See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 4/01 , 2012, and ending 3/31 , 2013

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

C
Casa Colina Hospital
for Rehabilitative Medicine
P. O. Box 6001
Pomona Ca, CA 91769-6001

D Employer Identification Number
95-1643989

E Telephone number
909-596-7733

G Gross receipts $ 64,984,162.

F Name and address of principal officer Felice Loverso, Ph.D.
Same As C Above

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) Are all affiliates included? [ ] Yes [ ] No
If 'No,' attach a list (see instructions)

I Tax-exempt status [X] 501(c)(3) [ ] 501(c) ( ) ◄ (insert no) [ ] 4947(a)(1) or [ ] 527

J Website: ► www.casacolina.org

H(c) Group exemption number ►

K Form of organization [X] Corporation [ ] Trust [ ] Association [ ] Other ► **L** Year of Formation 1936 **M** State of legal domicile CA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: It is the mission of Casa Colina Hospital for Rehabilitative Medicine to provide individuals the opportunity to maximize their rehabilitation potential efficiently and effectively in an environment that recognizes their uniqueness, dignity and self esteem.

2 Check this box ► [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a)	3	22
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	20
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	542
6 Total number of volunteers (estimate if necessary)	6	23
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	508,302.
b Net unrelated business taxable income from Form 990-T, line 34	7b	-184,018.

Revenue

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	554,018.	846,566.
9 Program service revenue (Part VIII, line 2g)	60,927,012.	62,568,823.
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)	339,948.	508,302.
12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	61,820,978.	63,923,691.

Expenses

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	343,541.	143,805.
14 Benefits paid to or for members (Part IX, column (A), line 4)		
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		
16a Professional fundraising fees (Part IX, column (A), line 11e)		
b Total fundraising expenses (Part IX, column (D), line 25) ►		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	58,295,363.	61,546,162.
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	58,638,904.	61,689,967.
19 Revenue less expenses. Subtract line 18 from line 12	3,182,074.	2,233,724.

Net Assets or Fund Balances

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	51,543,570.	53,441,641.
21 Total liabilities (Part X, line 26)	23,091,913.	22,756,260.
22 Net assets or fund balances Subtract line 21 from line 20	28,451,657.	30,685,381.

Part II Signature Block

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

Sign Here

► Signature of officer 02-18-14 Date

► Felice Loverso, Ph.D. President & CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
	Self-Prepared			

Firm's name ► | Firm's EIN ►
Firm's address ► | Phone no

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

G17 J0

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission.

See Schedule O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No

If 'Yes,' describe these changes on Schedule O

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

4a (Code) (Expenses $ 61,499,168. including grants of $ 143,805.) (Revenue $ 62,568,823.)

See Schedule O

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

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

4d Other program services (Describe in Schedule O.)

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

4e Total program service expenses ► 61,499,168.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 542		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file.* (see instructions)			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?	3a	X	
b	If 'Yes' has it filed a Form 990-T for this year? *If 'No,' provide an explanation in Schedule O*	3b	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
b	If 'Yes,' enter the name of the foreign country ►			
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts.			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a		X
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
d	If 'Yes,' indicate the number of Forms 8282 filed during the year 7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	**Sponsoring organizations maintaining donor advised funds.**			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	**Section 501(c)(7) organizations.** Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11	**Section 501(c)(12) organizations.** Enter			
a	Gross income from members or shareholders	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b		
12a	**Section 4947(a)(1) non - exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year	12b		
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**			
a	Is the organization licensed to issue qualified health plans in more than one state?	13a		
	Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c	Enter the amount of reserves on hand	13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
b	If 'Yes,' has it filed a Form 720 to report these payments? *If 'No,' provide an explanation in Schedule O*	14b		

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

Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. 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.	1a 22		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 20		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?	2		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		X
6	Did the organization have members or stockholders?	6		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body?	7b		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	X	
9	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If 'Yes,' provide the names and addresses in Schedule O*	9		X

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If 'Yes,' did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990. See Schedule O			
12a	Did the organization have a written conflict of interest policy? *If 'No,' go to line 13*	12a	X	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If 'Yes,' describe in Schedule O how this is done* See Schedule O	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official See Schedule O	15a	X	
b	Other officers of key employees of the organization	15b		X
	If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions.)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X	
b	If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	X	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► None

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

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year See Schedule O

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

► Felice L. Loverso Ph.D. 255 E. Bonita Ave Pomona CA 91767-1923 909-596-7733

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W 2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Felice Loverso, Ph.D.	9									
President & CEO	41	X		X				0.	1,200,354.	15,749.
(2) Acquanetta Warren	0.5									
Director/Large	2.5	X						0.	0.	0.
(3) Robert Balzer	0.5									
Director/Large	2.5	X						0.	0.	0.
(4) Steve Norin	0.5									
Chairman	2.5	X		X				0.	0.	0.
(5) Stephen W. Graeber	0.5									
Vice Chairman	2.5	X		X				0.	0.	0.
(6) Mary Lou Jensen	0.5									
Secretary	2.5	X		X				0.	0.	0.
(7) George Langley	0.5									
Director/Large	2.5	X						0.	0.	0.
(8) Donald A. Driftmier, CP	0.5									
Director/Large	2.5	X						0.	0.	0.
(9) Rohinder Sandhu, M.D.	0.5									
Chief Med Staff	2.5	X						0.	0.	0.
(10) Frank Alvarez	0.5									
Director/Large	2.5	X						0.	0.	0.
(11) William P. Dwyre	0.5									
Director/Large	2.5	X						0.	0.	0.
(12) Joseph Unis, M.D	0.5									
Director/Large	2.5	X						0.	0.	0.
(13) Gary Lastinger	0.5									
Director/Large	2.5	X						0.	0.	0.
(14) April M. Morris	0.5									
Director/Large	2.5	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) Cameron Saylor	0.5									
Dir/Lrg Prt Yr	2.5	X						0.	0.	0.
(16) Gene Tanzey	0.5									
Director/Large	2.5	X						0.	0.	0.
(17) Mark Warren	0.5									
Director/Large	2.5	X						0.	0.	0.
(18) Rollyn M. Butler	0.5									
Director/Large	2.5	X						0.	0.	0.
(19) Gary Cripe	0.5									
Director/Large	2.5	X						0.	0.	0.
(20) James Henwood	0.5									
Director/Large	2.5	X						0.	0.	0.
(21) Randy Blackman	0.5									
Treasurer	2.5	X		X				0.	0.	0.
(22) Robb Quincey	0.5									
Dir/Lrg Prt Yr	2.5	X						0.	0.	0.
(23) Thomas Reh	0.5									
Director/Large	2.5	X						0.	0.	0.
(24) Samuel P. Crowe, Esq.	0.5									
Director/Large	2.5	X						0.	0.	0.
(25) John Cherry	9									
CFO Part Year	41			X				0.	147,143.	0.
1 b Sub-total							►	0.	1,347,497.	15,749.
c Total from continuation sheets to Part VII, Section A							►	0.	1,502,148.	78,662.
d Total (add lines 1b and 1c)							►	0.	2,849,645.	94,411.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ► 0

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ► 0

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	846,566.			
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lns 1a-1f. $					
	h **Total.** Add lines 1a-1f		846,566.			
PROGRAM SERVICE REVENUE		Business Code				
	2a Inpatient Healthcare serv	623000	45,100,623.	45,100,623.		
	b Outpatient Healthcare se	621400	12,004,607.	12,004,607.		
	c Children's Healthcare ser	621400	2,270,092.	2,270,092.		
	d Audiology Healthcare serv	621400	1,779,679.	1,779,679.		
	e Specialty Clinic Healthca	621400	1,413,822.	1,413,822.		
	f All other program service revenue					
	g **Total.** Add lines 2a-2f		62,568,823.			
	3 Investment income (including dividends, interest and other similar amounts)					
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents	956,415.				
	b Less rental expenses	1,060,471.				
	c Rental income or (loss)	-104,056.				
	d Net rental income or (loss)		-104,056.		-104,056.	
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
OTHER REVENUE	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances a					
	b Less. cost of goods sold b					
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code				
	11a UBI - Casa Colina Imaging	621498	612,358.		612,358.	
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a-11d		612,358.			
	12 **Total revenue.** See instructions		63,923,691.	62,568,823.	508,302.	0.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	143,805.	143,805.		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	0.	0.	0.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amt, list line 11g expenses on Sch O)	2,939,549.	2,939,549.		
12 Advertising and promotion				
13 Office expenses	3,225,697.	3,225,697.		
14 Information technology				
15 Royalties				
16 Occupancy	650,910.	650,910.		
17 Travel	62,172.	62,172.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	29,265.	29,265.		
20 Interest	1,167,528.	1,167,528.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,034,638.	2,034,638.		
23 Insurance	367,177.	367,177.		
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 Salary Benefits & Transfer	24,008,594.	23,817,795.	190,799.	
b Contractual allowance	22,324,139.	22,324,139.		
c Corporate G & A	3,836,439.	3,836,439.		
d Repairs Maint	328,574.	328,574.		
e All other expenses	571,480.	571,480.		
25 Total functional expenses Add lines 1 through 24e	61,689,967.	61,499,168.	190,799.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
ASSETS	1	Cash – non-interest-bearing	-1,013,029.	1	2,551,609.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	6,266,580.	4	5,005,807.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	165,780.	8	235,629.
	9	Prepaid expenses and deferred charges	594,979.	9	583,862.
	10a	Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D — 10a: 59,796,311.			
	b	Less accumulated depreciation — 10b: 17,309,459.	42,632,523.	10c	42,486,852.
	11	Investments – publicly traded securities		11	
	12	Investments – other securities See Part IV, line 11		12	
	13	Investments – program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	2,896,737.	15	2,577,882.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	51,543,570.	16	53,441,641.
LIABILITIES	17	Accounts payable and accrued expenses	1,276,443.	17	1,354,824.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	17,459,519.	20	17,028,056.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	4,355,951.	25	4,373,380.
	26	**Total liabilities.** Add lines 17 through 25	23,091,913.	26	22,756,260.
NET ASSETS OR FUND BALANCES		**Organizations that follow SFAS 117 (ASC 958), check here ► [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	28,451,657.	27	30,685,381.
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ► ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	28,451,657.	33	30,685,381.
	34	Total liabilities and net assets/fund balances	51,543,570.	34	53,441,641.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	63,923,691.
2	Total expenses (must equal Part IX, column (A), line 25)	2	61,689,967.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,233,724.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	28,451,657.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	30,685,381.

