Madeline Lozano	(I) (II)	152,404	0	6,248 0	7,901 0	15,516 0	182,069	0
Denise Holmes	(I) (II)	133,673	10,884	442	7,228 0	16,332 0	168,559 0	0
Mary Puryear	(I) (II)	126,781	10,785 0	3,625 0	6,878 0	15,714 0	163,783 0	0
Rıcardo Gonzalez Menchaca	(I) (II)	130,673	0	9,075 0	6,955 0	16,625 0	163,328	0

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DLN: 93493319058843

Schedule L

Department of the Treasury

Internal Revenue Service

(Form 990 or 990-EZ)

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 organ SANTA YNEZ VALLEY								1 ploye		fication	numbe	r
	s Benefit Tran						ganıza	ations	only).			
	te if the organizati					25a or 25b, or (c) Descri						
1 (a) Name o	of disqualified pers			ip between dis ind organization		(c) Descri	ס ווטוו ט	n trans	saction	— ⊢	(d) Corr Yes	No No
			-								. 65	-110
		<u></u>										
2 Enter the am	ount of tax incurre	d by organiza	ition ma	nagers or disc	ualified pers	ons during the	yearı	ınder :	section F s			
3 Enter the am	ount of tax, if any,	on line 2, abo	ove, rein	nbursed by the	e organizatio	on			F \$			
Down II Look	tod/	wana Tadaw		Davasas								
	ns to and/or F plete if the organiza				-EZ, Part V,	line 38a, or Fo	rm 99	0, Par	t IV, lın	e 26, o	r ıf the	
	ization reported a					.1	1		T		1	
(a) Name of interested	(b) Relationship with organization		(d) Lo or fror		(e)O rigina principal) In ault?	(h Appro		(i)Wr agreer	
person			organız	ation?	amount				by boa	ard or		
			То	From	-		Yes	No	commi Yes	No	Yes	No
			10	110111			1.55	1		"	1	1
											- -	
											_	
											_	
											_	
Total			> :	<u> </u>							7	
Part III Gran	ts or Assistan	ce Benefit	ting Ir	terested P	ersons.						•	
(a) Name of inte	plete if the organ	nization ans ationship bet		(c) A mount o				tanco	(0)	Durnes	o of acc	ıstance
person		ted person ar		(C) Amount o	i assistance	(a) Type o	1 45515	cance	(e)	Purpos	e 01 a55	istance
	(organization										
						_						
						_						
												

Part IV Business Transactions					
Complete if the organiza	<u>tion answered "Yes" on F</u>	<u>form 990, Part IV, lin</u>	<u>ie 28a, 28b, or 28c.</u>		
(a) Name of Interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sh organiz reven	f zatıon's
				Yes	No
(1) Emcare Inc	Board Member is president	228,965	Medical Professional Fees for ED		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

Schedule L (Form 990 or 990-EZ) 2012

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DLN: 93493319058843

OMB No 1545-0047

Open to Public Inspection

Department of the Treasury Internal Revenue Service

SCHEDULE M

(Form 990)

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30. ► Attach to Form 990.

Noncash Contributions

Name of the organization SANTA YNEZ VALLEY COTTAGE HOSPITAL

Employer identification number

					95-2224265			
oar'	Types of Property			Τ	Γ			
		(a) Check ıf applıcable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line	Method of noncash conti			ts
Δ	art—Works of art							
Δ	art—Historical treasures .							
Δ	Art—Fractional interests							
Е	Books and publications							
	Clothing and household goods	Х		36,416	Faır Market Value	1		
C	Cars and other vehicles							
Е	Boats and planes							
Ι	ntellectual property							
S	Securities—Publicly traded .							
S	Securities—Closely held stock .							
	Securities—Partnership, LLC, or trust interests							
S	Securities—Miscellaneous							
c	Qualified conservation contribution—Historic structures							
ς	Qualified conservation							
R	Real estate—Residential .							
R	Real estate—Commercial							
R	Real estate—O ther							
C	Collectibles							
F	ood inventory							
С	Orugs and medical supplies .							
	axıdermy							
	listorical artifacts							
S	Scientific specimens							
Δ	rcheological artifacts							
)ther ▶ ()							
) ther ▶()							
) ther ►()							
	Other ► ()							
Ν	Number of Forms 8283 received or which the organization comple		=		29			
							Yes	N
a	During the year, did the organiza	tion receiv	e by contribution any prope	erty reported in Part I, lines	1-28 that it		I	
	must hold for at least three year for exempt purposes for the entil				d to be used	30a		Ne
,	If "Yes," describe the arrangeme	ent in Part I	I					
	Does the organization have a gif			review of any non-standard	contributions?	31		N
	Does the organization hire or use contributions?	e third parti	es or related organizations	to solicit, process, or sell	noncash • • •	32a		N
ь	If "Yes," describe in Part II							
	If the organization did not report describe in Part II	an amount	ın column (c) for a type of	property for which column (a) ıs checked,			

Page 2

Schedule M	(Form 990) (201:
Part II	Supplem

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier Return Reference Explanation

Schedule M (Form 990) (2012)

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DLN: 93493319058843

OMB No 1545-0047

Open to Public Inspection

SCHEDULE O (Form 990 or 990-EZ)

SANTA YNEZ VALLEY COTTAGE HOSPITAL

Department of the Treasury Internal Revenue Service Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

Supplemental Information to Form 990 or 990-EZ

► Attach to Form 990 or 990-EZ.

Name of the organization

Employer identification number

95-2224265

ldentifier	Return Reference	Explanation
F990_P06_S0A_L02	Form 990, Part VI, Section A, Line 2	J Robert Andrews and Greg Faulkner are law partners

ldentifier	Return Reference	Explanation
F990_P06_S0A_L06	Form 990, Part VI, Section A, Line 6	Cottage Health System is the sole corporate member of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital, Santa Ynez Valley Cottage Hospital and Goleta Valley Professional Buildings, Inc

ldentifier	Return Reference	Explanation
F990_P06_S0A_L07a	Form 990, Part VI, Section A, Line 7a	Cottage Health System is the sole corporate member of Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital, Santa Ynez Valley Cottage Hospital, and Goleta Valley Professional Buildings, Inc and can appoint Directors to the Board

ldentifier	Return Reference	Explanation
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	The Board of Directors for Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital, Santa Ynez Valley Cottage Hospital, and Goleta Valley Professional Buildings, Inc must obtain prior approval of the Board of Directors for Cottage Health System, in order to a) amend or restate the Articles of Incorporation or Bylaws, b) implement the annual budget and long-term capital and operational budget, c) sell, lease, mortgage, pledge, merge, consolidate or make any other disposition of any material part of the property and assets of this corporation, or d) voluntarily dissolve the corporation

ldentifier	Return Reference	Explanation
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	Form 990 is prepared under the direction of the Vice President of Finance and CFO. Form 990 is reviewed by VP Finance, CFO and independent tax consultants prior to submitting to the Audit and Compliance Committee. All members of the Board receive a copy of the organization's form 990 for review prior to filing.

ldentifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	The purpose of the Conflict of Interest policy is to protect the interest of the Hospital when it contemplates entering into a transaction or arrangement that could benefit the private interest of a Director or Officer of Cottage Health System, Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital, Santa Ynez Valley Cottage Hospital, Santa Barbara Cottage Hospital, Foundation and Goleta Valley Professional Buildings, Inc., collectively known as Cottage Health System. The Cottage Health System Directors have a duty to 1) discharge their duties to benefit the Cottage Health System and not the Directors personally 2) disclose situations with the potential for conflict of interest with the vision and mission of Cottage Health System 3) refrain from discussing confidential Cottage Health System business with others. Each Board member will annually complete the Cottage Health System Directors Annual Conflict Disclosure Form. The Disclosure information will be reviewed annually by the Board Chair and the results reported to the full Board. Each Director or Officer will disclose to the Board Chair for items to be discussed at a Board meeting. If there are any material financial or personal interests a Board member/family member may have in a Board decision, the Director or Officer will disclose this to the Committee Chair for items to be discussed at Board Committees, before the Board reviews the transaction and takes action. In general, an Officer who had disclosed a potential conflict should be excused from the decision making portion of the discussion and is prohibited from voting on a matter involving a potential conflict of interest. If the Board has reasonable cause to believe that a Director or Officer failed to disclose a material financial interest or other potential material conflict of interest, the Board Chair shall inform the member of the basis for the belief and afford the member an opportunity to explain the alleged failure to disclose. After hearing the Director or Officer's response and condu

ldentifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	On an annual basis the Executive Compensation Committee (ECC) of the Board of Directors meets to determine appropriate compensation for executives, including the CEO, COO, CFO, and vice presidents All members of the ECC are independent members of the Board of Directors. The ECC engages an independent consultant to prepare comparative compensation reports for each position. The executive's individual performance will also be considered when determining compensation. The ECC recommends compensation for the executives to the full Board for approval. This process takes place annually for all executives.

ldentifier	Return Reference	Explanation
	•	Tax filings can be obtained upon request from the CFO Audited Financial Statements are attached to the Form 990 in accordance with IRS instructions

Identifier	Return Reference	Explanation
F990_P09_S00_L11g		Details of Other Expense Professional Fees \$599,868, Purchased Services \$843,496, Purchased Lab Services \$796,199, Advertising \$9,335, Other \$4,391

ldentifier	Return Reference	Explanation
F990_P11_S00_L09		OTHER CHANGES IN NET ASSETS INCLUDE. Change in Pension Liability \$588,907, Change in CRT \$5,454, and timing adj from prior year \$12,674

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SCHEDULE R (Form 990)

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

DLN: 93493319058843

Open to Public

Department of the Treasury Internal Revenue Service

Name of the organization SANTA YNEZ VALLEY COTTAGE HOSPITAL

Inspection

Employer identification number

95-2224265

Part I Identification of Disregarded Entities (Comp				•			(f)		
(a) Name, address, and EIN (If applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	End-o	(e) of-year assets	С	Oirect controlling entity		
Part II Identification of Related Tax-Exempt Organ or more related tax-exempt organizations during	nizations (Complete If the tax year.)	the organization a	nswered "Yes"	to F	orm 990, Pa	art IV,	line 34 because it	had o	ne
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code sect	ion	(e) Public charity s (if section 501((f) Direct controlling entity	Section (13) co en	g) 1512(b ontrolled tity?
1) Cottage Health System	Parent organization for 3	CA	501 (C) (3)		11b-II			Yes	No No
O Box 689	hospitals and medical professional building						N/A		
anta Barbara, CA 931020689 7-0431902							IN/ A		
2) Santa Barbara Cottage Hospital	Hospital	CA	501 (C) (3)		3		Cottage Health System	Yes	
O Box 689									
Santa Barbara, CA 931020689 95-1644629									
3) Goleta Valley Cottage Hospital	Hospital	CA	501 (C) (3)		3		Cottage Health System	Yes	
PO Box 689									
Santa Barbara, CA 931020689 95-2413596									
(4) Santa Barbara Cottage Hospital Foundation	Fundraising	CA	501 (C) (3)		7		Santa Barbara Cottage Hospital	Yes	
PO Box 689							Поэрка		
Ganta Barbara, CA 93102 95-3802238									
(5) Goleta Valley Professional Buildings Inc	Medical prof bldg	CA	501 (C) (3)		11b-II		Cottage Health System	Yes	
PO Box 689									
Santa Barbara, CA 931020689 77-0004202									
(6) Santa Ynez Valley Cottage Hospital Foundation	Fundraising	CA	501(c)(3)		7				No
2050 Viborg Rd							N/A		
Santa Barbara, CA 934632220 95-3308522									
			I				1		

Part III Identification of Related because it had one or more								nswered "Y	'es" to	Form	n 990, Part	IV, lı	ne 34	4	
(a) Name, address, and E related organizatio	IN of n	(b) Primary activity	(c) Legal domicile (state or foreign country)	ent	ect olling	(e) Predomina income(relat unrelated, excluded fre tax under sections 51 514)	ted, total incon , om r	(g) Share of end-of-yea assets	(h Disprop r alloca	prtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene mana part	i) ral or aging ner?	(k Percer owne	itage
									Yes	No		Yes	No		
Part IV Identification of Related line 34 because it had one of	Organizations Taxable or more related organization	as a Corpo ons treated a	ration s a cor	or Tr	ust (Con or t	Complete trust durn	ıf the orga ng the tax y	nızatıon ar /ear.)	iswere	ed "Ye	s" to Form	990,	Part	IV,	
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Lega domic (state or f counti	il :ile ^f oreign		Direct ((d) controlling entity	(e) Type of entity C corp, S corp, or trust)	(f) Share of tota Income	((g) ire of en of-year assets	d- Percen owner	tage		(i) ection 5 (b)(13 controlle entity	B) ed
(1) Villa Riviera Real Estate	Workforce Housing				SBCHF	C	<u>, </u>							Yes	No
Company Inc PO Box 689	Developer	CA			SDCIII		•								
Santa Barbara, CA 93102 27-2996284															

(4) Goleta Valley Cottage Hospital

Pa	rt V	Transactions With Related Organizations (Complete if the organization	n answered "Yes" to Forr	n 990, Part IV, lin	ie 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 D	uring th	ne tax year, did the orgranization engage in any of the following transactions with one or r	more related organizations l	isted in Parts II-IV?	>			
а	Recei	pt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity				1a	Yes	
b	Gıft, g	rant, or capital contribution to related organization(s)				1b		No
c	Gıft, g	rant, or capital contribution from related organization(s)				1c	Yes	
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	Divide	ends from related organization(s)				1f		No
g	Sale	of assets to related organization(s)				1g		No
h	Purch	ase of assets from related organization(s)				1h		No
i	Excha	nge of assets with related organization(s)				1i		No
j	Lease	of facilities, equipment, or other assets to related organization(s)				1j		No
l,	Lanca	of facilities, equipment, or other assets from related organization(s)				1k		No
k						11		No
· ·		mance of services or membership or fundraising solicitations for related organization(s)				1m	Yes	<u> </u>
		mance of services or membership or fundraising solicitations by related organization(s)				1n	Yes	
		g of facilities, equipment, mailing lists, or other assets with related organization(s)				10	Yes	
0	Sharii	ng of paid employees with related organization(s)				10	165	
р	Reimb	oursement paid to related organization(s) for expenses				1 p	Yes	
q	Reimb	oursement paid by related organization(s) for expenses				1q	Yes	
r	Other	transfer of cash or property to related organization(s)				1r	Yes	
s		transfer of cash or property from related organization(s)				1s	Yes	
	Ifthe	answer to any of the above is "Yes," see the instructions for information on who must co	mplete this line, including c	overed relationships	and transaction thresholds			
		(a)	(b)	(c)	(d)			
		Name of other organization	Transaction type (a-s)	Amount involved	Method of determining amo	unt ı	nvolved	i
(1) S	anta Bart	oara Cottage Hospital	m	1,052,003	accrual			
(2) S	anta Barl	ara Cottage Hospital	0	329,547	accrual			
(3) S	anta Bart	para Cottage Hospital	р	3,177,876	accrual			

75,275 accrual

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 re	garding exclu	sion for ce		nent	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)	org	(e) all partners section 501(c)(3) anizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtiona allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
			514)	Yes	No			Yes	No		Yes	No	
												1	

Additional Data Return to Form

Software ID: 12000197

Software Version: v1.00

EIN: 95-2224265

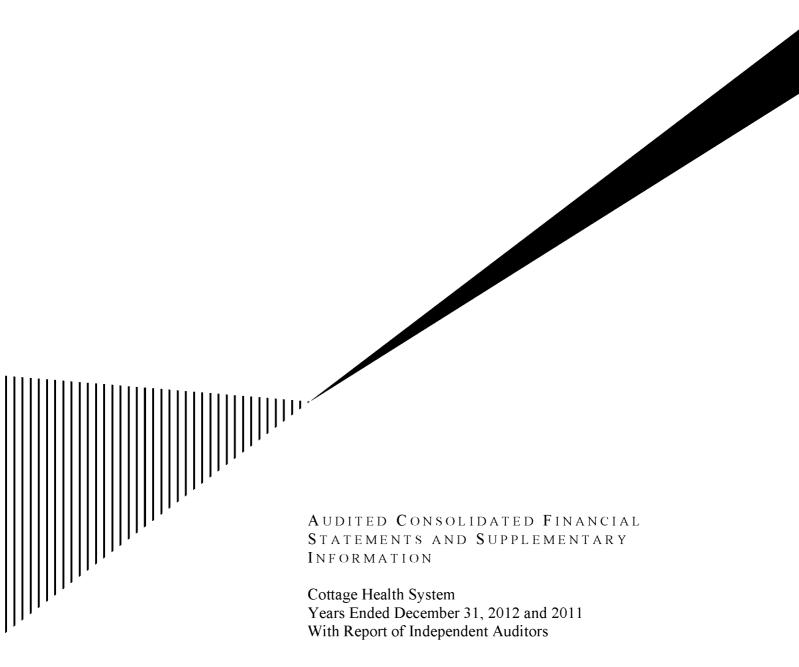
Name: SANTA YNEZ VALLEY COTTAGE HOSPITAL

Schedule R (Form 990) 2012

Page **5**

Part VII Supplemental Information

	Complete this part to pr	ovide additional information for response	es to questions on Schedule R (see instructions)	
	Identifier	Return Reference	Explanation	
_				



Ernst & Young LLP



Cottage Health System

Audited Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2012 and 2011

Contents

Report of Independent Auditors	1
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Ernst & Young LLP Suite 500 725 South Figueroa Street Los Angeles, CA 90017-5418

Tel +1 213 977 3200 Fax +1 213 977 3729 www.ey.com

Report of Independent Auditors

Board of Directors Cottage Health System

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

1303-1038197



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cottage Health System as of December 31, 2012 and 2011, and the consolidated results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with U S generally accepted accounting principles

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Ernst + Young LLP

April 30, 2013

Cottage Health System

Consolidated Balance Sheets

	Dece	mber 31
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 35,721,427	\$ 13,737,431
Short-term investments	20,942,754	20,258,723
Patient accounts receivable (less allowance for		
doubtful accounts of \$28,089,000 in 2012		
and \$27,264,000 in 2011)	97,301,013	97,171,454
Other receivables	19,657,130	11,890,069
Inventories	13,808,733	12,394,169
Prepaid expenses and other current assets	13,427,473	7,219,695
Total current assets	200,858,530	162,671,541
Investments	281,317,140	254,294,689
Assets limited as to use		
By Board	27,227,462	60,299,857
Self-insurance trusts	8,131,945	8,074,777
Total assets limited as to use	35,359,407	68,374,634
Property, plant, and equipment, net	757,956,511	742,268,555
Other assets	31,547,852	, ,
Interest in net assets and amounts due from the Foundations	, ,	, ,
Total assets	\$ 1,568,614,110	
10141 400010	Ψ 1,500,017,110	Ψ 1,511,500,555

D	66	Δm	her	31

		2012	2011
Liabilities and net assets			
Current liabilities			
Accounts payable	\$	44,060,549	\$ 52,165,301
Accrued expenses and other liabilities		26,967,014	27,753,720
Current portion of accrued self-insurance claims		6,789,594	6,918,407
Current maturities of long-term debt and capital			
lease obligations		5,785,000	5,610,000
Total current liabilities		83,602,157	92,447,428
Other liabilities			
Accrued self-insurance claims, less current portion		24,745,100	23,385,614
Long-term debt and capital lease obligations, less			
current maturities		328,210,000	333,995,000
Pension liability and other		111,975,058	106,929,803
		464,930,158	464,310,417
Total liabilities		548,532,315	556,757,845
Net assets			
Unrestricted		916,025,657	859,714,685
Temporarily restricted		84,614,499	79,321,221
Permanently restricted		19,441,639	19,112,604
Total net assets	1	,020,081,795	958,148,510
Total liabilities and net assets	\$ 1	,568,614,110	\$ 1,514,906,355

See accompanying notes.

1303-1038197 4

Consolidated Statements of Income

	Year Ended December 31				
		2012	2011		
Unrestricted revenues, gains and other support					
Patient service revenue (net of contractual allowances					
and discounts)	\$	625,824,780 \$	584,377,906		
Provisions for doubtful accounts		(20,904,726)	(16,016,545)		
Net patient service revenue		604,920,054	568,361,361		
Hospital Medi-Cal supplemental fee		15,723,513	10,996,544		
Other operating revenue		7,927,366	4,816,777		
Net assets released from restrictions		683,672	323,536		
Total unrestricted revenues, gains and other support		629,254,605	584,498,218		
Expenses					
Salaries and benefits		305,740,455	288,528,295		
Supplies and services		187,035,074	183,553,492		
Hospital quality assurance fee		22,698,548	10,092,910		
Professional fees		34,773,901	31,874,327		
Insurance		3,504,833	3,802,330		
Depreciation and amortization		42,181,008	25,318,114		
Interest		12,486,656	996,848		
Total expenses		608,420,475	544,166,316		
Operating income		20,834,130	40,331,902		
Other income (loss)					
Investment income (loss)		30,351,216	(3,232,654)		
Change in fair value of interest rate swaps		1,630,130	(11,846,126)		
Change in unrestricted net assets of the Foundations		(138,185)	(3,344,784)		
Total other income (loss)		31,843,161	(18,423,564)		
Excess of revenues over expenses		52,677,291	21,908,338		
Change in pension liability		3,633,681	(20,600,974)		
Increase in unrestricted net assets	\$	56,310,972 \$	1,307,364		

See accompanying notes.

Consolidated Statements of Changes in Net Assets

	Year Ended December 31				
		2012		2011	
Unrestricted net assets					
Excess of revenues over expenses	\$	52,677,291	\$	21,908,338	
Change in pension liability		3,633,681		(20,600,974)	
Increase in unrestricted net assets		56,310,972		1,307,364	
Temporarily restricted net assets					
Contributions		1,143,169		423,753	
Investment gains (losses)		1,264,516		(145,353)	
Net assets released from restrictions		(683,672)		(323,536)	
Changes in value of contribution from charitable					
remainder trusts		5,454		(6,263)	
Change in net assets of the Foundations		3,563,811		8,272,873	
Increase in temporarily restricted net assets		5,293,278		8,221,474	
Permanently restricted net assets					
Change in net assets of the Foundations		329,035		1,437,119	
Increase in permanently restricted net assets		329,035		1,437,119	
Increase in net assets		61,933,285		10,965,957	
Net assets at beginning of year		958,148,510		947,182,553	
Net assets at end of year	\$ 1	,020,081,795	\$	958,148,510	

See accompanying notes.

Consolidated Statements of Cash Flows

	Year Ended December 31			
		2012		2011
Operating activities				_
Increase in net assets	\$	61,933,285	\$	10,965,957
Adjustments to reconcile increase in net assets to				
net cash provided by operating activities				
Depreciation and amortization		42,181,008		25,318,114
Provision for doubtful accounts		20,904,726		16,016,545
Change in investments designated as trading, including net				
unrealized gains/losses		6,522,342		41,548,345
Change in fair value of interest rate swaps, net of cash collateral		(1,630,130)		11,846,126
Change in pension liability		(3,633,681)		20,600,974
Change in interest in net assets and amounts due				
from the Foundations		(3,742,877)		(4,664,306)
Changes in operating assets and liabilities				
Patient accounts receivable		(21,034,285)		(16,884,811)
Inventories, other receivables, prepaid expenses and other				
current assets		(15,389,403)		7,432,531
Accounts payable		(8,104,752)		(5,766,211)
Accrued expenses and other liabilities		6,395,623		3,271,752
Accrued self-insurance claims		1,230,673		6,456,368
Net cash provided by operating activities		85,632,529		116,141,384
Investing activities				
Purchases of property, plant, and equipment and property				
held for use, net		(57,728,277)		(138,127,718)
Proceeds from sale of property, plant, and equipment		140,687		26,000
Change in other assets and liabilities		3,689,682		14,618,505
Net cash used in investing activities		(53,897,908)		(123,483,213)
Financing activities				
Principal payments on debt and capital lease obligations		(5,610,000)		(6,654,266)
Payment to counterparties of interest rate swaps net of		(2,010,000)		(0.00200)
amounts received		(4,140,625)		(4,544,560)
Net cash used in financing activities		(9,750,625)		(11,198,826)
	_	(-,)		(======================================
Net increase (decrease) in cash and cash equivalents		21,983,996		(18,540,655)
Cash and cash equivalents at beginning of year		13,737,431		32,278,086
Cash and cash equivalents at end of year	\$	35,721,427	\$	13,737,431
•		, ,		

Consolidated Statements of Cash Flows (continued)

		Year Ended December 31				
	2012 2011					
Supplemental disclosure of cash flow information						
Interest paid	_\$_	16,908,871	\$	17,195,851		

Supplemental schedule of noncash financing activities

The System capitalized construction in progress for approximately \$5,370,000 and \$5,112,000 at December 31, 2012 and 2011, respectively, that had not been paid. The offsetting amount due was recorded in the consolidated balance sheets under accounts payable.