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other			
	If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both.			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both			
	☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis			
c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization	Employer identification number
Casa Colina Hospital for Rehabilitative Medicine	95-1643989

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule **A** (Form 990 or 990-EZ) 2012

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any 'unusual grants.')						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	%

16a **33-1/3% support test – 2012.** If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ► ☐

b **33-1/3% support test – 2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

17a **10%-facts-and-circumstances test – 2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and **stop here.** Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ► ☐

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

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

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal yr beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants.')						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33-1/3% support tests — 2012.** If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

b **33-1/3% support tests — 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

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

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

► **Complete if the organization is described below.** ► **Attach to Form 990 or Form 990-EZ.**
► **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
Casa Colina Hospital	95-1643989

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

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

2 Political expenditures ► $

3 Volunteer hours

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ► $ 0.

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ► $ 0.

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

4a Was a correction made? ☐ Yes ☐ No

b If 'Yes,' describe in Part IV.

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

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

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

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

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

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

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

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

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

B Check ► [ ] if the filing organization checked box A and 'limited control' provisions apply.

Limits on Lobbying Expenditures (The term 'expenditures' means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)	13,000.	13,000.
c Total lobbying expenditures (add lines 1a and 1b)	13,000.	13,000.
d Other exempt purpose expenditures	61,689,967.	89,035,284.
e Total exempt purpose expenditures (add lines 1c and 1d)	61,702,967.	89,048,284.
f Lobbying nontaxable amount. Enter the amount from the following table in both columns	1,000,000.	1,000,000.
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000.	250,000.
h Subtract line 1g from line 1a. If zero or less, enter -0-	0.	0.
i Subtract line 1f from line 1c. If zero or less, enter -0-	0.	0.

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying non-taxable amount	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
b Lobbying ceiling amount (150% of line 2a, column (e))					6,000,000.
c Total lobbying expenditures	14,202.	10,371.	14,223.	13,000.	51,796.
d Grassroots nontaxable amount	250,000.	250,000.	250,000.	250,000.	1,000,000.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000.
f Grassroots lobbying expenditures					0.

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

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

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

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

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

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

Part IV Supplemental Information

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

Part IV Supplemental Information *(continued)*

Schedule C **Affiliated Group Lobbying Expenditures Part II -A**

Name of Affiliated Group Member
CASA COLINA HOSPITAL FOR REHABILITATIVE MEDICINE

Employer ID Number
95-1643989

Affiliated Group Member Address
255 E. BONITA AVE.
POMONA, CA 91769-6001

Electing Member
YES

Limits on Lobbying Expenditures:		Line
Total lobbying expenditures to influence public opinion (grassroots lobbying)	0.	1a
Total lobbying expenditures to influence a legislative body (direct lobbying)	13,000.	b
Total lobbying expenditures (add lines 1a and 1b)	13,000.	c
Other exempt purpose expenditures	61,676,967.	d
Total exempt purpose expenditures (add lines 1c and 1d).	61,689,967.	e

Lobbying nontaxable amount.
Enter the amount from the following table.

If the amount on line e is:	The lobbying nontaxable amount is
Not over $500,000	20% of the amount on line 1e
> 500,000 <= 1,000,000	100,000 + 15% > 500,000
> 1,000,000 <= 1,500,000	175,000 + 10% > 1,000,000
> 1,500,000 <= 17,000,000	225,000 + 5% > 1,500,000
Over $17,000,000	$1,000,000

	1,000,000.	f
Grassroots nontaxable amount (enter 25% of line 1f)	250,000.	g
Subtract line 1g from line 1a (limit to zero)	0.	h
Subtract line 1f from line 1c (limit to zero)	0.	i
Member's share of excess lobbying expenditures	0.	

Part IV Supplemental Information *(continued)*

Schedule C **Affiliated Group Lobbying Expenditures Part II -A**

Name of Affiliated Group Member
PADUA VILLAGE, INC.

Employer ID Number
95-3713170

Affiliated Group Member Address
255 E. BONITA AVE.
POMONA, CA 91769-6001

Electing Member
NO

Limits on Lobbying Expenditures:		Line
Total lobbying expenditures to influence public opinion (grassroots lobbying)	0.	1a
Total lobbying expenditures to influence a legislative body (direct lobbying)	0.	b
Total lobbying expenditures (add lines 1a and 1b)	0.	c
Other exempt purpose expenditures	4,321,119.	d
Total exempt purpose expenditures (add lines 1c and 1d).	4,321,119.	e

Lobbying nontaxable amount.
Enter the amount from the following table:

If the amount on line e is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
> 500,000 <= 1,000,000	100,000 + 15% > 500,000
> 1,000,000 <= 1,500,000	175,000 + 10% > 1,000,000
> 1,500,000 <= 17,000,000	225,000 + 5% > 1,500,000
Over $17,000,000	$1,000,000

	366,056.	f
Grassroots nontaxable amount (enter 25% of line 1f)	91,514.	g
Subtract line 1g from line 1a (limit to zero)	0.	h
Subtract line 1f from line 1c (limit to zero)	0.	i
Member's share of excess lobbying expenditures	0.	

Part IV Supplemental Information *(continued)*

Schedule C **Affiliated Group Lobbying Expenditures Part II -A**

Name of Affiliated Group Member
CASA COLINA CENTER FOR REHABILITATION, INC.

Employer ID Number
95-3392219

Affiliated Group Member Address
255 E. BONITA AVE.
POMONA, CA 91769-6001

Electing Member
NO

Limits on Lobbying Expenditures:		**Line**
Total lobbying expenditures to influence public opinion (grassroots lobbying)	0.	1a
Total lobbying expenditures to influence a legislative body (direct lobbying)	0.	b
Total lobbying expenditures (add lines 1a and 1b)	0.	c
Other exempt purpose expenditures	13,559,096.	d
Total exempt purpose expenditures (add lines 1c and 1d).	13,559,096.	e

Lobbying nontaxable amount.
Enter the amount from the following table:

If the amount on line e is.	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
> 500,000 <= 1,000,000	100,000 + 15% > 500,000
> 1,000,000 <= 1,500,000	175,000 + 10% > 1,000,000
> 1,500,000 <= 17,000,000	225,000 + 5% > 1,500,000
Over $17,000,000	$1,000,000

	827,955.	f
Grassroots nontaxable amount (enter 25% of line 1f)	206,989.	g
Subtract line 1g from line 1a (limit to zero)	0.	h
Subtract line 1f from line 1c (limit to zero)	0.	i
Member's share of excess lobbying expenditures	0.	

Part IV Supplemental Information *(continued)*

Schedule C **Affiliated Group Lobbying Expenditures Part II -A**

Name of Affiliated Group Member
CASA COLINA COMPREHENSIVE OUTPATIENT REHABILITATION SERVICES

Employer ID Number
95-3266014

Affiliated Group Member Address
255 E. BONITA AVE.
POMONA, CA 91769-6001

Electing Member
NO

Limits on Lobbying Expenditures:		**Line**
Total lobbying expenditures to influence public opinion (grassroots lobbying)	0.	1a
Total lobbying expenditures to influence a legislative body (direct lobbying)	0.	b
Total lobbying expenditures (add lines 1a and 1b)	0.	c
Other exempt purpose expenditures	2,006,897.	d
Total exempt purpose expenditures (add lines 1c and 1d)	2,006,897.	e

Lobbying nontaxable amount
Enter the amount from the following table.

If the amount on line e is.	The lobbying nontaxable amount is·
Not over $500,000	20% of the amount on line 1e
> 500,000 <= 1,000,000	100,000 + 15% > 500,000
> 1,000,000 <= 1,500,000	175,000 + 10% > 1,000,000
> 1,500,000 <= 17,000,000	225,000 + 5% > 1,500,000
Over $17,000,000	$1,000,000

	250,345.	f
Grassroots nontaxable amount (enter 25% of line 1f)	62,586.	g
Subtract line 1g from line 1a (limit to zero)	0.	h
Subtract line 1f from line 1c (limit to zero)	0.	i
Member's share of excess lobbying expenditures	0.	

Part IV Supplemental Information *(continued)*

Schedule C **Affiliated Group Lobbying Expenditures Part II -A**

Name of Affiliated Group Member
CASA COLINA CENTERS FOR REHABILITATION FOUNDATION

Employer ID Number
95-3655255

Affiliated Group Member Address
255 E. BONITA AVE.
POMONA, CA 91769-6001

Electing Member
NO

Limits on Lobbying Expenditures:		Line
Total lobbying expenditures to influence public opinion (grassroots lobbying)	0.	1a
Total lobbying expenditures to influence a legislative body (direct lobbying)	0.	b
Total lobbying expenditures (add lines 1a and 1b)	0.	c
Other exempt purpose expenditures	7,471,205.	d
Total exempt purpose expenditures (add lines 1c and 1d)	7,471,205.	e
Lobbying nontaxable amount. Enter the amount from the following table	523,560.	f
Grassroots nontaxable amount (enter 25% of line 1f)	130,890.	g
Subtract line 1g from line 1a (limit to zero)	0.	h
Subtract line 1f from line 1c (limit to zero)	0.	i
Member's share of excess lobbying expenditures	0.	

If the amount on line e is·	The lobbying nontaxable amount is·
Not over $500,000	20% of the amount on line 1e
> 500,000 <= 1,000,000	100,000 + 15% > 500,000
> 1,000,000 <= 1,500,000	175,000 + 10% > 1,000,000
> 1,500,000 <= 17,000,000	225,000 + 5% > 1,500,000
Over $17,000,000	$1,000,000

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization

Casa Colina Hospital
for Rehabilitative Medicine

Employer identification number

95-1643989

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

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

☐ Preservation of land for public use (e g , recreation or education)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1 a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

(ii) Assets included in Form 990, Part X ►$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ►$ _____

b Assets included in Form 990, Part X ►$ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other _____

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIII and complete the following table:

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

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

b If 'Yes,' explain the arrangement in Part XIII. Check here if the explantion has been provided in Part XIII ☐

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

	(a) Current	(b) Prior year	(c) Two years	(d) Three years	(e) Four years
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		232,995.		232,995.
b Buildings		45,811,480.	11,816,164.	33,995,316.
c Leasehold improvements				
d Equipment		9,345,252.	5,493,295.	3,851,957.
e Other		4,406,584.		4,406,584.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)*			►	42,486,852.