See accompanying notes

Notes to Consolidated Financial Statements

December 31, 2012

1. Organization and Summary of Significant Accounting Policies

Organization

Cottage Health System (the System) was organized in 1996 as a not-for-profit California corporation to provide health care services through three acute care hospitals (collectively, the Hospitals) and related organizations in Santa Barbara, California The System is affiliated with the following not-for-profit entities, each of which shares a common Board of Directors (Board)

- Santa Barbara Cottage Hospital (Santa Barbara Cottage) an accredited 451-bed acute care facility offering inpatient and outpatient services
- Santa Ynez Valley Cottage Hospital (Santa Ynez Cottage) an accredited 10-bed acute care facility offering inpatient and outpatient services
- Goleta Valley Cottage Hospital (Goleta Valley Cottage) an accredited 122-bed acute care facility offering inpatient and outpatient services
- Goleta Valley Professional Buildings, Inc (the Professional Building) a medical office building adjacent to Goleta Valley Cottage The Professional Building leases office space to medical providers and others
- Santa Barbara Cottage Hospital Foundation (the Santa Barbara Cottage Foundation) a charitable foundation which solicits funds for the benefit of Santa Barbara Cottage

The System is the sole corporate member of the above entities except for the Santa Barbara Cottage Foundation (see Note 5) The System is also affiliated with the following not-for-profit entities which are governed by separate Boards of Directors

- Santa Ynez Valley Cottage Hospital Foundation (Santa Ynez Cottage Foundation) a charitable foundation which solicits funds for the benefit of Santa Ynez Cottage
- Goleta Valley Cottage Hospital Foundation (Goleta Valley Cottage Foundation) a charitable foundation which solicits funds for the benefit of Goleta Valley Cottage
- Rehabilitation Hospital Foundation (Rehabilitation Foundation) a charitable foundation
 which solicits funds for the benefit of rehabilitation programs performed at Santa Barbara
 Cottage

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Santa Barbara Cottage is the sole corporate member of Pacific Diagnostic Laboratories, LLC (Pacific Diagnostic), a reference laboratory

Basis of Presentation

The accompanying financial statements consolidate all not-for-profit organizations controlled by the System through sole corporate membership status, and all for-profit organizations which the System holds a controlling financial interest, including the accounts of Santa Barbara Cottage, Goleta Valley Cottage, Santa Ynez Cottage, the Professional Building and Pacific Diagnostic Laboratories All significant intercompany accounts and transactions have been eliminated

Santa Barbara Cottage

The System accounts for the Santa Barbara Cottage Foundation under the provisions of Financial Accounting Standards Board (FASB), Accounting Standard Codification (FASB ASC) 958, Not-for-Profit-Entities FASB ASC 958 addresses situations in which the recipient organization and the specified beneficiary meet the criteria defining them as financially interrelated organizations. If the organizations are financially interrelated, the recipient organization reports an asset and contribution revenue when it receives assets from the donor, and the specified beneficiary reports its interest in the net assets of the recipient organization. The System periodically adjusts its interest for its share of the change in net assets of the Santa Barbara Cottage Foundation.

Santa Barbara Cottage and the Santa Barbara Cottage Foundation's Board of Directors have historically been made up of the same individuals However, neither the Santa Barbara Cottage Foundation's bylaws nor its articles of incorporation give Santa Barbara Cottage, its Board of Directors, or any other party the power to appoint or select members of the Santa Barbara Cottage Foundation's Board of Directors As a result, Santa Barbara Cottage does not control Santa Barbara Cottage Foundation through the power to select Santa Barbara Cottage Foundation's directors Thus, Santa Barbara Cottage Foundation is not consolidated in these financial statements Santa Barbara Cottage Foundation solicits funds for the sole benefit of Santa Barbara Cottage As such, the Santa Barbara Cottage Foundation and Santa Barbara Cottage are financially interrelated organizations as defined under FASB ASC 958 The interest in the net assets of the Santa Barbara Cottage Foundation is included in the consolidated balance sheets The System records Santa Barbara Cottage Foundation's change in unrestricted net assets above the performance indicator because Santa Barbara Cottage has access to Santa Barbara Cottage Foundation's assets at will because of their common board of directors

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

The Rehabilitation Foundation solicits funds for the sole benefit of rehabilitation services performed at Santa Barbara Cottage As such, the Rehabilitation Foundation and Santa Barbara Cottage are financially interrelated organizations as defined by FASB ASC 958 The interest in the net assets of the Rehabilitation Foundation is included in the consolidated balance sheets The System records the change in net assets in the Rehabilitation Foundation above the performance indicator

Goleta Valley Cottage

Goleta Valley Cottage and Goleta Valley Cottage Foundation are financially interrelated organizations as defined by FASB ASC 958 due to Goleta Valley Cottage's ability to influence the operating and financial decisions of Goleta Valley Cottage Foundation and Goleta Valley Cottage's ongoing economic interest in the net assets of the Goleta Valley Cottage Foundation The interest in the net assets of the Goleta Valley Cottage Foundation is included in the consolidated balance sheets The System records the change in net assets in the Goleta Valley Cottage Foundation above the performance indicator

Santa Ynez Cottage

Santa Ynez Cottage and Santa Ynez Cottage Foundation are financially interrelated organizations as defined by FASB ASC 958 due to Santa Ynez Valley Cottage's ability to influence the operating and financial decisions of Santa Ynez Cottage Foundation and Santa Ynez Cottage's ongoing economic interest in the net assets of the Santa Ynez Cottage Foundation The interest in the net assets of the Santa Ynez Cottage Foundation is included in the consolidated balance sheets The System records the change in net assets in the Santa Ynez Cottage Foundation above the performance indicator

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Summarized financial information for the Foundations follows (as of or for the year ended) (please refer to Note 5 for significant transactions between the System and the Foundations)

	December 31				
		2012	2011		
Santa Barbara Cottage Foundation					
Total assets	\$	240,484,000 \$	235,388,000		
Net assets		229,672,000	227,234,000		
Increase in net assets		2,438,000	39,000		
Rehabilitation Foundation					
Total assets	\$	11,612,000 \$	9,892,000		
Net assets		11,605,000	9,881,000		
Increase in net assets		1,724,000	1,887,000		
Goleta Valley Cottage Foundation					
Total assets	\$	11,027,000 \$	11,041,000		
Net assets		11,027,000	11,041,000		
(Decrease) increase in net assets		(14,000)	2,708,000		
Santa Ynez Cottage Foundation					
Total assets	\$	9,270,000 \$	9,678,000		
Net assets		9,270,000	9,676,000		
(Decrease) increase in net assets		(406,000)	30,000		

Use of Estimates

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

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Community Benefit and Charity Care

In furtherance of their charitable purpose, the Hospitals provide a wide variety of benefits to the community A large number of prevention and wellness programs are provided by the Hospitals including low cost immunizations, wellness fairs, health screenings, health education classes, and the donation of space for use by community groups Additionally, the Hospitals and the Foundations provide multiple health care-related grants to local nonprofit organizations and support educational programs to increase the supply of health care professionals

A patient is classified as a charity patient by reference to certain established policies of the Hospitals Essentially, these policies define charity services as those services for which no payment is anticipated and includes patients who are unable to pay deductible and coinsurance amounts as determined by the insurance plan These charges are not included in accounts receivable or net patient service revenue The costs and expenses incurred in providing charity care are included in the Hospitals' operating expenses. It is the Hospitals' policy to treat emergency patients regardless of their ability to pay Charity care, uncompensated care to Medicare and Medicaid beneficiaries, and community benefits provided for the years ended December 31 were as follows

		2011
Costs to provide charity care	\$ 17,001,000	\$ 11,679,000
Uncompensated costs to Medicare and Medicaid services (unaudited) Expenses incurred to provide community benefits	113,091,000	96,467,000
(unaudited)	13,977,000	12,585,000
	\$ 144,069,000	\$ 120 731 000

2011

2012

Net Patient Service Revenue

The Hospitals have agreements with third-party payors that provide for payments to the Hospitals at amounts different from their established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported on the accrual basis in the period in which services are provided, net of third-party contractual allowances for Medicare, Medicaid,

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

managed care, and other programs and insurers Contractual allowances include differences between established billing rates and amounts estimated by management as reimbursable under various cost reimbursement formulas and contracts in effect

Net patient service revenues recognized for the years ended December 31 is as follows

		2012		2011
		(In Tho	วบรด	nds)
Government	\$	189,305	\$	182,627
Contracted		407,536		373,642
Self-pay and others		28,984		28,109
Patient service revenue (net of contractual allowances and discounts		625,825		584,378
Provision for doubtful accounts Net patient service revenue	<u> </u>	(20,905) 604,920	\$	(16,017) 568,361
The patient service revenue	<u> </u>	001,720	Ψ	500,501

The administrative procedures related to the cost reimbursement programs in effect generally preclude final determination of amounts due to or payable by the Hospitals until cost reports are audited or otherwise reviewed and settled upon by the applicable administrative agencies Normal estimation differences between final settlements and amounts accrued in previous years are reported as adjustments of net patient service revenue in the settlement year In 2012 and 2011, the Hospitals settled several previously filed Medicare and Medicaid cost reports and recorded changes in estimates benefiting net patient service revenue and excess of revenues over expenses totaling \$4,721,000 and \$1,008,000, respectively In the opinion of management, adequate provision has been made for adjustments, if any, that might result from subsequent reviews

The Hospitals are reimbursed for services provided to patients under certain programs administered by governmental agencies. The Medicare program accounted for approximately 21% and 23% of the System's net patient service revenue in 2012 and 2011, respectively. The Medicaid programs accounted for approximately 10% of the System's net patient service revenue in 2012 and 2011.

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospitals believe that they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

Bad Debt Write-offs

In July 2011, the FASB issued Accounting Standards Update (ASU) No 2011-07, *Presentation and Disclosure of Patient Service Revenue*, *Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07) The provisions of ASU 2011-07 require certain health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue in the statement of income rather than an operating expense Additional disclosures related to sources of patient service revenue and allowance for uncollectible accounts is also be required. This new guidance is effective for fiscal years beginning after December 15, 2011, with early adoption permitted. The System adopted the provisions of ASU 2011-07 as of and for the year ended December 31, 2012, and retrospectively applied the presentation requirements to all periods presented.

Hospital Medi-Cal Supplemental Payment and Quality Assurance Fee

The California Hospital Fee Program (the Program) was signed into law by the governor of California and became effective on January 1, 2010 Amending-legislation, to conform to changes requested by the Centers for Medicare and Medicaid Services (CMS) during the approval process, was signed into law by the governor of California and became effective September 8, 2010 The primary legislation (AB 1383) and amending legislation (AB 1653) contain two components the Quality Assurance Fee Act, which governs the "hospital fee" or "Quality Assurance Fee" (QA Fee) paid by participating hospitals, and the Medi-Cal Hospital Provider Stabilization Act, which governs supplemental Medi-Cal payments (Supplemental Payments) made to providers Hospital participation is mandatory, with limited exceptions In December 2010, CMS gave final approval of the program

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

On May 9, 2011, CMS completed its preliminary review of the major components for a sixmonth extension of the Program for the period January 1, 2011 through June 30, 2011 (Six-Month Program) On December 29, 2011, CMS approved the Six-Month Program The System recorded Supplemental Payments in the amount of \$10 9 million, and QA Fees in the amount of \$10 0 million in the accompanying consolidated statement of income during the year ended December 31, 2011

CMS approved a 30-month extension of the Program (30-Month Program) for the period July 1, 2011 through December 31, 2013 The legislation governing the 30-Month Program was amended to allow for the fee-for-service portion to be administered separately from the managed care portion In June 2012, CMS approved the fee-for-service portion of the 30-Month Program Accordingly, during the year ended December 31, 2012, the System recorded \$15.7 million in Supplemental Payments and \$22.7 million in QA Fees as Hospital Fee Program revenues and expenses, respectively, in the accompanying consolidated statements of income related to the July 1, 2011 through December 31, 2012, period for the approved fee for-service portion of the 30-Month Program A pre-paid expense of \$6,576,000 was paid for managed care QA fees as of December 31, 2012

Electronic Health Records Incentive Payments

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 meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments

For the year ended December 31, 2012, the System recognized \$1,178,000 of Medicaid meaningful use revenues, and \$3,156,000 of Medicare meaningful use revenues Such revenues are included in other revenues in the statement of income The System accounts for EHR incentive payments under the grant accounting method

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

The System participates with other affiliates in a custodial account (Custodial Account) The System records its share of the income, expenses, gains and losses of the Custodial Account based on its pro-rata share (units) of the Custodial Account's total fair value The System's share of the Custodial Account's assets was 65% and 71% at December 31, 2012 and 2011, respectively

The Custodial Account invests in equity securities, debt securities, mutual funds and alternative investments including funds-of-funds, limited partnerships, real estate and private equity funds. These alternative investments implement a range of strategies including, but not limited to, long/short equity positions, arbitrage investment activities, emerging markets investments, and real estate. Some of these partnership/funds have a specific industry focus in their investment assets or specific asset investments in their strategy focus. At the investment manager's discretion, the fund may invest in marketable equity and fixed income securities denominated in both U.S. and foreign currency with exposure to both emerging markets and developed markets. Alternative investments, other than real estate and private equities, are redeemable monthly, quarterly or annually with a short notice period of usually 60 days or less. Certain private equity funds and real estate funds are subject to lock up provisions of ten years.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets based on quoted prices from recognized securities exchanges Management determines the appropriate classification of all marketable securities at the date of purchase and reevaluates such designations at each balance sheet date Such investments have been designated as trading securities at December 31, 2012 and 2011

Investment income or loss (including realized and unrealized gains and losses on trading securities, interest, dividends, and equity interests in gains and losses of alternative investments) is reported as excess of revenues over expenses in unrestricted net assets unless the income or loss is restricted by donor or law Realized and unrealized gains and losses with respect to disposition of investments are based on the specific-identification method

The Custodial Account accounts for its ownership interests in the alternative investments under the equity method of accounting The gain or loss from the alternative investments is included in investment income in the consolidated statements of income As of December 31, 2012 and

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

2011, these alternative investments comprised approximately 35% and 31%, respectively, of the Custodial Account's total investments, including assets limited as to use

Derivatives and Hedging Activities

The System follows FASB ASC 815, *Derivative and Hedging*, which requires derivative financial instruments, such as interest rate swaps, to be recognized as assets or liabilities in the consolidated balance sheets at fair value Derivatives that do not qualify for hedge accounting are adjusted to fair value in the consolidated statements of income, above the performance indicator At December 31, 2011, the System's derivative instruments did not qualify for hedge accounting and were limited to interest rate swap agreements with a notional amount totaling \$248,750,000 (see Note 6) The System entered into interest rate swap agreements to manage its interest rate risk

Inventories

Inventories are recorded at cost (by the first-in, first-out method), which is not in excess of market

Assets Limited as to Use

Assets limited as to use include unrestricted resources designated by the Board for replacement and acquisitions of property, plant, and equipment, and self-insurance trust funds for medical malpractice claims

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost at the date of acquisition Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets Leasehold improvements and equipment under capital lease obligations are amortized on the straight-line method over the shorter of the lease term or the estimated useful life and are included in depreciation and amortization expense Interest cost incurred on borrowed funds net of interest income on proceeds from bonds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets (see Note 6) Repairs and maintenance are charged to expense as incurred

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

The general range of useful lives is as follows

Buildings	10-40 years
Land improvements	10-20 years
Equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support at fair market value at the date of donation, and are excluded from excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions on use and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of

The System reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recoverable. The System considers assets to be impaired and writes them down to fair value if expected associated undiscounted cash flows are less than the carrying amounts. Fair value is the present value of the associated discounted cash flows. The System has determined that no long-lived assets are impaired at December 31, 2012.

Donations and Donor-Restricted Net Assets

Donations are generally made to the Santa Barbara Cottage Foundation, Rehabilitation Foundation, Goleta Valley Cottage Foundation, and Santa Ynez Cottage Foundation (collectively, the Foundations) for the benefit of the Hospitals To the extent expenditures are made for the purpose intended, funds are transferred from the Foundations Unrestricted donations received directly by the Hospitals are included in other operating revenues Resources restricted by donors to specific time periods or operating purposes are recorded as temporarily restricted net assets Permanently restricted net assets have been restricted by donors to be maintained by the Hospitals in perpetuity

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets used in operations are reclassified as unrestricted net assets and reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions (other operating revenue) in the consolidated statements of income. Resources temporarily restricted by donors for additions to property, plant, and equipment whose purpose has been met are recorded as an increase in unrestricted net assets in the consolidated statements of income.

Donor-restricted resources are invested in cash, marketable equity securities, and mutual funds until expended Donor-restricted resources held by the Foundations are included in the System's interest in net assets and amounts due from affiliates. Assets held by the System which are temporarily restricted by donors for operational uses are included in cash and cash equivalents and short-term investments. Resources held by the System, which are restricted by donors for capital acquisitions and permanently restricted assets, are included in other assets in the consolidated balance sheets.

Accrued Self-Insurance Claims

The System is self-insured for certain employee health care claims. Employee health care claims, including an estimate for incurred but not reported claims, are estimated by management based on historical experience. Total accruals were \$2,299,094 and \$2,897,000 at December 31, 2012 and 2011, respectively

The System is self-insured up to \$750,000 per workers' compensation claim Claims in excess of these amounts are commercially insured Accruals for the self-insurance portion of claims liabilities, including an estimate for claims incurred but not reported, are estimated by an actuary based on the Hospitals' claims experience and are discounted by an interest factor of 2% in 2012 and 2011 Total accruals at December 31, 2012 and 2011, were \$20,284,000 and \$20,635,000, respectively The System's self-insurance obligations are guaranteed by the state of California through an alternative security program in the amount of \$15,907,000 and \$13,184,000 at December 31, 2012 and 2011, respectively

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

The System is self-insured for general and professional liability claims up to \$500,000 per claim Individual claims in excess of \$500,000 are covered by claims-made insurance policies. An irrevocable trust fund has been established for the self-insurance program. Accruals for the self-insured portion of claims liabilities, including an estimate for claims incurred but not reported, are estimated by an actuary based upon the System's claims experience and are discounted by an interest factor of 2% in 2012 and 2011. Total liabilities were \$8,952,000 and \$6,772,000 at December 31, 2012 and 2011, respectively

Estimated claims payable are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations. Self-insurance accruals expected to be paid in the following year are included in accrued expenses and other liabilities. The remaining self-insured accruals are reported in noncurrent liabilities.

Consistent with ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, the System calculates and records insurance claims irrespective of insurance recoveries The related insurance recoveries of \$7,521,000 and \$5,047,000 at December 31, 2012 and 2011, respectively, are recorded as assets and reviewed for collectibility at period-end

Cash Equivalents and Short-Term Investments

The System considers all highly liquid debt instruments with remaining maturities, at acquisition date, of three months or less, to be cash equivalents Financial instruments, including debt securities with maturities over 90 days at the time of purchase, and marketable securities are included in short-term investments Cash and cash equivalents and short-term investments exclude amounts which are limited as to use and resources which are permanently restricted by donors or temporarily restricted by donors for capital purchases

Concentrations of Credit Risk

Financial instruments which potentially subject the System to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. The investment portfolio and Custodial Account are managed by the System within the guidelines established by the Board of Directors which, as a matter of policy, limit the amounts which may be invested in any one issue. Concentrations of credit risk with respect to accounts receivable are limited, except with respect to programs under contract with the federal and state governments, due to the large number of payors comprising the System's patient base.

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The System's consolidated balance sheets include the following financial instruments cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term obligations. Investments are stated at fair value based primarily on quoted market prices (the composition of which is described elsewhere in Notes 1 and 4). The System considers the carrying amounts of all other current assets and liabilities to approximate their fair value because of the relatively short period of time between origination of the instruments and their expected realization or settlement. The carrying amount of Fixed Rate Demand Revenue bonds Series 2003. B is \$49,385,000 and for Series 2010 is \$284,610,000, while the fair value is \$50,138,000 and \$315,681,000 as of December 31, 2012, respectively. The fair value was determined using a discounted cash flow analysis and is considered to be Level 2 inputs

Income Taxes

The System and its affiliates, except for Pacific Diagnostic Laboratories, are not-for-profit corporations and are tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxation under Section 501(a) of the Code and corresponding provisions of the California Revenue and Taxation Code, except to the extent of income derived from taxable unrelated business activities Unrelated business income is not material to the financial statements

The System completed an analysis of its tax positions, in accordance with FASB ASC 740, *Income Taxes*, and determined that there are no uncertain tax positions taken or expected to be taken. The System has recognized no interest or penalties related to uncertain tax positions. The System is subject to routine audits by the taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The System believes it is no longer subject to income tax examinations for years prior to 2009.

Performance Indicator

Management considers excess of revenues over expenses to be the System's performance indicator Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include items such as change in pension liability, cumulative effect of changes in accounting principle, reclassification of endowment net assets and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets)

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Physician Guarantees

The System has agreements with nonemployed physicians that guarantee a certain level of income to the physicians. The physicians are expected to practice in the System's defined area for a defined period. Amounts paid to the physician during the guarantee period are ratably forgiven, resulting in income to the physician in the years of forgiveness. The carrying amounts of the asset and liability for the System's obligation under these guarantees are \$4,370,000 and \$3,311,000, respectively, at December 31, 2012, and \$3,467,000 and \$2,527,000, respectively, at December 31, 2011, and are included in other assets and pension liability and other in the accompanying consolidated balance sheets. Recourse provisions in the contracts provide for recovery of amounts paid if all terms of the contract are not fulfilled.

Fair Value Measurement

As defined in FASB ASC 820, Fair Value Measurements and Disclosures, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, FASB ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below

Level 1 Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs

Level 2 Observable prices that are based on inputs not quoted on active markets, but corroborated by market data

Level 3 Unobservable inputs are used when little or no market data is available The fair value hierarchy gives the lowest priority to Level 3 inputs

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the tables below

- (a) Market approach Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- (b) Cost approach Amount that would be required to replace the service capacity of an asset (replacement cost)
- (c) Income approach Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models)

In determining fair value, the System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value

Financial assets and liabilities carried at fair value as of December 31, 2012, are classified in the table below in one of the three categories described above

	 Level 1	Level 2	Total	Valuation Technique (a, b, c)
Assets				
Investment in Custodial Accounts	\$ _	\$ 307,524,539	\$ 307,524,539	a
Cash and short-term investments	5,970,196	_	5,970,196	a
Fixed income securities				
Government bonds	_	2,872,502	2,872,502	a
Corporate bonds	_	20,857,187	20,857,187	a
Other	_	394,877	394,8 77	a
Interest rate swaps	 _	7,280,261	7,280,261	_ c
Total assets	\$ 5,970,196	\$ 338,929,366	\$ 344,899,562	_
Liabilities				_
Interest rate swaps	\$ _	\$ (40,440,327)	\$ (40,440,327)	<u> </u>
	\$ _	\$ (40,440,327)	\$ (40,440,327)	<u> </u>
	•	<u> </u>	<u> </u>	-

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Financial assets and liabilities carried at fair value as of December 31, 2011, are classified in the table below in one of the three categories described above

	Level 1	Level 2	Total	Valuation Technique (a, b, c)
Assets	 <u> Lever i</u>	Ecvel 2	101111	(4, 6, 0)
Investment in Custodial Accounts	\$ _	\$ 313,754,118	\$ 313,754,118	a
Cash and short-term investments	222,359	_	222,359	a
Fixed income securities				
Government bonds	_	2,893,794	2,893,794	a
Corporate bonds	_	25,647,698	25,647,698	a
Other	_	410,077	410,077	a
Interest rate swaps	 	7,489,582	7,489,582	_ c
Total assets	\$ 222,359	\$ 350,195,269	\$ 350,417,628	_
Liabilities				_
Interest rate swaps	\$ _	\$ (42,279,778)	\$ (42,279,778)	c
	\$ _	\$ (42,279,778)	\$ (42,279,778)	_ -
				_

The fair values of the instruments included in Level 1 were determined through quoted market prices. Level 1 instruments include cash and short-term investments such as money market funds. The fair values of Level 2 instruments were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. As discussed earlier, the investments in the Custodial Account are comprised of cash, short-term investments, equity securities, debt securities, mutual funds and alternative investments. The fair values of these underlying investments are determined using a variety of sources including direct quoted prices for identical assets in active market or quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial asset. As such, the investments in the Custodial Account have been designated as Level 2

The fair value of the System's interest rate swap contracts is determined by calculating the value of the discounted cash flows of the difference between the fixed interest rate of the interest rate swaps and the counterparty's forward LIBOR curve, which would be the input used in the valuations. The forward LIBOR curve is readily available in public markets or can be derived from information available in public quoted markets. Therefore, the System has categorized the interest rate swaps as Level 2.

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Subsequent Events

The System has evaluated subsequent events occurring between the end of the most recent fiscal year and April 30, 2013, the date the financial statements were available for issuance

Reclassifications

Certain reclassifications were made to the 2011 consolidated financial statement presentation to conform to the 2012 presentation

2. Property, Plant, and Equipment

Property, plant, and equipment at December 31 is summarized as follows

	2012	2011
Buildings and improvements Equipment	\$ 699,204,288 200,048,253	\$ 274,485,376 162,217,545
Equipment	899,252,541	436,702,921
Less accumulated depreciation	(282,252,325)	, ,
	617,000,216	184,022,364
Construction in progress	119,677,063	536,966,959
Land	21,279,232	21,279,232
Property, plant, and equipment, net	\$ 757,956,511	\$ 742,268,555

3. Pension and Other Post-Retirement Benefit Plan

The System sponsors the Cottage Health System Cash Balance Retirement Plan (the Plan) The Plan is a contributory defined benefit pension plan covering substantially all of the employees of the Hospitals The Plan calls for a minimum contribution by the System to the participant's account equal to 2% of salary and an additional voluntary contribution by the participants up to 3% of the participant's salary, which will be matched 100% by the System

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

The System also sponsors a Supplemental Executive Retirement Plan (the SERP), a defined benefit pension plan covering selected executives of the Hospitals The SERP provides for payments to executives at retirement equal to a percent of monthly base pay averaged over the final number of months of service as defined in the Plan

Executive Supplemental Retirement Program

The System provides certain executives a supplemental retirement program. The program is defined as deferred compensation under the IRC Section 457(f). The annual contribution is 6.95% of base year's salary with the contributions vesting five years from crediting date, or at age 62, or immediately in the event of death, disability or involuntary termination without cause. The unvested account balances are assets of the System and are included in other assets and the accrued expense is included in pension liability and other in the consolidated balance sheets.