Part VII Investments – Other Securities. See Form 990, Part X, line 12. N/A

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

Part VIII Investments – Program Related. See Form 990, Part X, line 13. N/A

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

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

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, column (B), line 15.)* ►	

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Long-Term Insurance Payables	358,981.
(3) Payables due affiliates	4,014,399.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total *(Column (b) must equal Form 990, Part X, column (B) line 25.)* ►	4,373,380.

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

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

1	Total revenue, gains, and other support per audited financial statements			1	42,341,228.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines 2a through 2d			2e	
3	Subtract line 2e from line 1			3	42,341,228.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.) See Part XIII	4b	21,582,463.		
c	Add lines 4a and 4b			4c	21,582,463.
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12)*			5	63,923,691.

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

1	Total expenses and losses per audited financial statements			1	40,107,502.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines 2a through 2d			2e	
3	Subtract line 2e from line 1			3	40,107,502.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.) See Part XIII	4b	21,582,465.		
c	Add lines 4a and 4b			4c	21,582,465.
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18)*			5	61,689,967.

Part XIII Supplemental Information

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

Part X - FIN 48 Footnote

PART X: IN ACCORDANCE WITH ACCOUNTING STANDARDS CODIFICATION (ASC) 740-10, INCOME TAXES, THE COMPANY RECOGNIZES THE TAX BENEFIT FROM UNCERTAIN TAX POSITIONS ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITIONS WILL BE SUSTAINED ON EXAMINATION BY THE TAX AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION. THE TAX BENEFIT IS MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50% LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT.

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Casa Colina Hospital

Employer identification number
95-1643989

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a Did the organization have a financial assistance policy during the tax year? If 'No,' skip to question 6a	1a	X	
b If 'Yes,' was it a written policy?	1b	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to the various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %	3a	X	
b Did the organization use FPG to determine eligibility for providing *discounted* care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☐ 300% ☒ 350% ☐ 400% Other _____ %	3b	X	
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the 'medically indigent'?	4	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?	5b	X	
c If 'Yes' to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		X
6a Did the organization prepare a community benefit report during the tax year?	6a	X	
b If 'Yes,' did the organization make it available to the public?	6b	X	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			172,864.		172,864.	0.28
b Medicaid (from Worksheet 3, column a)			1,365,774.	887,221.	478,553.	0.78
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	0	0	1,538,638.	887,221.	651,417.	1.06
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			401,447.		401,447.	0.65
f Health professions education (from Worksheet 5)			409,469.		409,469.	0.66
g Subsidized health services (from Worksheet 6)			914,003.		914,003.	1.48
h Research (from Worksheet 7)			232,988.		232,988.	0.38
i Cash and in-kind contributions for community benefit (from Worksheet 8)			66,118.		66,118.	0.11
j Total. Other Benefits	0	0	2,024,025.	0.	2,024,025.	3.28
k Total. Add line 7d and 7j	0	0	3,562,663.	887,221.	2,675,442.	4.34

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			42,398.		42,398.	0.07
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	Total	0	0	42,398.	0.	42,398.	0.07

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1	X	
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount Part VI	2	175,038.		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and rationale, if any, for including this portion of bad debt as community benefit Part VI	3	33,432.		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		Part VI		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	22,855,440.
6	Enter Medicare allowable costs of care relating to payments on line 5	6	21,317,679.
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	1,537,761.

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, from largest to smallest — see instructions)

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

Name, address and primary website address	Licensed hospital	General medical and surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 Casa Colina Hospital for Rehab 255 E. Bonita Ave Pomona, Ca 91769	X	X								

Section B. Facility Policies and Practices
(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of hospital facility or facility reporting group Casa Colina Hospital for Rehab

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If 'No,' skip to line 9	1	X	
If 'Yes,' indicate what the CHNA report describes (check all that apply).			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] The process for consulting with persons representing the community's interests			
i [X] 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 2011			
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 Part VI	3	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI	4		X
5 Did the hospital facility make its CHNA widely available to the public?	5	X	
If 'Yes,' indicate how the CHNA was made widely available (check all that apply)			
a [X] Hospital facility's website			
b [X] Available upon request from the hospital facility			
c [ ] Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a [X] Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b [ ] Execution of the implementation strategy			
c [ ] Participation in the development of a community-wide plan			
d [ ] Participation in the execution of a community-wide plan			
e [X] Inclusion of a community benefit section in operational plans			
f [X] Adoption of a budget for provision of services that address the needs identified in the CHNA			
g [X] Prioritization of health needs in its community			
h [X] 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	X	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b If 'Yes' to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If 'Yes' to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)* Casa Colina Hospital for Rehab Copy 1 of 1

			Yes	No
Financial Assistance Policy				
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
	If 'Yes,' indicate the FPG family income limit for eligibility for free care 200 %			
	If 'No,' explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing *discounted* care?	11	X	
	If 'Yes,' indicate the FPG family income limit for eligibility for discounted care. 350 %			
	If 'No,' explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	12	X	
	If 'Yes,' indicate the factors used in determining such amounts (check all that apply):			
a	[X] Income level			
b	[ ] Asset level			
c	[X] Medical indigency			
d	[X] Insurance status			
e	[X] Uninsured discount			
f	[X] Medicaid/Medicare			
g	[ ] State regulation			
h	[ ] Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	X	
	If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply)			
a	[X] The policy was posted on the hospital facility's website			
b	[ ] The policy was attached to billing invoices			
c	[X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[X] The policy was posted in the hospital facility's admissions offices			
e	[ ] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[ ] Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a	[X] Reporting to credit agency			
b	[X] Lawsuits			
c	[X] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized a third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17	X	
	If 'Yes,' check all actions in which the hospital facility or a third party engaged			
a	[X] Reporting to credit agency			
b	[X] Lawsuits			
c	[X] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			

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

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

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19		X
If 'No,' indicate why			
a ☒ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Financial Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☒ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	21		X
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		X
If 'Yes,' explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 0

Name and address	Type of Facility (describe)

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g , open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense

In evaluating the collectability of patient accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for both contractual adjustments and the provision for bad debts. For uninsured patients only the amounts that would normally be paid by insurance companies are considered bad debt (ie bad debt is not calculated on gross charges but rather on average realizable commercial rates).

Part III, Line 3 - Methodology of Estimated Amount & Rationale for Including in Community Benefit

In order to calculate the estimate of bad debt expense attributable to charity care the Company reviewed household income statistics from the 2007-2012 American Community Survey for all cities within a 10 mile radius of the hospital campus and calculated the number of household that would qualify for charity care based on a 200% of the Federal Poverty Limit threshhold.

The calculated amount was not included in the community benefit summary above as the Company requires a sucessfully completed charity care application for an account to be included in the charity care at cost line above.

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g., open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part III, Line 4 - Bad Debt Expense

Allowance for contractual adjustments and doubtful accounts - The Company's patient accounts receivable are reduced by allowances for contractual adjustments and doubtful accounts. In evaluating the collectability of patient accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for both contractual adjustments and doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of these allowances. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Company's allowance for doubtful accounts decreased from 7.3 percent of gross patient accounts receivable at March 31, 2012 to 6.7 percent of gross patient accounts receivable at March 31, 2013. In addition, the Company's write-offs were approximately $497,000 and $421,000 for the years ended March 31, 2013 and 2012, respectively. The Company has not changed its charity care or uninsured discount policies during 2013 or 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 II, Part III, lines 4, 8, and 9b, and Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc.)

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

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

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

Part V, Line 3 - Account Input from Person Who Represent the Community

As part of the CHNA, the Hospital conducted an independent survey of community members to analyze their health priorities and challenges.

Part VI - Needs Assessment

The Community That Casa Colina Serves

The community that Casa Colina serves is composed of persons with or at risk of disabilities, that is, those persons within the larger community who have or are at risk of having a condition that compromises their function in physical or cognitive domains.

Geographically, about 80% of Casa Colina's patients come from a radius of 15 miles from Casa Colina's main campus in Pomona, CA. This is roughly described by the 21 cities that make up the 917xx postal codes, from Rancho Cucamonga to West Covina in the foothills of the San Bernardino Mountains. Particular programs have a more regional catchment area and specialty programs such as brain injury and spinal cord injury rehabilitation attract patients from a much larger area, extending to the western states and the Pacific rim of the U.S.

In general, disability can become an issue for any person, whether acquired from an

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part VI - Needs Assessment (continued)

accident or injury, whether it stems from a developmental cause, or whether it's a result of aging. Therefore, in terms of typical demographic indicators such as age and ethnicity, Casa Colina's patients and clients reflect the very diverse population of Southern California. The comparison of the composite race/ethnicity profile for the 21 communities is compared with the profile for Casa Colina's patients in a FY 2009 study:

	21 communities composite	Range among communities	Casa Colina
White	50.7%,	9.1% to 77.04%,	84.7%
African-American	4.9%,	1.5% to 1.5%,	7.9%
Native American	0.7%,	0.001% to 1.3%,	0.1%
Asian	18.2%,	5.1% to 55.7%,	6.6%
Pacific Islander	0.2%,	0.0% to 0.6%,	0.8%
Other	15.0%,	0.2% to 32.9%,	Not listed
Two or more races	10.2%,	2.1% to 75.28%,	Not listed
TOTAL	99.9%,		100.1%
Separated listing:			
Hispanic/Latino	40.8%,		15.0%

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g., open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part VI - Needs Assessment (continued)

Note: "Hispanic/Latino" is a percentage of the whole, following the manner of listing of the 2000 census. The individuals may assign themselves in any one or more of the "racial" categories.

In terms of age, Casa Colina also serves individuals across the spectrum in relation to their prevalence in the population, with the caveat that older persons (65+) experience more disabling conditions in general than younger persons as a result of the aging process and that very young persons (birth to three years old) are preferentially given early intervention for a number of developmental diagnoses.

In terms of programs, the persons Casa Colina serve can be characterized as:

Children with developmental diagnoses such as autism, Downs Syndrome and cerebral palsy and children with other rehabilitation diagnoses.

Persons with disabilities resulting from trauma such as brain injuries, spinal cord injuries, amputations, sports injuries, and industrial injuries.

Persons with disabilities resulting from a disease process such as stroke, aneurysm, MS, Parkinson's, pulmonary disease, poly-arthritis, and complex orthopedics.