In addition to providing pension benefits, the System provides certain health care benefits for retired employees who elect to continue care under the Medi-Gap Retiree Health Coverage Plan Substantially all of the System's employees who retire upon reaching age 60 (with 25 or more years of service) may become eligible for these benefits until they reach age 65 These and similar benefits for active employees are provided through the System's self-insurance program The System pays health care claims as they come due

The following table sets forth the changes in benefit obligations, changes in plan assets, and components of net periodic benefit cost for both pension plans and the post-retirement health care benefit plan as measured by consulting actuaries as of the end of each year

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

	Pension Benefits December 31				Other Ber Decembe		
		2012		2011		2012	2011
Change in projected benefit obligation Benefit obligation at							
beginning of vear	\$	217,258,959	\$	182,417,818	\$	3,684,202 \$	3,179,198
Service cost	•	13,663,369	•	11,680,143	•	213,280	183,879
Interest cost		10,649,082		9,832,021		171,039	164,146
Plan participant's contributions		8,568,895		7,003,544		44,238	34,317
Actuarial losses (gains)		18,416,597		12,617,397		(352,820)	58,892
Benefits paid		(5,935,181)		(6,291,964)		(73,397)	(40,230)
Plan amendments		_		_			104,000
Projected benefit obligation at end of year	\$	262,621,721	\$	217,258,959	\$	3,686,542 \$	3,684,202
		Pension Decem				Other Ber Decembe	
		2012		2011		2012	2011
Change in plan assets Fair value of plan assets at							
beginning of year	\$	169,766,061	\$	168,792,717	\$	- \$	_
Actual return on plan assets		19,201,171		(4.338.236)		-	-
Employer contribution		14,500,000		4,600,000		29,159	5,913
Plan participant contributions Benefits paid		8,568,895 (5,935,181)		7,003,544 (6,291,964)		44,238 (73,397)	34.317 (40.230)
Fair value of plan assets at		(3,933,101)		(0,291,904)		(73,397)	(40,230)
end of year	\$	206,100,946	\$	169,766,061	\$	- \$	_
Accrued benefits cost included in pension liability and other	<u>\$</u>	(56,520,775)	\$	(47,492,898)	\$	(3,686,542) \$	(3,684,202)

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

Included in unrestricted net assets at December 31, 2012 and 2011, are the following amounts that have not been recognized in net periodic pension cost

	Pension Be Decembe		Other Benefits December 31		
	2012	2011	2012	2011	
Unrecognized prior service costs Unrecognized actuarial (loss) gain	\$ (479,702) \$ (54,290,009)	(790,135) \$ (57,137,513)	(631,875) \$ 344,533	(754.797) (8.291)	

Pension assets carried at fair value as of December 31, 2012, are classified in the table below in one of the three categories described in Note 1

	Assets* at Fair Value as of December 31, 2012						Valuation Techniques	
		Level 1		Level 2		Level 3	Total	(a,b,c)
Cash and cash equivalents Marketable equity securities	\$	17,532,488	\$	-	\$	_	\$ 17,532,488	a
Domestic equities		96,324,031		_		-	96,324,031	a
Foreign equities Fixed income securities		3,077,208		_		_	3,077,208	a
Government bonds		_		21,006,219		_	21,006,219	a
Corporate bonds		_		3,985,357		_	3,985,357	a
Mutual funds		17,829,124		_		_	17,829,124	a
Private equities		_		_		38,259,842	38,259,842	c
Total asset at fair value	\$	134,762,851	\$	24,991,576	\$	38,259,842	\$ 198,014,269	<u>.</u>

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

Pension assets carried at fair value as of December 31, 2011, are classified in the table below in one of the three categories described above

	Assets* at Fair Value as of December 31, 2011						Valuation Techniques	
		Level 1		Level 2		Level 3	Total	(a,b,c)
Cash and cash equivalents	\$	7,169,214	\$	_	\$	_	\$ 7,169,214	a
Marketable equity securities								
Domestic equities		68,614,566		_		_	68,614,566	a
Foreign equities		8,411,192		_		_	8,411,192	a
Fixed income securities								
Government bonds		_		3,489,680		_	3,489,680	a
Corporate bonds		_		4,476,762		_	4,476,762	a
Mutual funds		43,077,792		_		_	43,077,792	a
Private equities		_		_		26,079,820	26,079,820	С
Other		537,452		_		_	537,452	a
Total asset at fair value	\$	127,810,216	\$	7,966,442	\$	26,079,820	\$ 161,856,478	

^{*} Excludes loans to participants of \$8,086,677 and \$7,908,555 as of December 31, 2012 and 2011, respectively, as they are designated as notes receivable from participants

Private <u>Equities</u>
\$ 26,935,956
(2,398,744)
(5,708,204)
18,664,504
(11,413,692)
26,079,820
4,112,778
8,067,244
38,259,842
\$ 11,790,734

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

Included in the Cottage Health System Cash Balance Retirement Plan asset portfolio are alternative investments such as hedge funds and private equities with an estimated fair value of \$38,260,000 and \$26,080,000 as of December 31, 2012 and 2011, respectively Alternative investments held within a company's pension plan assets are subject to the FASB ASC 820 fair value measurement. The alternative investment fair value was measured using net asset value at the December 31, 2012.

Changes in plan assets and benefit obligations recognized as a change in unrestricted net assets during 2012 and 2011 include

	Pension Be Year Ended De	Other Benefits Year Ended December 31			
	 2012	2011	2012		2011
Unrecognized actuarial (loss) gain Amortization of unrecognized prior	\$ (13,868,726) \$	(32,091,544)	\$ 352,821	\$	(58,895)
service costs	310,433	261,943	122,922		88,255
Amortization of prior actuarial loss	16,716,231	11,303,267	_		_
Amortization of amendment loss					(104,000)
	\$ 3,157,938 \$	(20,526,334) \$	\$ 475,743	\$	(74,640)

The unrecognized prior service costs and unrecognized prior actuarial losses, which are included as a reduction of unrestricted net assets, will be recognized as components of future net periodic cost of \$363,000 and \$14,104,000, respectively, during 2012

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

The accumulated benefit obligation for the defined benefit pension plans was \$255,187,593 and \$210,589,355 at December 31, 2012 and 2011, respectively

Pension Benefits

Other Benefits

	1 Chsion	Delicits	Other Delicits			
	Year Ended	December 31	Year Ended	December 31		
	2012	2011	2012	2011		
Components of net periodic benefit cost						
Service cost	\$ 13,663,369	\$ 11,680,143	\$ 213,280	\$ 183,879		
Interest cost	10,649,082	9,832,021	171,039	164,146		
Expected return on plan assets Amortization of prior service	(14,653,300)	(15,135,911)	_	_		
cost	310,433	261,943	122,922	88,255		
Recognized net actuarial loss	16,716,231	11,303,267	_	_		
Net periodic benefit cost	\$ 26,685,815	\$ 17,941,463	\$ 507,241	\$ 436,280		
•	Donaion	Benefits	Oth on I	Benefits		
		December 31		December 31		
	2012	2011	2012	2011		
Weighted-average assumptions used to determine benefit obligations at December 31 Discount rate	4.25% to 4.50%		3.80%	4 75%		
Expected long-term rate of	4.23 /0 10 4.30 /0	4 /3/0	3.00 /0	4 /3 /0		
return on plan assets	8.00%	8 75%	N/A	N/A		
Rate of compensation increase	5,00%	5 00%	N/A	N/A		
Weighted-average assumptions used to determine net periodic benefit cost for year ended at December 31	5,00 /0	3 00/0	1071	14/1		
Discount rate	4.25% to 4.50%	4 75%	3.80%	4 75%		
Expected long-term return on						
plan assets	8.00%	8 75%	N/A	N/A		
Rate of compensation increase	5.00%	5 00%	N/A	N/A		

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

The expected rate of return on plan assets is updated annually, taking into consideration the Plan's asset allocation, historical returns on the types of assets held in the Plan, and the current economic environment

	December 31	
	2012	2011
Assumed health care cost trend rates at December 31		
Health care cost trend rate assumed for next year	7.5%	8 0%
Rate to which the cost trend rate is assumed to		
decline (the ultimate trend rate)	5.0%	5 0%
Year that the rate reaches the ultimate trend rate	2018	2018

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect

	Poi	1-Percentage Point 		Point Decrease	
Effect on total of service and interest cost	\$	*	\$	**	
Effect on post-retirement benefit obligation	\$		\$	**	

^{*} The portion of the retiree health plan costs paid by the System is limited to the 2004 level, plus an increase of 4 5% per year for future years. Costs in excess of this limit will be paid by the retiree. Consequently, an increase in health care costs has no effect on service and interest costs or benefit obligations.

^{**} The excise taxes that are expected to apply in 2018 would negate any impact of a decrease in health care trend rates

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

Plan Assets

The composition of plan assets at December 31, 2012 and 2011, is as follows

	Pension E	Benefits	Other B	enefits
	2012	2011	2012	2011
Asset category				_
Equity securities	50%	48%	-% 0	_%
Fixed income securities	13	14	_	_
Mutual funds	9	17	_	_
Alternative investments				
(including private equities)	19	16	_	_
Other	9	5	_	_
	100%	100%	-%	_%

The primary objective is to achieve the highest possible total return commensurate with safety and preservation of capital in real (inflation adjusted) terms. The overall investment strategy does not follow the conventional weighted-average target asset allocations, but rather targets a return as required by current and future plan liabilities. Investments are broadly diversified to mitigate the specific risk of any particular asset class. Investments are diversified among common stocks, fixed income instruments, cash equivalents, real estate, and alternative investments. In addition, investments are diversified within asset classes by style and size

The overriding long-term objective is to ensure that the Plan is able to meet its distribution requirements while growing the assets to meet future liability expenditures, adjusted for inflation The return on the assets should meet or exceed the sum of the distribution rate, inflation rate, and growth of the assets to accommodate current and future liabilities

Defined Contribution Plan

Employees of Pacific Diagnostic are covered by a 401(k) defined contribution retirement plan Pacific Diagnostic matches up to 4% of employee compensation, 100% of an employee's contributions on the first 3% of compensation, and 50% of an employee's contributions on the next 2% of compensation Pacific Diagnostic's contributions are included in salaries and benefits in the amounts of \$280,000 and \$254,000 for 2012 and 2011, respectively

Notes to Consolidated Financial Statements (continued)

3. Pension and Other Post-Retirement Benefit Plan (continued)

Contributions

The System expects to contribute \$12,000,000 to its pension plans and \$1,026,000 to its other post-retirement benefit plan in 2013

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

	Pension Benefits	Other Benefits
2013	\$ 11,531,586	\$ 172,399
2014	16,921,487	197,800
2015	17,019,369	192,743
2016	16,058,042	207,354
2017	17,963,422	210,211
Years 2018-2021	109,506,398	1,384,665

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Limited as to Use

Investments, recorded at fair market value at December 31 comprised the following investment categories and balance sheet lines

	Affiliates'		Other	
	Custodial	Self-Insurance	Managed	
	Account	Trusts	Accounts	Total
2012				
Cash and cash equivalents	\$ -	\$ 26	\$ 5,970,170	\$ 5,970,196
Investment in Custodial Account	307,524,539	_	_	307,524,539
Fixed income securities	_	8,131,919	15,597,771	23,729,690
Other		_	394,876	394,876
	\$ 307,524,539	\$ 8,131,945	\$ 21,962,817	\$ 337,619,301
Short-term investments	\$ -	\$ -	\$ 20,942,754	
Investments	280,691,953	_	625,187	281,317,140
Assets limited as to use	-		2010=1	
By Board	26,832,586	_	394,876	27,227,462
By self-insurance trusts		8,131,955		8,131,945
	\$ 307,524,539	\$ 8,131,945	\$ 21,962,817	\$ 337,619,301
	Affiliates'		Other	
	Affiliates' Custodial	Self-Insurance	Other Managed	
	Custodial	Self-Insurance Trusts	Managed	Total
2011		Self-Insurance Trusts		Total
2011 Cash and cash equivalents	Custodial		Managed	
	Custodial Account	Trusts	Managed Accounts	
Cash and cash equivalents	Custodial Account	Trusts	Managed Accounts	\$ 222,355
Cash and cash equivalents Investment in Custodial Account	Custodial Account	\$ -	Managed Accounts \$ 222,355	\$ 222,355 313,754,118
Cash and cash equivalents Investment in Custodial Account Fixed income securities	Custodial Account	* Trusts \$	Managed Accounts \$ 222,355 - 20,466,719 410,077	\$ 222,355 313,754,118 28,541,496 410,077
Cash and cash equivalents Investment in Custodial Account Fixed income securities	Custodial Account \$ - 313,754,118	* Trusts \$	Managed Accounts \$ 222,355 - 20,466,719 410,077	\$ 222,355 313,754,118 28,541,496 410,077
Cash and cash equivalents Investment in Custodial Account Fixed income securities	Custodial Account \$ - 313,754,118	* Trusts \$	Managed Accounts \$ 222,355 - 20,466,719 410,077	\$ 222,355 313,754,118 28,541,496 410,077 \$ 342,928,046
Cash and cash equivalents Investment in Custodial Account Fixed income securities Other	Custodial Account \$ - 313,754,118 \$ 313,754,118	* Trusts \$	Managed Accounts \$ 222,355 -20,466,719 410,077 \$ 21,099,151	\$ 222,355 313,754,118 28,541,496 410,077 \$ 342,928,046
Cash and cash equivalents Investment in Custodial Account Fixed income securities Other Short-term investments	Custodial Account \$ - 313,754,118 \$ 313,754,118 \$	* Trusts \$	Managed Accounts \$ 222,355 - 20,466,719 410,077 \$ 21,099,151 \$ 20,258,723	\$ 222,355 313,754,118 28,541,496 410,077 \$ 342,928,046 \$ 20,258,723
Cash and cash equivalents Investment in Custodial Account Fixed income securities Other Short-term investments Investments Assets limited as to use By Board	Custodial Account \$ - 313,754,118 \$ 313,754,118 \$	### Trusts \$	Managed Accounts \$ 222,355 - 20,466,719 410,077 \$ 21,099,151 \$ 20,258,723	\$ 222.355 313.754.118 28.541.496 410.077 \$ 342.928.046 \$ 20.258.723 254.294.689 60.299.857
Cash and cash equivalents Investment in Custodial Account Fixed income securities Other Short-term investments Investments Assets limited as to use	Custodial Account \$ - 313,754,118 \$ 313,754,118 \$ - 253,864,338	* Trusts \$	Managed Accounts \$ 222.355	\$ 222,355 313,754,118 28,541,496 410,077 \$ 342,928,046 \$ 20,258,723 254,294,689 60,299,857 8,076,777

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Limited as to Use (continued)

Investment income (loss) for the years ended December 31 includes the following

	 2012	2011
Interest and dividends	\$ 7,119,960	\$ 8,140,171
Net realized gains	2,729,584	5,335,916
Net unrealized gains (losses)	 20,501,672	(16,708,741)
Total investment income (loss)	\$ 30,351,216	\$ (3,232,654)

Net unrealized gains (losses) at December 30, 2012 and 2011, were \$8,478,000 and (\$11,878,000), respectively

Substantially all of System's investments are held in the Custodial Account The Custodial Account provides a vehicle whereby virtually all entities associated with the System can seek to optimize investment returns while managing investment risk Entities participating in the Custodial Account that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty as soon as practicable based on market conditions

The Custodial Account asset allocation at December 31 is as follows

	2012	2011
Cash and cash equivalents	10%	9%
Marketable equity securities	39%	31%
Fixed-income securities	12%	23%
Mutual funds	4%	6%
Alternative investments	35%	31%
	100%	100%

The System Investment Subcommittee (the Investment Committee) of the Board of Directors is responsible for recommending asset allocations among fixed-income, equity and alternative investments. At least annually, the Investment Committee reviews targeted allocations and, if necessary, recommends adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Custodial Account invests, management does not believe there is a significant concentration of credit risk. Direct expenses of the Custodial Account are less than 0.5% of total assets

Notes to Consolidated Financial Statements (continued)

5. Transactions with Related Parties

A summary of the significant transactions between the System and its affiliates follows

The Santa Barbara Cottage Foundation

The Santa Barbara Cottage Foundation was established to engage in the solicitation, receipt, and administration of contributions for the sole benefit of Santa Barbara Cottage. The Santa Barbara Cottage Foundation's unrestricted net assets are distributed to the Santa Barbara Cottage. Hospital in amounts and in periods determined by the Santa Barbara Cottage Foundation's Board of Directors, which may restrict the use of these funds for specific purposes. The Santa Barbara Cottage Foundation's temporarily restricted net assets are held or distributed to Santa Barbara Cottage at the donor's request.

During 2012 and 2011, the System and Santa Barbara Cottage provided facilities and administrative services to the Santa Barbara Cottage Foundation for consideration of \$1,098,524 and \$866,785, respectively At December 31, 2012 and 2011, amounts due from the Santa Barbara Cottage Foundation totaled \$798,992 and \$44,857, respectively These amounts are due on a current basis and have been eliminated through the recording of the System's net interest in the Foundation

Santa Ynez Cottage Foundation

Santa Ynez Cottage received \$767,548 and \$842,000 in contributions from Santa Ynez Cottage Foundation for capital assets in 2012 and 2011, respectively

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt

Long-term debt at December 31 consists of the following

	2012	2011
CSCDA Fixed Rate Revenue Bonds, Series 2010 payable in annual installments through 2040, with interest rates ranging from 2 0% to 5 0%	\$ 284,610,000	\$ 288,865,000
CHFFA Fixed Rate Demand Revenue Bonds, Series 2003B payable in annual installments through 2033, with interest rates ranging from 3 7% to 5 25%	49,385,000	50,740,000
3 170 to 3 2370	47,303,000	30,740,000
	333,995,000	339,605,000
Less current maturities	(5,785,000)	(5,610,000)
Long-term debt, net of current maturities	\$ 328,210,000	\$ 333,995,000

The System uses debt to finance a portion of Santa Barbara Cottage and Goleta Valley Cottage replacement hospitals and certain other capital improvements. In 2010, the System issued \$292,600,000 of California Statewide Communities Development Authority, noted in the table above as CSCDA Fixed Rate Revenue Bonds, Series 2010 (Series 2010 Bonds) to refinance the Series 2008 A-E CSCDA Variable Rate Revenue Bonds

Santa Barbara Cottage, Goleta Valley Cottage, and Santa Ynez Cottage comprise the Members of the Obligated Group and as such all three are jointly and severally obligated with respect to the obligations issued under the bond indentures collateralizing the bonds. The System is not a member of the Obligated Group, but acts as the Obligated Group Representative

Bond Covenants

The Master Trust Indentures (Indentures) govern the disposition and repayments of the Series 2003B Bonds and Series 2010 Bonds The terms of the Indentures require the Obligated Group to pledge all of the revenues or any other amounts held in any fund or account established pursuant to the Indentures for the terms of the Series 2003B and Series 2010 Bonds The Indentures and Agreement contain restrictions which, among other things, require maintenance of certain financial ratios, limit the disposal of assets, and restrict certain additional indebtedness At December 31, 2012 and 2011, the Obligated Group complied with all financial covenants

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

In 2012 and 2011, interest costs incurred were \$16,229,000 and \$16,684,000, respectively, of which \$3,743,000 and \$15,691,000, respectively, was capitalized as part of the costs of construction in progress. The amounts capitalized are reduced by investment income earned on tax-exempt financings borrowed for specific qualifying projects. For the years ended December 31, 2012 and 2011, there was no investment income earned that was capitalized as part of construction in progress.

The aggregate amounts of annual maturities and sinking fund payments for the years subsequent to December 31, 2012, are as follows

2013	\$ 5,785,000
2014	6,030,000
2015	6,270,000
2016	6,570,000
2017	6,880,000
Thereafter	302,460,000
	\$ 333,995,000

Interest Rate Swaps

The System has three interest rate swap contracts (the Swaps) with a combined notional amount of \$175,000,000 and termination dates of November 1, 2036 Under the terms of the Swaps, the System has agreed to pay to Morgan Stanley Capital Services, Inc (the Swap Counterparty) fixed rates of interest ranging from 3 592% to 3 667% and the Swap Counterparty has agreed to pay the System 68% of one-month LIBOR, based on the notional amounts of the Swaps In March 2011, the System entered into an additional interest rate swap contract with the Swap Counterparty effectively reversing an existing swap contract Under the terms of the Swap contract, the Swap Counterparty agreed to pay the System a fixed rate of interest of 2 53% The notional value of the interest rate swap is \$73,750,000

A benefit of \$1,630,000 for 2012 and a charge in 2011 of \$11,846,000 has been recorded as a component of other income (loss) in the consolidated statements of income related to the interest rate swaps. The fair value of three of the Swaps is recorded in other liabilities and totaled \$40,440,000 and \$42,780,000 as of December 31, 2012 and 2011, respectively. The fair value of the fourth swap is recorded in other assets and totaled \$7,280,000 and \$7,490,000 in 2012 and 2011, respectively. Payments to the Swap Counterparty of \$4,140,000 and \$4,545,000 were recorded as investment income (loss) as of December 31, 2012 and 2011, respectively.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

Each of the interest rate swap agreements has collateral posting thresholds when the mark-to-market exceeds \$40,000,000 The System has a cash collateral balance with the Swap Counterparty of \$0 at December 31, 2012 and 2011, respectively

7. Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets at December 31 are available for the following purposes

	 2012	2011
Purchase of equipment and construction	\$ 70,744,223 \$	66,695,581
Patient care services and hospital operations	29,404,999	27,960,321
Research	1,206,985	1,307,285
Health education	1,158,546	1,135,538
Nursing and medical education	1,538,191	1,331,906
Employee assistance	 3,194	3,194
	\$ 104,056,138 \$	98,433,825

Temporarily restricted net assets at December 31, 2012 and 2011, include \$75,336,000 and \$71,691,000, respectively, of donor-restricted resources held by the affiliates on behalf of the Hospitals Permanently restricted net assets of \$19,442,000 and \$19,113,000 were held by the System at December 31, 2012 and 2011, respectively These resources are restricted to investments to be held in perpetuity, the income from which is expendable to support health care services and research

FASB ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) UPMIFA was enacted in California on September 30, 2008, with an effective date of January 1, 2009 The net asset classification provisions of FASB ASC 958 were adopted by the System in 2009 when UPMIFA was enacted into law in California FASB ASC 958 also contains disclosure provisions which are included below

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Notes to Consolidated Financial Statements (continued)

7. Temporarily and Permanently Restricted Net Assets (continued)

<u>Endowment</u> The System's endowment includes all permanently and certain temporarily restricted net assets which contain donor restrictions as to use as well as board-designated funds

<u>Funds with Deficiencies</u> The fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the System to retain as a fund of perpetual duration Deficiencies of this nature are reported in unrestricted net assets unless the income from such endowment funds is restricted as to use in which case such amounts are reflected in temporarily restricted net assets There were no such deficiencies as of December 31, 2012 and 2011

Return Objectives and Risk Parameters The System has investment policies that attempt to provide a predictable stream of funding to programs supported by operations as well as endowment donations. Assets are invested in a manner that is intended to produce results that exceed the respective benchmark while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount

<u>Strategies Employed for Achieving Objectives</u> To satisfy its long-term rate-of-return objectives, the System relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The System targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints

Interpretation of Relevant Law The System has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until the donor's restriction is met and the funds are appropriated

Notes to Consolidated Financial Statements (continued)

7. Temporarily and Permanently Restricted Net Assets (continued)

In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the System
- (7) The investment policies of the System

The endowment net asset composition by type of fund as of December 31, 2012, consists of the following

		emporarily Restricted	ermanently Restricted	Total
Donor-restricted endowment funds	\$	6,947,605	 • •	12,541,861
Total funds	<u>\$</u>	6,947,605	\$ 5,594,256	\$ 12,541,861

The endowment net asset composition by type of fund as of December 31, 2011, consists of the following

	. •		Total		
\$ 6,042,046	\$ 5,594,256	\$	11,636,302		
\$ 6,042,046	\$ 5,594,256	\$	11,636,302		
	 Restricted \$ 6,042,046 \$	Restricted Restricted \$ 6,042,046 \$ 5,594,256	Restricted Restricted \$ 6,042,046 \$ 5,594,256		

Notes to Consolidated Financial Statements (continued)

7. Temporarily and Permanently Restricted Net Assets (continued)

The changes in endowment net assets for the year ended December 31, 2012, are as follows

		emporarily Restricted	ermanently Restricted	Total
Endowment net assets, beginning of year		6,042,046	\$ 5,594,256	\$ 11,636,302
Investment return Investment income		278,878	_	278,878
Net appreciation (realized and unrealized)		985,638		985,638
Total investment return		1,264,516	_	1,264,516
Appropriation		(358,957)	_	(358,957)
Endowment net assets, end of year	\$	6,947,605	\$ 5,594,256	\$ 12,541,861

The changes in endowment net assets for the year ended December 31, 2011, are as follows

	emporarily Restricted	ermanently Restricted	Total
Endowment net assets, beginning of year	\$ 6,525,895	\$ 5,594,256	\$ 12,120,151
Investment return Investment income Net depreciation (realized and	350,765	-	350,765
unrealized) Total investment return	 (496,118) (145,353)	_	(496,118) (145,353)
Total investment return	 (145,555)		(145,555)
Appropriation	 (338,496)	_	(338,496)
Endowment net assets, end of year	\$ 6,042,046	\$ 5,594,256	\$ 11,636,302

Notes to Consolidated Financial Statements (continued)

8. Commitments and Contingencies

Leases

Goleta Valley Cottage leases land on which the acute care facility was built from the Santa Barbara Cottage Foundation

The following is a summary of minimum noncancelable operating lease commitments (including renewal options) for the years ending December 31

	Operation Land and	ıg L	eases
	 Building	quipment	
2013	\$ 2,898,367	\$	1,114,471
2014	2,675,785	·	859,367
2015	2,451,291		617,925
2016	2,396,463		308,963
2017	2,285,681		_
Thereafter	7,990,594		_
Total minimum lease payments	\$ 37,698,181	\$	2,900,727

Rent and lease expense under the operating leases totals approximately \$6,580,000 and \$6,469,000 for the years ended December 31, 2012 and 2011, respectively

Construction Projects

The Hospitals are required to comply with the Hospital Seismic Safety Act (SB 1953), which regulates the seismic performance of all aspects of hospital facilities in California SB 1953 imposes near-term and long-term compliance deadlines for seismic safety assessments, submission of corrective plans, and the retrofitting or replacement of the Hospitals' facilities to comply with current seismic standards. These requirements are expected to result in significant operational changes and capital outlays. Based on preliminary estimates, total costs for the Hospitals' Facilities Master Plan are estimated to be \$810 million (unaudited) for Santa Barbara. Cottage Actual amounts could differ from these estimates. The City of Santa Barbara and the Office of Statewide Health Planning and Development have approved the plans for Santa Barbara Cottage. The project consists of eight phases. Construction for phases one through four are complete. Phase five, which includes demolition of existing buildings began in June 2012 and will continue through December 2014.