Persons with disabilities resulting from the many complications attendant on aging.

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part VI - Needs Assessment (continued)

Promoting the Health of the Community

Casa Colina's focus, paraphrasing from the Mission Statement, is to provide individuals the opportunity to maximize their medical recovery and rehabilitation potential, thus promoting the health and well-being of the community and continually fulfilling Casa Colina's exempt purposes. Although most direct care services are reimbursed, there are many ways in which Casa Colina provides benefits to the community toward these ends on a subsidized or no-cost basis. For convenience and to aid tracking results from year to year, Casa Colina has adopted the categories advanced within Federal and California legislation pertaining to Community Benefits and the standards described in "Advancing the State of the Art in Community Benefit: A User's Guide to Excellence and Accountability" (ASACB) as recommended by California's Office of State-wide Health Planning and Development. The broad categories are:

Medical services

Other benefits for vulnerable populations

Other benefits for the broader community

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part VI - Needs Assessment (continued)

Health research, education and training

Part VI - Patient Education of Eligibility for Assistance

Upon arrival, each patient is provided with a patient's handbook that outlines what they can expect during their stay at Casa Colina. A portion of the handbook decribes the process by which patients are authorized for treatment and the possible funding resources as follows:

Prior to admission, department coordinators inform patients of funding sources and receive authorization for admissions. Throughout the patient's stay case managers regularly keep funding sources informed about the patients progess and future rehabilitation needs. Services provided are covered by most health insurance and Workmen's Compensation plans. Some services may be eligible for Medicare or Medi-cal reimbursement. Per Casa Colina's charity care policy, the Casa Colina Foundation provides funds for uncompensated care to economically disadvantaged patients.

Part VI - Community Building Activities

Community Support:

As a part of coalition and capacity building for community organizations pertaining to health care and the needs of persons with or at risk of disability, Casa Colina sponsors or participates in events for a range of other charitable, non-profit and

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc.).

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

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

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

Part VI - Community Building Activities (continued)

educational organizations. During FYE 2013 Casa Colina as an organization made 16 significant contributions to organizations through direct contributions and sponsorships of events.

In addition to direct support through sponsorship, and as part of its own citizenship in the non-profit community, Casa Colina makes donations available to other organizations, particularly in cases where their overall mission or particular goal is aligned with Casa Colina's mission of service to persons with or at risk of disability. Community benefit in this sense was provided in forms ranging from sponsorships to donations of equipment, financial support, technical assistance, and the use of certain equipment

Finally, Casa Colina staff members participate in many local organizations that have individuals with disproportionate unmet healthcare needs (DUHN) as their focus. These range from organizations that focus on Downs Syndrome, autism, spinal cord injury, brain injury, MS, Parkinson's, and many other diagnostic and disability related areas. More than 324 hours of staff time paid for by Casa Colina was utilized for the benefit of these local organizations in FYE 2013.

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g , open medical staff, community board, use of surplus funds, etc.).

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

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

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

Additional Information

Schedule H Part I line 6a

A community benefits report was developed by Casa Colina Centers for Rehabilitation - Foundation (a related organization)as a means of identifying those services that were provided to the public. These services were provided to educate the public in various areas pertaining to the improvement of health related issues.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization

Casa Colina Hospital

Employer identification number

95-1643989

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ► 0

3 Enter total number of other organizations listed in the line 1 table ► 0

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

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1	Charity assistance to low income patients in need of					
2	care	64	143,805.			
3						
4						
5						
6						
7						

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

Part IV - Additional Supplemental Information

Casa Colina evaluates requests for financial assistance in accordance with the written charity care policy. The organization only provides financial assistance to individuals or to related tax exempt organizations.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

► **Complete if the organization answered 'Yes' to Form 990, Part IV, line 23.**
► **Attach to Form 990.** ► **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization: Casa Colina Hospital

Employer identification number: 95-1643989

Part I Questions Regarding Compensation

		Yes	No
1 a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
☐ Travel for companions	☐ Payments for business use of personal residence		
☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees		
☐ Discretionary spending account	☐ Personal services (e.g., maid, chauffeur, chef)		
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain	**1 b**		
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. Part III			
☒ Compensation committee	☒ Written employment contract		
☒ Independent compensation consultant	☒ Compensation survey or study		
☐ Form 990 of other organizations	☒ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:			
a Receive a severance payment or change-of-control payment? .	**4 a**	X	
b Participate in or receive payment from, a supplemental nonqualified retirement plan?	**4 b**		X
c Participate in, or receive payment from, an equity-based compensation arrangement?	**4 c**		X
If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III. Part III			
Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.			
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a The organization?	**5 a**		X
b Any related organization?	**5 b**		X
If 'Yes' to line 5a or 5b, describe in Part III.			
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a The organization?	**6 a**		X
b Any related organization?	**6 b**		X
If 'Yes' to line 6a or 6b, describe in Part III.			
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If 'Yes,' describe in Part III	**7**		X
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If 'Yes,' describe in Part III	**8**		X
9 If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	**9**		

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 columns (D) and (E) amounts for that individual.

	(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns(B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
			(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
	Felice Loverso, Ph.D.	(i)	0.	0.	0.	0.	0.	0.	0.
1	President & CEO	(ii)	510,477.	570,000.	119,877.	8,093.	7,656.	1,216,103.	0.
	Kay Berglund	(i)	0.	0.	0.	0.	0.	0.	0.
2	CFO Part Year	(ii)	99,221.	0.	172,311.	0.	6,054.	277,586.	0.
	Christopher Chalian, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
3	Medical Director	(ii)	271,390.	0.	23,327.	3,125.	989.	298,831.	0.
	Jennyfer Poduska	(i)	0.	0.	0.	0.	0.	0.	0.
4	Director/Admission	(ii)	197,099.	69,608.	36,617.	8,093.	989.	312,406.	0.
	Kathy Hwang	(i)	0.	0.	0.	0.	0.	0.	0.
5	Registered Nurse	(ii)	129,391.	0.	23,697.	6,298.	15,881.	175,267.	0.
	Kathryn Johnson	(i)	0.	0.	0.	0.	0.	0.	0.
6	Chief Nurs Officer	(ii)	179,258.	0.	13,522.	6,393.	15,608.	214,781.	0.
	Stephanie Kaplan	(i)	0.	0.	0.	0.	0.	0.	0.
7	Director of Rehab	(ii)	120,715.	12,500.	21,246.	6,157.	6,374.	166,992.	0.
		(i)							
8		(ii)							
		(i)							
9		(ii)							
		(i)							
10		(ii)							
		(i)							
11		(ii)							
		(i)							
12		(ii)							
		(i)							
13		(ii)							
		(i)							
14		(ii)							
		(i)							
15		(ii)							
		(i)							
16		(ii)							

Part III Supplemental Information

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

Part I, Line 3 - Methods Used By Related Org. To Establish CEO/Exec. Dir. Compensation

The filing organization relied on a related organization's methods to establish the top management official's compensation. Refer to schedule O for additional discussion.

Part I, Line 4 - Received Severance, Supplemental NQ Retirement, Equity-Based Compensation

Kay Berglund - Other Compensation includes Severance Payment of $ 164,997

SCHEDULE K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

► Complete if the organization answered 'Yes' to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization

Casa Colina Hospital

Employer identification number

95-1643989

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	Calif Hlth Facil Fin Auth	52-1643828	None	10/01/2011	50,000,000.	See schedule O		X		X		X
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	50,000,000.			
4	Gross proceeds in reserve funds.				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,000,000.			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	8,726,119.			
12	Other unspent proceeds	40,273,881.			
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X						
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Does the bond issue meet the private security or payment test?		X						
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b If 'Yes', to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If 'Yes' to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T?		X						
2 If 'No' to line 1, did the following apply?								
a Rebate not due yet?								
b Exception to rebate?	X							
c No rebate due?								
If you checked 'No rebate due' in line 2c, provide in Part VI the date the rebate computation was performed.								
3 Is the bond issue a variable rate issue?	X							
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitage *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?		X						
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148 ?		X						

Part V Procedures To Undertake Corrective Action

Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
	X							

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Additional Information

See Schedule O

SCHEDULE O (Form 990 or 990-EZ)	Supplemental Information to Form 990 or 990-EZ	OMB No 1545-0047
Department of the Treasury Internal Revenue Service	Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information. ► Attach to Form 990 or 990-EZ.	2012 Open to Public Inspection

Name of the organization	Employer identification number
Casa Colina Hospital for Rehabilitative Medicine	95-1643989

Schedule J, Part I, Line 3

Compensation for the organization's top management offical is based on several criteria including but not limited to, compensation committee review, independent compensation consultant, written employment contract and approval by the board of directors. The compensation is recorded by a related organization (Casa Colina Inc.) as such, the filing organization relied on a related organization's method to establish the top management official's compensation.

Schedule K, Part VI

Hospital revenue bonds, Series 2011, were issued through California Health Facility Financing Authority, collateralized by a pledge of gross receipts and certain tangible properties, interest payable monthly, at a variable rate equal to the sum of LIBOR and the applicable liquidity premium and credit spread. The Company has drawn down $9,726,119 on the Series 2011 Bonds. The remaining portion of the $50,000,000 will be utilized by the Company to complete its expansion, including a 31 bed acute care health facility, and for the implementation of electronic medical records software. The Series 2011 proceeds of the issuance were used to pay certain costs of issuance, reimburse certain capital projects and to pay off the bank line of credit applicable to previous capital project costs

Schedule K, Part I (f)

The purpose of the bond issue is as follows:

(a) to pay for, or reimburse the Borrower for its prior payment of the acquisition, construction, improvement, renovation, and equipping of certain health facilities owned by the Hospital; (b) to refinance certain existing indebtedness incurred by the Hospital to pay for the acquisition, construction, improvement, renovation, and equipping of certain health facilities owned by the Hospital; (c) to fund interest during construction of a 31 bed health facility and acquisition of an electronic

Name of the organization Casa Colina Hospital for Rehabilitative Medicine | Employer identification number 95-1643989

medical records system; and (d) to pay certain costs of issuing the Bonds

Form 990, Part V, Line 2a

The number of employees listed in line 2a represents workers employed by Casa Colina Inc, a related organization, on behalf of Casa Colina Hospital for Rehabilitative Medicine

Form 990, Part III, Line 1 - Organization Mission

It is the mission of Casa Colina Hospital for Rehabilitative Medicine to provide individuals the opportunity to maximize their rehabilitation potential efficiently and effectively in an environment that recognizes their uniqueness, dignity and self esteem.

To achieve these objectives Casa Colina manages its resources in terms of staff, services and quality care both effectively and efficiently. In order to maintain financial strength Casa Colina continues to strategically reposition itself at the forefront of the post acute continuum by becoming the excellence of excellence in the provision of services to persons who can benefit from such care.

Form 990, Part III, Line 4a - Program Service Accomplishments

During fiscal year 2013, Casa Colina Hospital had a total of 27,714 patient days. Also, the Hospital provided 75,203 outpatient visits plus an additional 11,222 Children Services visits.

It is Casa Colina Hospital's values to enhance the dignity and quality of life of every person served by providing the highest level of care and that no individual in need of physical rehabilitation care shall be refused because of his/her inability to pay. It is the policy of Casa Colina Hospital to provide charity care (uncompensated care) for those who demonstrate such inability to pay.

Casa Colina Hospital community benefits analysis consisted of benefits provided to patients for medical services and on a broader basis to the community at large. The cost of such broader community support included salaries, supplies, equipment and

Name of the organization Casa Colina Hospital for Rehabilitative Medicine

Employer identification number 95-1643989

Form 990, Part III, Line 4a - Program Service Accomplishments

outside services. Refer to schedule H for additional discussion of Financial assistance and other community services provided.

Form 990, Part VI, Line 11b - Form 990 Review Process

The 990 was reviewed by independent accounting firm for accuracy and completeness. After which time, a paper copy of the 990 is made available for review by the Board of Directors. Each member of the Board of Directors is encouraged to review the 990.

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts

The Governance Committe of the Board reviews disclosure forms on an annual basis. In addition, the ratio of interested vs disinterested directors is closely monitored. Interested directors are not allowed to hold office or serve on the audit committee. Finally, a protocol has been established that prevents the conversion of a current disinterested director to an interested director.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management

The filing organization relied on a related organization's methods to establish the top management official's compensation. The related organization, Casa Colina Inc, used the following methods to establish compensation for the CEO:

The board maintains a compensation committee that conducted an independent compensation consultation and a compensation study. Once approved by the Board of Directors the CEO is then offered a written employment contract.

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

Financial statements information is made available to the public for inspection via the Electronic Municipal Market Access website. In addition, audited financial information is provided to the public for the purpose of grant awards upon request as necessary. The organization's governing documents and conflict of interst policy are not made available to the public.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization

Casa Colina Hospital for Rehabilitative Medicine

Employer identification number

95-1643989

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Casa Colina Medical Office Building LLC 255 E Bonita Ave Pomona, CA 91767 13-4286907	Medical Office Building Rental	CA	0.	0.	Casa Colina Hospital for Rehab Medicine
(2)					
(3)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(b)(13) controlled entity? Yes	(g) Sec 512(b)(13) controlled entity? No
(1) Casa Colina Inc. 255 E. Bonita Ave Pomona, CA 91767 95-3655256	Corporate Support	CA	501(c)(3)	11-I	N/A	X	
(2) Casa Colina Cntrs for Rehab Fnd 255 E. Bonita Ave Pomona, CA 91767 95-3655255	Fundraising	CA	501(c)(3)	7	Casa Colina Inc.		X
(3) Casa Colina Compr Outpat Rehab. 255 E. Bonita Ave Pomona, CA 91767 95-3266014	Outpatient Rehabilitation Services	CA	501(c)(3)	7	Casa Colina Inc.		X
(4) Casa Colina Centers for Rehab Inc 255 E. Bonita Ave Pomona, CA 91767 95-3392219	Transistional Living Center for TBI	CA	501 (c)(3)	7	Casa Colina Inc.		X

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
See Part VII												
(1) Diagnositic Imag 255 E. Bonita Av Pomona, CA 91769 13-4286907	Radiology	CA	N/A	unrelated	-79,962.	14,932.	X		N/A	X		84.10
(2)												
(3)												

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

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

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

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Casa Colina Inc.	p	3,910,670.	Actual/Book Va
(2) Casa Colina Inc.	q	117,851.	Actual/Book Va
(3) Casa Colina Cntrs for Rehab Fnd	c	846,566.	Actual/Book Va
(4) Casa Colina Cntrs for Rehab Fnd	k	689,851.	Actual/Book Va
(5) Casa Colina Cntrs for Rehab Fnd	q	395,076.	Actual/Book Va
(6) Casa Colina Compr Outpat Rehab.	q	110,594.	Actual/Book Va

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 Form (1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													

Part VII Supplemental Information

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

Part III - Partnership Full Name, Address, FEIN

Diagnositic Imaging Center 13-4286907 255 E. Bonita Ave Pomona, CA 91769

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity? Yes	(G) Sec 512(b)(13) controlled entity? No
Padua Village Inc 255 E. Bonita Ave Pomona, CA 91767 95-3713170	Long Term Care for the Traumatically Brain Injured	CA	501 (c) (3)	7	Casa Colina Inc.		X

Part V Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(A) Name of other organization	(B) Transaction type (a-s)	(C) Amount involved	(D) Method of determining amount involved
Casa Colina Centers for Rehab Inc	q	440,034.	ctual/Book Val
Padua Village Inc	q	20,538.	ctual/Book Val
Diagnositic Imaging Center	j	448,999.	ctual/Book Val
Diagnositic Imaging Center	q	470,448.	ctual/Book Val

Schedule D, Part XI, Line 4b
Other Revenue Included On Form 990 But Not Included In F/S

Rcls contr allow & bad debt exp frm rev	$ 22,499,130.
Rental Expenses netted against revenues	-1,060,471.
Rounding	-1.
Specific Assistance netted against rev	143,805.
Total	$ 21,582,463.

Schedule D, Part XII, Line 4b
Other Expenses Included On Form 990 But Not Included In F/S

Rcls contr allow & bad debt exp frm rev	$ 22,499,130.
Rental Expenses netted against revenues	-1,060,471.
Rounding	1.
Specific Assistance netted against rev	143,805.
Total	$ 21,582,465.

Form 990

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

OMB No 1545-0047

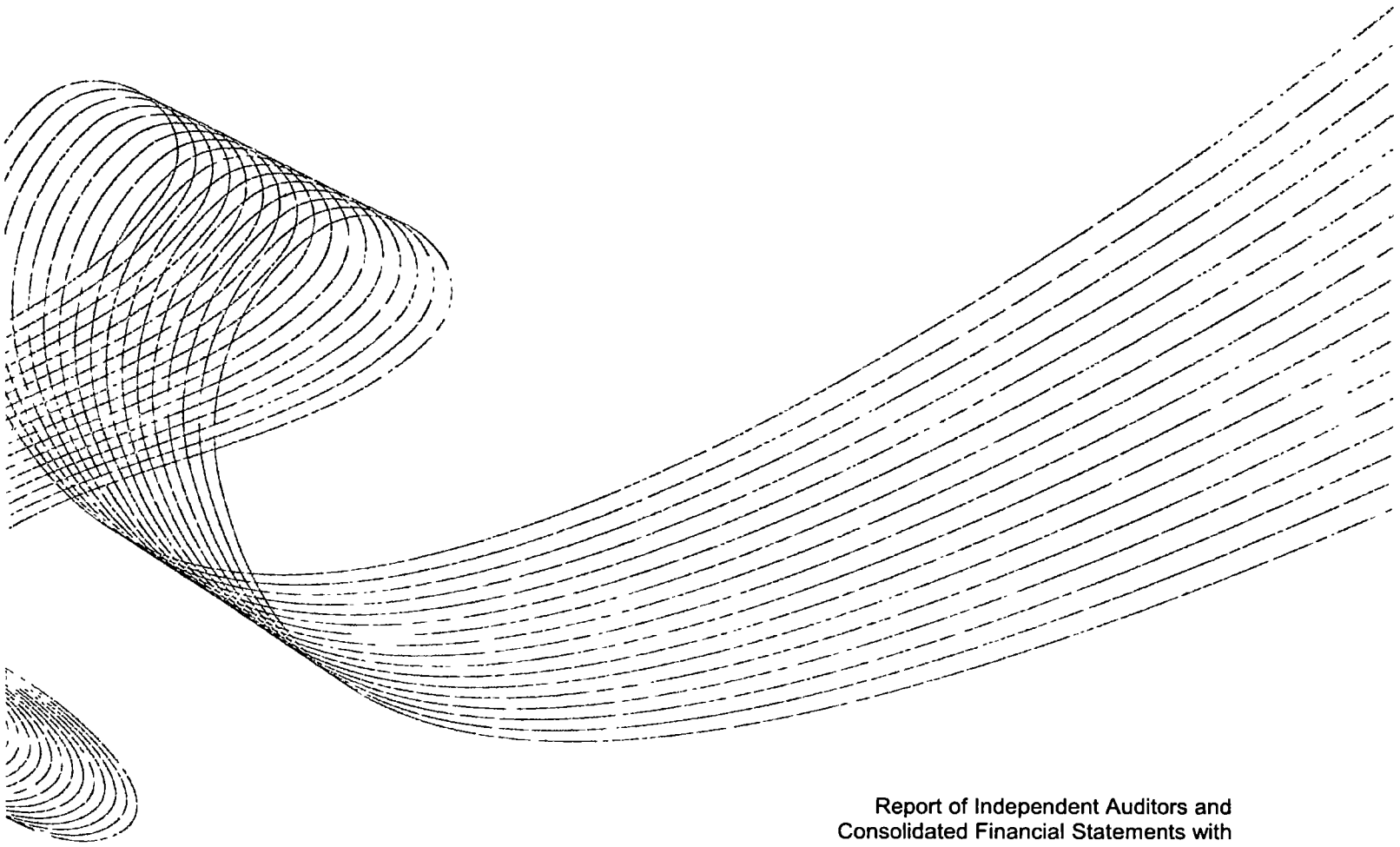
2012

Name of the Organization: Casa Colina Hospital

Employer Identification number: 95-1643989

Part VII Continuation: Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Kay Berglund	9									
CFO Part Year	41			X				0.	271,532.	6,054.
David Morony	9									
CFO Part Year	41			X				0.	132,246.	2,701.
Christopher Chalian, M.D.	13									
Medical Director	32					X		0.	294,717.	4,114.
Jennyfer Poduska	38									
Director/Admission	7					X		0.	303,324.	9,082.
Kathy Hwang	52									
Registered Nurse	0					X		0.	153,088.	22,179.
Kathryn Johnson	44									
Chief Nurs Officer	1					X		0.	192,780.	22,001.
Stephanie Kaplan	38									
Director of Rehab	7					X		0.	154,461.	12,531.