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Notes to Consolidated Financial Statements (continued)

8. Commitments and Contingencies (continued)

The plan for Goleta Valley Cottage received approval from the City of Goleta and the Office of Statewide Planning and Development Construction began in early 2011 and is anticipated to be completed in early 2014 This plan has an estimated cost of \$125 million (unaudited) Completion of the new wing at Santa Ynez Valley Cottage was completed in early 2011 and the remodel of the existing space is anticipated to be completed by the end of 2013 The total project cost is estimated at \$14 million (unaudited)

Asset Retirement Obligations

In 2006, the System adopted FASB ASC 410, *Asset Returement and Environmental Obligations*, which clarifies that the term "conditional asset retirement obligations" (ARO) and refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlements are conditional on a future event that may or may not be within the control of the entity. The guidance indicates that an entity must record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated and also clarifies when an entity should have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The System is subject to state requirements to retrofit certain buildings to current seismic standards by as early as 2013. Management has evaluated and estimated costs by which such facility will be brought into compliance with the current code (through replacement or retrofit), the settlement date and costs involved, including cost for asbestos abatement. A liability of \$1,190,000 and \$200,000 have been recorded in the December 31, 2012 and 2011, consolidated balance sheets

Legal Proceedings

The System and its affiliates are defendants in various legal actions arising from the normal conduct of business Management believes that the ultimate resolution of the various proceedings will not have a material adverse effect upon its consolidated financial position, results of operations or cash flows

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Notes to Consolidated Financial Statements (continued)

9. Functional Expenses

The System provides general health care services to residents within its geographic location Expenses related to providing these services for the year ended December 31 are as follows

	 2012	2011
Health care services	\$ 425,216,584	
General and administrative	 183,203,891	151,532,164
	 608,420,475	\$ 544,166,316

Supplementary Information

Consolidating Balance Sheet

December 31, 2012

		Obligated	Group		Total			Pacific			
Santa !	Barbara	Goleta Valley	Santa Y nez	Elimination	Obligated	Cottage Health	Professional	Diagnostic	Foundations'	Elimination	Total
Cot	tage	Cottage	Cottage	Entries	Group	System	Building	Laboratories	Net Assets	Entries	Consolidated
Assets											
Current assets											
Cash and cash equivalents \$ 18	791 058 - 8	\$ 2 293 003 \$	6 460 108	\$ - \$	27 544 169	\$ 5 256 397	\$ 1 731 573	\$ 1189 288	\$ - \$	-	
	024 820	_	1 917 935	-	20 942 755	-	-	_	-	-	20 942 755
Patient accounts receivable net 85	204 882	10 336 242	1 759 889	-	97 301 013	-	-	-	-	-	97 301 013
Other receivables 15	026 002	1 120 266	665 146	=	16 811 414	301 620	19 996	4 519 528	=	(1 995 428)	19 657 130
Due from affiliates 8	189 427	2 475	9 243	(7 391 938)	809 207	1 001 689	134 291	_	_	(1 945 187)	-
Inventories 12	428 078	543 183	78 143	-	13 049 404	-	_	759 329	_	_	13 808 733
Prepaid expenses and other											
current assets 8	267 750	863 597	161 146	_	9 292 493	3 722 728	16 600	395 652	_	_	13 427 473
Total current assets 166	932 017	15 158 766	11 051 610	(7 391 938)	185 750 455	10 282 434	1 902 460	6 863 797	_	(3 940 615)	200 858 531
Investments 273	146 204	7 610 674	43 749	-	280 800 627	516 513	-	-	-	-	281 317 140
Assets limited as to use less											
current portion											
By Board 27	227 462	-	-		27 227 462		-	_	-	-	27 227 462
Self-insurance trusts8	131 945	_	_	_	8 131 945	_	_	_	_	_	8 131 945
Total assets limited as to use 35	359 407	-	-	-	35 359 407	-	-	_	-	-	35 359 407
Property plant and equipment net 643	346 044	80 776 386	12 749 995	=	736 872 425	7 019 492	4 135 827	9 928 767	-	_	757 956 511
Other assets 45	301 514	_	_	_	45 301 514	_	_	7 740 172	_	(21 493 835)	31 547 851
Interest in net assets and amounts due from the Foundations	_	_	_	_	_	_	_	_	261 574 670	_	261 574 670
Total assets \$ 1,164	085,186 8	\$ 103,545,826 \$	23,845,354	\$ (7,391,938) \$	1,284,084,428	\$ 17,818,439	\$ 6,038,287	\$ 24,532,736	\$ 261,574,670 \$	(25,434,450)	\$ 1,568,614,110

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Consolidating Balance Sheet (continued)

December 31, 2012

		Obligated	Group		Total			Pacific			
	Santa Barbara	Goleta Valley	Santa Y nez	Elimination	Obligated	Cottage Health	Professional	Diagnostic	Foundations'	Elimination	Total
	Cottage	Cottage	Cottage	Entries	Group	System	Building	Laboratories	Net Assets	Entries	Consolidated
Liabilities and net assets											
Current liabilities											
Accounts payable	\$ 35 187 710	\$ 4686 217 \$	629 918	S - S	40 503 845	\$ 2 442 748	\$ - \$	1 113 956	\$ -	\$ -	\$ 44 060 549
Accrued expenses and other											
liabilities	18 621 469	2 776 559	813 715	-	22 211 743	3 351 862	69 429	1 333 980	-	-	26 967 014
Current portion of accrued											
self-insurance claims	5 729 165	709 800	173 194	_	6 612 159	177 435	_	_	-	-	6 789 594
Due to affiliates	_	7 327 180	829 165	(7 391 938)	764 407	1 187 916	36 562	669 458	_	(2 658 343)	-
Current maturities of long-term											
debt and capital lease obligations	5 785 000	_	_	_	5 785 000	_	_	_	_	_	5 785 000
Total current liabilities	65 323 344	15 499 756	2 445 992	(7 391 938)	75 877 154	7 159 961	105 991	3 117 394	-	(2 658 343)	83 602 157
Accrued self-insurance claims											
less current portion	21 755 896	1 931 355	715 41 6	_	24 402 697	(19.207)	_	361 610	_	_	24 745 100
Long-term debt and capital lease											
obligations	312 127 246	_	_	16 082 754	328 210 000	_	4 058 706	13 785 547	_	(17 844 253)	328 210 000
Pension liability and other	89 912 346	21 053 316	917 431	(16 082 754)	95 800 339	15 562 834	-	611 885	-	_	111 975 058
Total liabilities	489 118 832	38 484 427	4 078 869	(7 391 938)	524 290 190	22 703 588	4 164 697	17 876 436	-	(20 502 596)	548 532 315
Net assets											
Member's capital	_	_	_	_	_	_	_	6 656 300	_	(6 656 300)	_
Unrestricted	661 162 205	64 926 577	18 832 344	_	744 921 126	(4 885 149)	1 873 590	_	172 391 644	1 724 446	916 025 657
Temporarily restricted	8 209 893	134 822	934 141	_	9 278 856	_	_	_	75 335 643	_	84 614 499
Permanently restricted	5 594 256	-	-	-	5 594 256	-		-	13 847 383	_	19 441 639
Total net assets	674 966 354	65 061 399	19 766 485		759 794 238	(4 885 149)	1 873 590	6 656 300	261 574 670	(4 931 854)	1 020 081 795
Total liabilities and net assets	\$ 1,164,085,186	\$ 103,545,826 \$	8 23,845,354	\$ (7,391,938) \$	1,284,084,428	\$ 17,818,439	\$ 6,038,287 \$	24,532,736	\$ 261,574,670	\$ (25,434,450)	\$ 1,568,614,110

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Consolidating Balance Sheet

December 31, 2011

		Obligated	l Group		Total			Pacific			
	Santa Barbara Cottage	Goleta Valley Cottage	Santa Y nez Cottage	Elimination Entries	Obligated Group	Cottage Health System	Professional Building	Diagnostic Laboratories	Foundations' Net Assets	Elimination Entries	Total Consolidated
Assets		•			•		· ·				
Current assets											
Cash and cash equivalents	\$ 5 206 338	\$ 1 554 395	\$ 3 519 421	\$ - \$	10 280 154	\$ 1 110 742	\$ 1 446 668	\$ 899 867	\$ - :	-	\$ 13 737 431
Short-term investments	18 621 861	_	1 636 862	_	20 258 723	_	_	_	_	-	20 258 723
Patient accounts receivable net	84 893 444	10 235 985	2 042 025	_	97 171 454	_	_	_	_	_	97 171 454
Current portion of assets limited											
as to use	_	_	_	_	_	_	_	_	_	_	_
Other receivables	21 074 062	229 445	152 721	-	21 456 228	106 602	30 089	4 3 19 1 3 0	-	(14 021 980)	11 890 069
Due from affiliates	2 391 894	9 418	255 073	(2.345.898)	310 487	793 643	95 925	_	_	(1.200.055)	_
Inventories	11 041 822	564 500	82 967	_	11 689 289	_	_	704 880	_	_	12 394 169
Prepaid expenses and other					_						
current assets	3 344 917	543 843	104 428	-	3 993 188	2 786 268	-	440 239	-	_	7 219 695
Total current assets	146 574 338	13 137 586	7 793 497	(2 345 898)	165 159 523	4 797 255	1 572 682	6 364 116	-	(15 222 035)	162 671 541
Investments	244 022 175	9 884 960	28 852	-	253 935 987	358 702	-	-	-	_	254 294 689
Assets limited as to use less											
current portion											
By Board	60 299 857	_	_		60 299 857	-	-	_	_	-	60 299 857
Self-insurance trusts	8 074 777	_	_	_	8 074 777	_	_	_	_	_	8 074 777
Total assets limited as to use	68 374 634	-	-	-	68 374 634	-	_	-	-	-	68 374 634
Property plant and equipment net	646 169 804	61 562 541	12 417 354	_	720 149 699	8 009 410	3 564 768	10 544 678	_	_	742 268 555
Other assets	27 764 312	45 600	124 704	_	27 934 616	_	_	8 414 319	_	(6 883 792)	29 465 143
Interest in net assets and amounts due from the Foundations	_	_	_	_	_	_	_	_	257 831 793	_	257 831 793
Total assets	\$ 1 132 905 263	\$ 84 630 687	\$ 20.364.407	\$ (2.345.898) \$	3 1 235 554 459	\$ 13 165 367	\$ 5 137 450	\$ 25 323 113	\$ 257.831.793	8 (22 105 827)	\$ 1 514 906 355
				. (=,=,=,=,0,7, 4							

Consolidating Balance Sheet (continued)

December 31, 2011

•	hdated 165 301
Liabilities and net assets	
	165 301
	165 301
	165 301
·	
Accrued expenses and other	
	753 720
Current portion of accrued	-
	918 407
Due to affiliates – 2 588 819 476 366 (2 345 898) 719 287 376 944 417 814 291 799 – (1 805 844)	-
Current maturities of long-term	
	610 000
Total current habilities 75 373 057 11 496 966 1 740 992 (2 345 898) 86 265 117 4 909 672 557 240 2 521 243 – (1 805 844) 92	447 428
Accrued self-insurance claims	
less current portion 20 597 577 2 060 294 442 325 – 23 100 196 – – 285 418 – – 23	385 614
Long-term debt less current	
maturities 317 912 246 16 082 754 333 995 000 - 3 006 718 12 680 467 - (15 687 185) 333	995 000
Pension liability and other 85 569 898 19 026 055 1 369 005 (16 082 754) 89 882 204 14 095 406 - 2 952 193 106	929 803
Total liabilities 499 452 778 32 583 315 3 552 322 (2 345 898) 533 242 517 19 005 078 3 563 958 18 439 321 - (17 493 029) 556	757 845
Net assets	
Member's capital 6 883 792 - (6 883 792)	_
Unrestricted 620 607 477 51 837 372 16 723 448 - 689 168 297 (5 839 711) 1 573 492 - 172 541 613 2 270 994 859	714 685
Temporarily restricted 7 250 752 210 000 88 637 - 7 549 389 71 771 832 - 79	321 221
·	112 604
Total net assets 633 452 485 52 047 372 16 812 085 - 702 311 942 (5 839 711) 1 573 492 6 883 792 257 831 793 (4 612 798) 958	148 510
Total liabilities and net assets \$ 1 132 905 263 \$ 84 630 687 \$ 20 364 407 \$ (2345 898) \$ 1 235 554 459 \$ 13 165 367 \$ 5 137 450 \$ 25 323 113 \$ 257 831 793 \$ (22 105 827) \$ 1514	906,355

Consolidating Statement of Operations

Year Ended December 31, 2012

		Ohlooto	d C		T . I			D 6	Equity		
	Santa Barbara Cottage	Obligate Goleta Valley Cottage	Santa Y nez Cottage	Elimination Entries	Total Obligated Group	Cottage Health System	Professional Building	Pacific Diagnostic Laboratories	Interest in the Foundations'	Elimination Entries	Total Consolidated
Unrestricted revenues, gains and other support	Cottage	Cottage	Cottage	Entries	Стопр	System	Dunuing	Laboratories	activity	Entries	Consolidated
Patient Service Revenue (net of contractual											
allowances and discounts i	\$ 510 809 267	\$ 70 374 821	\$ 14 888 262	\$ -	\$ 596 072 350	\$ -	\$ -	\$ 29 752 430	\$ -	\$ -	\$ 625 824 780
Provision for doubtful accounts	(16,435,822)	(2,191,604)	(577,300)	_	(19 204 726)	_	_	(1 700 000)	_	_	(20 904 726)
Net patient service revenue	494 373 445	68 183 217	14 310 962	=	576 867 624	=	=	28 052 430	=	=	604 920 054
Hospital Medi-Cal supplemental fee	14 909 448	765 781	48 284	_	15 723 513	-	-	_	-	-	15 723 513
Other operating revenue	3 535 931	3 064 124	991 069	_	7 591 124	455 132	685 378	13 544 370	(767 548)	(13 581 090)	7 927 366
Net assets released from restrictions	403 544	275 178	4 950	_	683 672	_	_	_	_	_	683 672
Total unrestricted revenues gains and											
other support	513 222 368	72 288 300	15 355 265	-	600 865 933	455 132	685 378	41 596 800	(767 548)	(13 581 090)	629 254 605
Expenses											
Salaries and benefits	246 793 335	33 119 349	8 028 947	_	287 941 631	194 856	_	17 603 968	_	_	305 740 455
Supplies and services	160 098 328	21 074 753	3 925 459	_	185 098 540	(3 655 358)	304 048	19 028 018	(159 084)	(13 581 090)	187 035 074
Hospital quality assurance fee	21 847 024	851 524	_	_	22 698 548	_	_	_	_	_	22 698 548
Professional fees	28 781 285	1 827 870	619 550	_	31 228 705	1 091 388	31 943	2 421 865	_	_	34 773 901
Insurance	2 332 864	614 166	417 921	_	3 364 951	_	_	139 882	_	_	3 504 833
Depreciation and amortization	34 760 702	1 636 022	878 427	=	37 275 151	2 816 126	_	2 089 731	=	=	42 181 008
Interest	12 486 274	382	_	_	12 486 656	_	50 132	546 453	(50.132)	(546 453)	12 486 656
Total expenses	507 099 812	59 124 066	13 870 304	=	580 094 182	447 012	386 123	41 829 917	(209 216)	(14 127 543)	608 420 475
Operating income (loss	6 122 556	13 164 234	1 484 961	-	20 771 751	8 120	299 255	(233 117)	(558 332)	546 453	20 834 130
Investment income closs	29 850 622	778 059	35 028	_	30 663 709	_	843	5 625	_	(318 961)	30 351 216
Changes in fair value of interest rate swaps	1 630 130	_	_	_	1 630 130	_	_	_	_	_	1 630 130
Loss on extinguishment of debi	_	-	_	-	-	-	-	-	-	-	-
Change in unrestricted net assets of											
the Foundations	=	_	_	_	_	_	_	_	408 363	(546 548)	(138 185)
Excess (deficiency) of revenues over expenses	37 603 308	13 942 293	1 519 989	-	53 065 590	8 120	300 098	(227 492)	(149 969)	(319 056)	52 677 291
Change in pension liability	2 951 420	(853 088)	588 907		2 687 239	946 442	=				3 633 681
Increase (decrease) in unrestricted net assets	\$ 40,554,728	\$ 13,089,205	\$ 2,108,896	\$ -	\$ 55,752,829	\$ 954,562	\$ 300,098	\$ (227,492)	\$ (149,969)	\$ (319,056)	\$ 56,310,972

Consolidating Statement of Operations

Year Ended December 31, 2011

		T . I			D . C	Equity					
	Santa Barbara Cottage	Obligated Goleta Valley Cottage	Santa Y nez Cottage	Elimination Entries	Total Obligated Group	Cottage Health System	Professional Building	Pacific Diagnostic Laboratories	Interest in the Foundations' Activity	Elimination Entries	Total Consolidated
Unrestricted revenues, gains and other support	Cottage	Cottage	Cottage	Elitries	Group	system	Dunung	Laboratories	Activity	Entries	Consondated
Patient Service Revenue (net of contractual											
allowances and discounts)	\$ 474 513 472	\$ 67 129 188	\$ 13 799 601	\$ -	\$ 555 442 261	\$ -	\$ -	\$ 28 935 645	\$ -	\$	\$ 584 377 906
Provision for doubtful accounts	(12 485 766)	(1 749 156)	(581 623)	_	(14 816 545)	_	_	(1.200.000)	_	_	(16 016 545)
Net patient service revenue	462 027 706	65 380 032	13 217 978	=	540 625 716	-	-	27 735 645	=	-	568 361 361
Hospital Medi-Cal supplemental fèc	10 596 467	368 788	31 289	_	10 996 544	_	_	_	-	_	10 996 544
Other operating revenue	3 249 105	253 347	1 001 016	_	4 503 468	511 165	672 565	11 355 918	(842 000)	(11 384 339)	4816777
Net assets released from restrictions	307 430	_	16 106	_	323 536	_	_	_	=	_	323 536
Total unrestricted revenues gains and											
other support	476 180 708	66 002 167	14 266 389	-	556 449 264	511 165	672 565	39 091 563	(842 000)	(11 384 339)	584 498 218
Expenses											
Salaries and benefits	234 123 089	31 205 586	7 565 575		272 894 250	219 336	-	15 414 709	-		288 528 295
Supplies and services	157 003 220	20 002 728	3 985 622	_	180 991 570	(3 868 487)	318 448	17 655 384	(159 084)	(11 384 339)	183 553 492
Hospital quality assurance fee	9 517 684	575 226	_	_	10 092 910	_	_	_	_	_	10 092 910
Professional fees	25 774 758	1 928 266	675 734		28 378 758	746 516	34 122	2 714 931	-		31 874 327
Insurance	3 036 563	513 258	68 472	_	3 618 293	_	1 137	182 900	_	_	3 802 330
Depreciation and amortization	16 941 017	2 379 326	575 581	-	19 895 924	3 406 407	40 744	1 975 039	-	-	25 318 114
Interest	992 876	7	_	_	992 883	_	49 995	56 654	(49 995)	(52 689)	996 848
Total expenses	447 389 207	56 604 397	12 870 984	-	516 864 588	503 772	444 446	37 999 617	(209 079)	(11 437 028)	544 166 316
Operating income (loss	28 791 501	9 397 770	1 395 405	-	39 584 676	7 393	228 119	1 091 946	(632 921)	52 689	40 331 902
Investment (loss) income	(1 942 316)	(166 346)	20 196	_	(2 088 466)		447	=	_	(1 144 635)	(3 232 654)
Changes in fair value of interest rate swaps	(11.846.126)	_	_	_	(11 846 126)	_	_	_	_	_	(11 846 126)
Loss on extinguishment of debi	-	-	_		-	_	_	-	_	_	_
Change in unrestricted net assets of											
the Foundations	_	_	_	_	_	_	_	-	(4 412 765)	1 067 981	(3 344 784)
Excess (deficiency) of revenues over expenses	15 003 059	9 231 424	1 415 601	-	25 650 084	7 393	228 566	1 091 946	(5 045 686)	(23 965)	21 908 338
Change in pension liability	(11 399 012)	(2.812.297)	(542 561)	_	(14 753 870)	(5 847 104)	=	=	=	=	(20 600 974)
Increase (decrease) in unrestricted net assets	\$ 3,604,047	\$ 6,419,127	\$ 873,040	\$ -	\$ 10,896,214	\$ (5,839,711)	\$ 228,566	\$ 1,091,946	\$ (5,045,686)	\$ (23,965)	\$ 1,307,364

Consolidating Statement of Changes in Net Assets

Year Ended December 31, 2012

							Equity					
	Obligated Group			Total			Pacific	Interest in the				
	Santa Barbara	Goleta Valley	Santa Y nez	Elimination	Obligated	Cottage Health	Professional	Diagnostic	Foundations'	Elimination	Total	
	Cottage	Cottage	Cottage	Entries	Group	System	Building	Laboratories	Activity	Entries	Consolidated	
Unrestricted net assets												
Excess (deficiency) of revenues over												
expenses	\$ 37 603 308	\$ 13 942 293	\$ 1 519 989	\$ -	\$ 53 065 590	\$ 8 120	\$ 300 098	\$ (227.492)	\$ (149 969)	\$ (319.056)	\$ 52 677 291	
Change in pension liability	2 951 420	(853 088)	588 907	_	2 687 239	946 442	_	_	_	_	3 633 681	
Increase (decrease) in unrestricted net assets	40 554 728	13 089 205	2 108 896	-	55 752 829	954 562	300 098	(227 492)	(149 969)	(319 056)	56 310 972	
Temporarily restricted net assets												
Contributions	98 169	200 000	845 000	-	1 143 169	_	-	-	_	-	1 143 169	
Investment gains closs	1 264 516	_	-	-	1 264 516	-	_	-	_	-	1 264 516	
Net assets released from restrictions	(403 544)	(275 178)	(4.950)	-	(683 672)	_	_	_	_	-	(683 672)	
Changes in value of contributions from												
charitable remainder trusts	_	_	5 454	_	5 454	_	_	_	_	_	5 454	
Change in net assets of the Foundations		_	_	-	_	_	_	_	3 563 811	_	3 563 811	
Increase (decrease) in temporarily restricted net assets	959 141	(75 178)	845 504	-	1 729 467	-	-	-	3 563 811	-	5 293 278	
Permanently restricted net assets												
Changes in net assets of the Affiliates		_	_	_	_	_	_	_	329 035	_	329 035	
Increase in permanently restricted net assets		-	-	-	-	-	-	-	329 035	-	329 035	
Increase (decrease) in net assets	41 513 869	13 014 027	2 954 400	-	57 482 296	954 562	300 098	(227 492)	3 742 877	(319 056)	61 933 285	
Net assets at beginning of year	633 452 485	52 047 372	16 812 085	_	702 311 942	(5 839 711)	1 573 492	6 883 792	257 831 793	(4 612 798)	958 148 510	
Net assets at end of vear	\$ 674,966,354	\$ 65,061,399	\$ 19,766,485	\$ -	\$ 759,794,238	\$ (4,885,149)	\$ 1,873,590	\$ 6,656,300	\$ 261,574,670	\$ (4,931,854)	\$ 1,020,081,795	

Consolidating Statement of Changes in Net Assets

Year Ended December 31, 2011

		Obligated	Total			Pacıfic	Equity Interest in the				
	Santa Barbara	Goleta Valley	Santa Y nez	Elimination Entries	Obligated	Cottage Health	Professional Building	Diagnostic Laboratories	Foundations'	Elimination	Total Consolidated
Unrestricted net assets Excess (deficiency) of revenues over expenses	* 15 003 059	* 9 231 424	Cottage \$ 1 415 601		Group \$ 25 650 084	System \$ 7.393	\$ 228 566	\$ 1 091 946	\$ (5.045.686)		
Change in pension liability	(11 399 012)	(2.812.297)	(542 561)		(14 753 870)		5 226,500	- 1091 a	5 (2042080)	a (50% c2) a	(20 600 974)
Increase in unrestricted net assets	3 604 047	6 419 127	873 040	=	10 896 214	(5 839 711)	228 566	1 091 946	(5 045 686)	(23 965)	1 307 364
Temporarily restricted net assets											
Contributions	188 753	210 000	25 000	-	423 753	_	_	_	_	-	423 753
Investment gains closs	(145 353)	_	_	_	(145 353)	_	_	_	_	_	(145.353)
Net assets released from restrictions	(307 430)	_	(16 106)	_	(323 536)	_	_	-	_	_	(323 536)
Changes in value of contributions from											_
charitable remainder trusts	_	-	(6 263)	-	(6 263)	-	_	-	-	-	(6 263)
Change in net assets of the Foundations		_	_	-	_	_	_	_	8 272 873	_	8 272 873
Increase (decrease) in temporarily restricted net assets	(264 030)	210 000	2 631	-	(51 399)	-	-	-	8 272 873	-	8 221 474
Permanently restricted net assets Changes in net assets of the Foundations								_	1 437 119		1 437 119
Increase (decrease) in permanently									1 437 112		1 437 112
restricted net assets	_	_	_	_	_	_	_	_	1 437 119	_	1 437 119
Increase (decrease) in net assets	3 340 017	6 629 127	875 671	-	10 844 815	(5 839 711)	228 566	1 091 946	4 664 306	(23 965)	10 965 957
Net assets at beginning of year	630 112 468	45 418 245	15 936 414	_	691 467 127	_	1 344 926	5 791 846	253 167 487	(4 588 833)	947 182 553
Net assets at end of year	\$ 633,452,485	\$ 52,047,372	\$ 16,812,085	\$ -	\$ 702,311,942	\$ (5,839,711)	\$ 1,573,492	\$ 6,883,792	\$ 257,831,793	\$ (4,612,798) \$	958,148,510

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