Report of Independent Auditors and
Consolidated Financial Statements with
Supplemental Information for

Casa Colina, Inc. and Affiliates

March 31, 2013 and 2012

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Casa Colina, Inc. and Affiliates

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Casa Colina, Inc. and Affiliates, which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casa Colina, Inc. and Affiliates as of March 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MOSS-ADAMS LLP

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information on pages 30 through 34 are presented for purposes of additional analysis and are not a required part of the basic consolidated 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

The accompanying supplemental information on page 35 is not a required part of the basic financial statements but is presented for purposes of additional analysis. This schedule is the responsibility of the Company's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Moss Adams LLP

Irvine, California
July 11, 2013

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS

ASSETS

	MARCH 31, 2013	MARCH 31, 2012
Current assets		
Cash and cash equivalents	$ 21,367,964	$ 7,701,404
Accounts receivables, net of allowance for doubtful accounts of $1,217,375 and $1,354,110 in 2013 and 2012, respectively	7,804,835	9,959,092
Assets limited as to use, current portion	1,989,325	2,014,074
Prepaid expenses and other current assets	1,284,883	1,416,160
Total current assets	32,447,007	21,090,730
Investments		
Marketable securities	70,108,594	72,663,179
Other investments	2,539,665	3,103,722
Total investments	72,648,259	75,766,901
Assets limited as to use, less current portion	19,362,365	19,511,942
Property and equipment, net of accumulated depreciation and amortization	62,540,029	58,925,148
Deferred financing costs, net of accumulated amortization of $968,883 and $848,466 in 2013 and 2012, respectively	1,938,797	2,154,943
Other assets	492,761	351,538
	$ 189,429,218	$ 177,801,202

See accompanying notes.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND NET ASSETS

	MARCH 31, 2013	MARCH 31, 2012
Current liabilities		
Accounts payable and accrued expenses	$ 3,743,634	$ 3,873,014
Accrued compensation and related benefits	6,209,945	6,468,229
Current portion of long-term debt	936,635	936,635
Total current liabilities	10,890,214	11,277,878
Long-term debt, less current portion	43,682,415	44,554,374
Other long-term liabilities	2,816,151	2,815,245
Net assets		
Unrestricted	120,787,128	107,682,425
Temporarily restricted	5,493,215	5,711,180
Permanently restricted	5,757,724	5,757,724
Non-controlling interest	2,371	2,376
Total net assets	132,040,438	119,153,705
	$ 189,429,218	$ 177,801,202

See accompanying notes.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED MARCH 31, 2013	2012
Revenue		
Patient service revenue	$ 61,787,622	$ 59,195,705
Provision for bad debts	(308,083)	(96,572)
Net patient service revenue	61,479,539	59,099,133
Capitation revenue	1,163,131	-
Net assets released from restrictions	691,438	912,286
Other income	7,750,607	7,576,291
Total revenue	71,084,715	67,587,710
Expenses		
Salaries and wages	32,809,912	31,109,823
Services and supplies	11,109,002	9,829,143
Employee benefits	6,651,193	6,087,715
Other operating expenses	5,493,191	5,923,594
Depreciation and amortization	3,524,583	3,299,774
Interest	2,291,960	2,317,742
Write-down of carrying amount of investments	99,930	186,540
Total expenses	61,979,771	58,754,331
Excess of revenue over expenses before non-controlling interest	9,104,944	8,833,379
Allocation of loss to non-controlling interest	(5)	(18,023)
Excess of revenue over expenses	9,104,939	8,815,356
Net unrealized gains on other than trading securities	3,999,764	795,887
Increase in unrestricted net assets	13,104,703	9,611,243
Unrestricted net assets beginning of year	107,682,425	98,071,182
Unrestricted net assets end of year	$ 120,787,128	$ 107,682,425

See accompanying notes.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Non-Controlling Interest	Total
Net assets at March 31, 2011	$ 98,071,182	$ 5,358,892	$ 5,757,724	$ 20,399	$ 109,208,197
Excess of revenue over expenses	8,815,356	-	-	-	8,815,356
Allocation of loss to non-controlling interest	-	-	-	(18,023)	(18,023)
Contributions	-	1,314,845	-	-	1,314,845
Net assets released from restrictions for operations	-	(912,286)	-	-	(912,286)
Change in net unrealized gains on other than trading securities	795,887	-	-		795,887
Change in value of charitable remainder trust	-	(119,550)	-	-	(119,550)
Change in realized and unrealized gains on investments, net	-	69,279	-	-	69,279
Increase (decrease) in net assets	9,611,243	352,288	-	(18,023)	9,945,508
Net assets at March 31, 2012	107,682,425	5,711,180	5,757,724	2,376	119,153,705
Excess of revenue over expenses	9,104,939	-	-	-	9,104,939
Allocation of loss to non-controlling interest	-	-	-	(5)	(5)
Contributions	-	750,166	-	-	750,166
Net assets released from restrictions for operations	-	(691,438)	-	-	(691,438)
Change in net unrealized gains on other than trading securities	3,999,764	-	-	-	3,999,764
Change in value of charitable remainder trust	-	(300,402)	-	-	(300,402)
Change in realized and unrealized gains on investments, net	-	23,709	-	-	23,709
Increase in net assets	13,104,703	(217,965)	-	(5)	12,886,733
Net assets at March 31, 2013	$ 120,787,128	$ 5,493,215	$ 5,757,724	$ 2,371	$ 132,040,438

See accompanying notes.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED MARCH 31, 2013	2012
Cash flows from operating activities		
Change in net assets	$ 12,886,733	$ 9,945,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,524,583	3,299,774
Provision for bad debts	308,083	96,572
Change in actuarial value of annuities	64,676	35,510
Restricted contributions	(750,166)	(1,314,845)
Net unrealized gains on other than trading securities	(3,999,764)	(795,887)
Net realized (gains) losses on other than trading securities	(645,891)	132,470
Loss on disposal of real property and equipment and other assets	-	7,429
Change in value of charitable remainder trust	300,402	119,550
Change in non-controlling interest	(5)	(18,023)
Changes in operating assets and liabilities:		
Accounts receivable, net	1,846,174	(1,595,609)
Prepaid expenses and other current assets	131,277	(132,097)
Other assets	(141,218)	(88,274)
Accounts payable and accrued expenses	(129,380)	431,409
Accrued compensation and related benefits	(258,284)	(292,828)
Other long-term liabilities	906	(413,207)
Net cash provided by operating activities	13,138,126	9,417,452
Cash flows from investing activities		
Acquisition of property and equipment	(7,019,047)	(4,717,064)
Proceeds from sale of investments	18,039,832	18,065,643
Purchase of investments	(10,401,611)	(21,879,901)
Net cash provided by (used in) investing activities	619,174	(8,531,322)
Cash flows from financing activities		
Refunds (payments) of deferred financing costs	95,729	(1,334,807)
Payments on long-term debt	(900,000)	(9,200,000)
Payments on annuities	(36,635)	(36,635)
Proceeds from restricted contributions	750,166	1,314,845
Proceeds from long term debt	-	9,726,119
Net cash (used in) provided by financing activities	(90,740)	469,522
Net change in cash and cash equivalents	13,666,560	1,355,652
Cash and cash equivalents, beginning of year	7,701,404	6,345,752
Cash and cash equivalents, end of year	$ 21,367,964	$ 7,701,404

See accompanying notes.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED MARCH 31,	
	2013	2012
Cash paid during the year for:		
Interest	$ 2,316,709	$ 2,317,742

See accompanying notes.

Note 1 - Significant Accounting Policies

Organization - Casa Colina, Inc. ("CCI" or the "Company") and its affiliates are organized as nonprofit corporations under the laws of the state of California and are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and applicable provisions of the California Revenue and Taxation Code. Casa Colina, Inc. is the sole voting member of Casa Colina Hospital for Rehabilitative Medicine, Casa Colina Centers for Rehabilitation, Inc., Casa Colina Centers for Rehabilitation Foundation, Casa Colina Comprehensive Outpatient Rehabilitation Services, Inc., and Padua Village, Inc. The Company is the sole member of Casa Colina Medical Office Building, LLC, which was established during the year ended March 31, 2012. Casa Colina Peninsula Rehabilitation Center was dissolved during the year ended March 31, 2012.

The Company operates an acute care rehabilitation hospital, community and residential facilities, an adult day health center, outpatient clinics, children's developmental and educational center, and post-medical acute services.

The Company and Claremont Imaging Associates, a radiology medical practice, own and operate Casa Colina Diagnostic Imaging Center, a diagnostic imaging center to serve patients in the surrounding community. As a result of additional capital contribution during the year ended March 31, 2013, the Company's ownership interest increased from 83.8% to 84.1% and the radiologist's ownership decreased from 16.2% to 15.9%. The operations of the joint venture are consolidated and the ownership interest of the minority owners is recorded as non-controlling interest in the accompanying consolidated financial statements.

Basis of presentation - The consolidated financial statements include the accounts of CCI and its affiliates. In the normal course of operations, each affiliate has various transactions with CCI and other affiliates, including intercompany expense allocations. Significant intercompany accounts and transactions have been eliminated in consolidation.

Net patient service revenue - Net patient service revenue is recognized as the related services are rendered and is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. In some cases, reimbursement is based on formulas which cannot be finally determined until after cost reports are filed and audited or otherwise settled by the various programs. Retroactively calculated contractual adjustments under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. These differences increased net patient service revenue by approximately $835,000 and $43,000 for the years ended March 31, 2013 and 2012, respectively.

Capitation revenue - The Diagnostic Imaging Center ("DIC") has an agreement with a medical group to provide certain imaging related medical services to enrollees. Under this agreement, DIC receives monthly capitation revenue based on the number of enrollees, regardless of services actually performed by DIC. Premium revenue under the contract is recognized during the period in which DIC is obligated to provide services.

Note 1 - Significant Accounting Policies (continued)

Contributions - Unconditional promises to give cash and other assets to the Company are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give (which can be changed until the asset is donated) are reported at fair value at the date the contribution is received.

Contributions restricted by donors, restricted income, and related expenditures are recorded in the appropriate restricted fund according to the designated purpose of the donor. Unrestricted contributions and unrestricted interest income are reflected as other income by the Company.

Temporarily and permanently restricted net assets - Temporarily restricted net assets are those whose use by the Company has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Company in perpetuity. Earnings from the permanently restricted net assets are unrestricted unless specifically restricted by the donor.

Marketable securities and investment income - Marketable equity securities with readily determinable fair values, investments in debt securities, and mutual funds are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor. Unrealized gains and losses on other than trading securities are excluded from the excess of revenue over expenses. A decline in the market value of a security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is included in excess of revenue over expenses and a new cost basis for the security is established.

Cash and cash equivalents - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Charity care - The Company's mission is to provide opportunities for persons with functional limitations to achieve health, productivity, and self-esteem regardless of their ability to pay. This commitment reflects the Company's value of providing services to residents of the community. The Company balances its obligation to provide charity care with its need to remain financially strong. Charity care is provided to patients who qualify for services based upon the Company's charity care policy. The Company maintains records to identify and monitor the level of charity care it provides, which include management's estimate of the expense to provide charity care. The Company estimates the cost to provide charity care based on the ratio of costs to provide care to revenue for all patients and multiplying the ratio by charity care charges. The Company provided charity care at a cost of approximately $271,000 and $210,000 during the years ended March 31, 2013 and 2012, respectively.

Note 1 - Significant Accounting Policies (continued)

Concentration of credit risk - Financial instruments that potentially subject the Company to credit risk consist principally of cash and patient accounts receivables. At March 31, 2013 and 2012, and throughout the years then ended, the Company had deposits in excess of federally insured limits. Management monitors the financial condition of the financial institutions and does not believe any significant credit risk exists at March 31, 2013.

The Company receives payment for services rendered to patients from the federal and state governments under the Medicare and Medi-Cal programs, and other payors based on terms defined under formal contracts. The following table summarizes the percentage of net accounts receivable from all payors at March 31:

	2013	2012
Medicare	21 %	24 %
Medi-Cal	4	10
Contracted and other	75	66
	100 %	100 %

Management continually monitors and adjusts the reserves and allowances associated with patient accounts receivable and does not believe that there are any credit risks associated with these governmental programs and payors.

Assets limited as to use - Assets limited as to use include assets that are held by trustees under indenture agreements or are set aside to meet donor restrictions or future funding requirements. Amounts required for payment of current liabilities related to such assets are classified as current assets in the accompanying consolidated balance sheets.

Allowance for contractual adjustments and doubtful accounts - The Company's patient accounts receivable are reduced by allowances for contractual adjustments and doubtful accounts. In evaluating the collectability of patient accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for both contractual adjustments and doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of these allowances. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Company's allowance for doubtful accounts decreased from 7.3 percent of gross patient accounts receivable at March 31, 2012 to 6.7 percent of gross patient accounts receivable at March 31, 2013. In addition, the Company's write-offs were approximately $497,000 and $421,000 for the years ended March 31, 2013 and 2012, respectively. The Company has not changed its charity care or uninsured discount policies during 2013 or 2012.

Note 1 - Significant Accounting Policies (continued)

Charitable remainder trusts - The Company is the remainderman for both charitable remainder and annuity trusts ("Trusts"). The Trusts are included in the category assets limited as to use and in temporary restricted net assets in the consolidated balance sheets as of March 31, 2013 and 2012. In some situations, the Company acts as trustee and is obligated to make annual payments to certain beneficiaries pursuant to the irrevocable trust agreement. These Trusts have various payment requirements which include either net income payments, fixed quarterly payments or payments calculated at a required fixed percentage on the annual fair market value of the trust assets. A liability is calculated using the Internal Revenue Service ("IRS") mortality tables and the IRS published discount rate. Upon the death of the final income beneficiary, the Company's interest in the trust becomes unrestricted property of the Company.

Property and equipment - Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Expenditures which increase values or extend useful lives are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives which range from 3 to 30 years. Equipment under capital leases are stated at the present value of minimum lease payments and are amortized using the straight line method over the shorter of the lease term or estimated useful life of the asset.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted donations, unless explicit donor stipulations specify how the donated assets must be used and are excluded from the excess of revenue over expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted donations.

Long-lived assets - Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. As of March 31, 2013 and 2012, management believes no impairment issues existed in connection with the Company's long-lived assets.

Note 1 - Significant Accounting Policies (continued)

Deferred financing costs - Costs incurred in obtaining long-term financing are amortized to interest expense over the term of the related obligations using the interest method. Such costs include legal fees, underwriter's discount, printing costs, accounting fees, rating agency fees, and other costs of issuance.

Excess of revenue over expenses - The consolidated statements of operations include excess of revenue over expenses. Changes in unrestricted net assets that are excluded from excess of revenue over expenses, consistent with industry practice, include net unrealized gains on other than trading securities 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).

Fair value of financial instruments - The Company's consolidated financial statements include the following financial instruments: cash and cash equivalents, marketable securities, accounts receivable, assets limited as to use, other investments, and other long-term liabilities. The Company believes that the carrying amounts of current assets and liabilities in the consolidated financial statements approximated the fair values of these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization.

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The carrying amounts, and fair values, of the Company's long-term debt are as follows as of March 31, 2013:

	Carrying Amount	Fair value
Hospital revenue bonds, Series 2001	$ 34,700,000	$ 35,717,941
Hospital revenue bonds, Series 2011	$ 9,726,119	$ 9,726,119

Professional liability insurance - The Company maintains a claims-made insurance policy for professional liability insurance with a deductible of $5,000 for each claim and a limit of $15,000,000 per occurrence. In management's opinion, the Company has adequately provided for any loss contingencies that may arise from this arrangement.

Use of estimates - The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, valuation allowances for receivables and third-party settlements, and liabilities for claims-made professional liability and worker's compensation insurance. Actual results could differ from those estimates.

Note 1 - Significant Accounting Policies (continued)

Expiration of donor-imposed restrictions - The expiration of donor-imposed restrictions on net assets is recognized in the period in which the restriction expires, and at that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of land, building, and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted donations. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as temporarily restricted donations. The restrictions are considered to be released at the time such long-lived assets are placed in service.

Contributed services - A large number of volunteers have contributed significant amounts of time to the Company without receiving compensation. The financial statements do not reflect the value of those services as they do not meet the recognition criteria established under generally accepted accounting principles.

Income taxes - Casa Colina, Inc. is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, Casa Colina Inc. is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

In accordance with Accounting Standards Codification (ASC) 740-10, *Income Taxes*, the Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Reclassifications - Certain reclassifications have been made to the 2012 financial statements in order to conform with the 2013 presentation.

Note 1 - Significant Accounting Policies (continued)

Recent accounting pronouncements - In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* which requires healthcare organizations that perform services for patients for which the ultimate collection of all or a portion of the amounts billed or billable cannot be determined at the time services are rendered to present all bad debt expense associated with patient service revenue as an offset to the patient service revenue line item in the statements of operations and changes in net assets. The ASU also requires qualitative disclosures about the Company's policy for recognizing revenue and bad debt expense for patient service transactions and quantitative information about the effects of changes in the assessment of collectability of patient service revenue. This ASU is effective for fiscal years beginning after December 15, 2011. The Company adopted ASU 2011-07 as of the current reporting period and applied its presentation and disclosure requirements retrospectively.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement, ASC 820, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,* which amended ASC 820, *Fair Value Measurement,* to change the wording used to describe many of the requirements in accounting principles generally accepted in the United States (U.S. GAAP) for measuring fair value and disclosing information about fair value measurements. The Company adopted ASU 2011-04 effective April 1, 2012. The adoption did not have a material impact on the Company's consolidated financial condition, results of operations, or cash flows.

In October 2012, the FASB issued ASU NO. 2012-05, *Statement of Cash Flows,* amending ASC 230, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows,* to clarify the statement of cash flows presentation of cash received from the sale of donated assets and to eliminate the diversity of presentation that currently occurs in practice. Management is currently evaluating the potential impact of this guidance, which will be effective for fiscal years beginning after June 15, 2013, but does not expect it to have a material impact on the Company's consolidated financial condition, results of operations, or cash flows.

Note 2 - Net Patient Service Revenue

The Company has agreements with third-party payors that provide reimbursement to the Company at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Company's established rates for services and amounts reimbursed by third-party payors. Contractual adjustments recorded were approximately $34,515,000 and $33,070,000 for the years ended March 31, 2013 and 2012, respectively. A summary of the basis of reimbursement with major third-party payor categories follows:

Medicare - The Company's acute inpatient rehabilitation and certain outpatient services are reimbursed on a prospective payment system.

Note 2 - Net Patient Service Revenue (continued)

Medi-Cal - Inpatient and outpatient services rendered to Medi-Cal program beneficiaries are reimbursed under a fixed amount per patient day and a schedule of maximum allowable charges, respectively.

Contracted and other - The Company has entered into reimbursement agreements with certain commercial insurance carriers, preferred provider organizations, and health maintenance organizations. The basis for reimbursement under these agreements includes discounts from established charges and prospectively determined per diem rates.

The Company's revenue is also generated from business contracts, State Department of Rehabilitation regional centers, California Children's Services, medical groups, and commercial insurance carriers.

Revenue from the Medicare and Medi-Cal programs accounted for approximately 36.8% and 1.5%, respectively, of the Company's net patient revenue for the year ended March 31, 2013, and 41.7% and 3.4%, respectively, of the Company's net patient revenue for the year ended March 31, 2012. Laws and regulations governing Medicare and Medi-Cal programs are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigation involving allegations of potential wrongdoing. 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 Medi-Cal programs.

Note 3 - Fair Value of Assets

ASC 820-10 defines fair value as 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. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Note 3 - Fair Value of Assets (continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable securities - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. These securities are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Alternative investments - The alternative funds consist of investments in two hedge fund of funds named Offshore Opportunity Fund II, Ltd. ("Opportunity Fund") and Core Property Fund, L.P. ("Core Property Fund"). Opportunity Fund is a privately placed Cayman-domiciled hedge fund and Core Property Fund is a limited partnership incorporated in Delaware. The Opportunity Fund and Core Property Fund are not publicly tradable and there are restrictions on the types of qualifying purchasers. Opportunity Fund is invested in various industry sectors and trading strategies and has a one year lock up provision on initial subscription and is redeemable quarterly via a Tender Offer at the discretion of the advisor. Both Core Property Fund and Opportunity Fund require a 10% hold back on the final payment in the event of redemption. The hold back amount is held in escrow until the issuance of the Fund's audited financial statements for the year end following the redemption. The Company redeemed its position in Opportunity Fund, subject to the hold back amount, on July 31, 2012. The hold back amount of $274,824 was in escrow as of March 31, 2013. Core Property Fund is invested in a range of commercial real estate properties including office, multi-family, retail, industrial and hotel properties. The Company is generally permitted to redeem its interest, subject to the hold back, from the Core Property Fund as of the last Business Day of any calendar quarter so long as the Company has provided written notice at least 65 days prior.

Both Opportunity Fund and Core Property Fund are valued using the net asset value (NAV) per share of the Fund as a practical expedient to determine fair value. The Company has obtained reasonable assurance from the hedge fund manager as well as the audited report of the fund by independent outside auditors that the NAV is fairly stated. The NAV of the fund is determined in accordance with the valuation principles set forth or as may be determined from time to time pursuant to policies established by the fund's board. Fair value is the value determined for each investment fund in accordance with the fund's valuation policies. Usually the fair value is an amount equal to the sum of the capital accounts in the investment funds determined in accordance with generally accepted accounting principles. Considerable judgment is required to interpret the factors used to develop estimates of fair value. Accordingly, the estimates may not be indicative of the amounts the Opportunity Fund and Core Property Fund could realize and the differences could be material to the consolidated financial statements. The use of different factors or estimation methodologies could have a significant effect on the estimated fair value.

Note 3 - Fair Value of Assets (continued)

Interest in charitable remainder trust - The Trusts, described in Note 1, invest their assets in marketable equity and debt securities traded in active markets. The interest in charitable remainder trusts for which the Company is trustee is classified within Level 1 of the fair value hierarchy. The interest in charitable remainder trusts for which the Company is not the trustee is classified within Level 3 of the fair value hierarchy as there are certain unobservable inputs in calculating the fair value of the interest, such as discount rates and expected remaining life of the other beneficiaries.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall:

	March 31, 2013		
		Fair Value Measurements Using	
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Registered investment companies:			
Large cap funds	$ 249,919	$ 249,919	$ -
Small/mid cap funds	2,587,564	2,587,564	-
International equity funds	7,171,982	7,171,982	-
Fixed income funds	39,991,610	39,991,610	-
Common stocks:			
Consumer	6,846,591	6,846,591	-
Financials	2,962,025	2,962,025	-
Industrials	4,254,728	4,254,728	-
Materials	3,939,872	3,939,872	-
Telecommunication services	1,049,651	1,049,651	-
Utilities	945,440	945,440	-
Other	109,212	109,212	-
Assets limited as to use:			
Assets limited as to use	18,842,178	18,842,178	-
Interest in charitable remainder trust	2,509,512	-	2,509,512
Other investments:			
Multi-strategy hedge fund	274,824	-	274,824
Real estate hedge fund	1,918,125	-	1,918,125
Other investments	346,716	-	346,716
Total assets at fair value	$ 93,999,949	$ 88,950,772	$ 5,049,177

Note 3 - Fair Value of Assets (continued)

	March 31, 2012		
		Fair Value Measurements Using	
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Registered investment companies:			
Large cap funds	$ 220,292	$ 220,292	$ -
Small/mid cap funds	1,848,771	1,848,771	-
International equity funds	7,686,502	7,686,502	-
Fixed income funds	42,731,638	42,731,638	-
Common stocks:			
Consumer	5,971,734	5,971,734	-
Financials	3,086,186	3,086,186	-
Industrials	5,352,693	5,352,693	-
Materials	3,750,108	3,750,108	-
Telecommunication services	871,222	871,222	-
Utilities	953,443	953,443	-
Other	190,590	190,590	-
Assets limited as to use:			
Assets limited as to use	18,933,376	18,933,376	-
Interest in charitable remainder trust	2,592,640	-	2,592,640
Other investments:			
Multi-strategy hedge fund	2,757,006	-	2,757,006
Other investments	346,716	-	346,716
	$ 97,292,917	$ 91,596,555	$ 5,696,362

There were no amounts transferred between Level 1, Level 2, and Level 3 during the year ended March 31, 2013 and 2012.

Note 3 - Fair Value of Assets (continued)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheets using significant unobservable (Level 3) inputs:

	Multi-Strategy Hedge Fund	Real Estate Hedge Fund	Interest in Charitable Remainder Trust	Other Investments
Balance, March 31, 2011	$ 2,828,521	$ -	$ 2,712,190	$ 346,716
Total realized and unrealized gains and (losses):				
Included in unrestricted net assets	(71,515)	-	-	-
Included in temporarily restricted net assets	-	-	(119,550)	-
Balance, March 31 , 2012	2,757,006	-	2,592,640	346,716
Sale of assets	(2,473,376)	-	-	-
Purchase of assets	-	1,918,125	-	-
Total realized and unrealized gains and (losses):				
Included in unrestricted net assets	(8,806)	-	-	-
Included in temporarily restricted net assets	-	-	(83,128)	-
Balance, March 31 , 2013	$ 274,824	$ 1,918,125	$ 2,509,512	$ 346,716

The composition of investments at March 31, which are stated at fair value, is set forth in the following table:

	2013		2012	
	Cost	Fair value	Cost	Fair value
Marketable securities				
Marketable equity securities	$ 6,091,684	$ 13,250,023	$ 8,520,622	$ 13,378,670
Mutual funds fixed securities	45,835,955	46,849,107	49,147,967	49,528,944
Mutual funds primarily equities	10,132,042	10,009,464	12,958,657	9,755,565
	62,059,681	70,108,594	70,627,246	72,663,179
Other investments				
Alternative investments	2,192,949	2,192,949	2,697,292	2,757,006
Other	346,716	346,716	346,716	346,716
	2,539,665	2,539,665	3,044,008	3,103,722
	$ 64,599,346	$ 72,648,259	$ 73,671,254	$ 75,766,901

Note 3 - Fair Value of Assets (continued)

Investment income and net realized and unrealized gains (losses) consist of the following for the years ended March 31:

	2013	2012
Interest and dividend income, included in other income	$ 3,089,053	$ 3,138,766
Net realized gains (losses) on sale of investments	745,821	54,070
Net unrealized gains on sale of investments	3,999,764	795,887
Write-down of carrying amount of investments	(99,930)	(186,540)
	4,645,655	663,417
	$ 7,734,708	$ 3,802,183

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2013 and 2012 were as follows:

	2013					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
Marketable equity securities	$ (48,786)	$ 709,142	$ -	$ -	$ (48,786)	$ 709,142
Mutual funds fixed securities	-	-	(132,819)	6,885,737	(132,819)	6,885,737
Mutual funds primarily equities	-	-	(494,721)	7,171,982	(494,721)	7,171,982
	$ (48,786)	$ 709,142	$ (627,540)	$ 14,057,719	$ (676,326)	$ 14,766,861

	2012					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
Marketable equity securities	$ (181,058)	$ 1,081,527	$ (625,239)	$ 2,461,520	$ (806,297)	$ 3,543,047
Mutual funds fixed securities	-	-	(347,878)	6,532,771	(347,878)	6,532,771
Mutual funds primarily equities	-	-	(1,256,764)	7,686,502	(1,256,764)	7,686,502
	$ (181,058)	$ 1,081,527	$ (2,229,881)	$ 16,680,793	$ (2,410,939)	$ 17,762,320

Note 3 - Fair Value of Assets (continued)

The investments in equity securities with unrealized losses are comprised of various corporations in different industries. The Company has reviewed market reports asserting a positive outlook for the various corporations. As the Company has the ability to and intends to hold the shares until a market price recovery, these investments are considered temporarily impaired.

The unrealized losses in investments in mutual fixed securities consists of an investment in a publicly traded fixed income fund invested in a variety of debt securities including U.S. Treasury obligations, U.S. Government Agency obligations, loan participations, asset-backed and mortgage-backed securities, and corporate obligations including global entities. The losses were caused due to interest rate changes. The fund's manager has the intention and ability to retain the asset until maturity.

The unrealized loss in investments in mutual funds primarily equities was caused by a general down turn in the market, especially in the equity market. The Company has reviewed the make-up of the equity securities, which is well diversified in various industries, and believes that the market will recover.

Note 4 - Assets Limited as to Use

The composition of assets limited as to use at March 31 is set forth in the following table. Investments are stated at fair value, which approximates costs.

	2013	2012
Funds required to meet future annuity funding requirements:		
Mutual funds primarily equities	$ 914,887	$ 806,345
U.S. government securities	1,352,645	1,331,609
	2,267,532	2,137,954
Donor-restricted assets held in trust:		
Cash and cash equivalents	146,694	156,035
Mutual funds and marketable government securities	2,882,984	3,150,103
Other investments	406,982	488,113
	3,436,660	3,794,251
U.S. government securities held by trustee under bond indenture:		
Reserve fund	3,598,335	3,523,976
Interest fund	1,052,688	1,077,438
Principal fund	903,306	903,306
	5,554,329	5,504,720
Donor-restricted assets:		
Cash and cash equivalents	406,883	405,174
Mutual funds and marketable government securities	7,132,294	7,046,797
Other	44,480	44,480
	7,583,657	7,496,451
Trust assets held by trustee	2,509,512	2,592,640
	21,351,690	21,526,016
Less current portion	1,989,325	2,014,074
	$ 19,362,365	$ 19,511,942

Note 4 - Assets Limited as to Use (continued)

Donor-restricted assets are available primarily for charity and health care, purchase of equipment, residential living, post-medical, and patient activities.

The assets held by the trustee under bond indenture require the Company to maintain certain investments with the trustee under a reserve fund and interest fund to pay principal and interest (see Note 6).

Note 5 - Property and Equipment

Property and equipment consist of the following at March 31:

	2013	2012
Land and improvements	$ 5,266,883	$ 5,193,961
Buildings and improvements	64,900,660	64,844,010
Equipment	13,198,375	13,384,175
Construction in process	10,538,306	3,959,772
	93,904,224	87,381,918
Less accumulated depreciation	31,364,195	28,456,770
	$ 62,540,029	$ 58,925,148

The estimated cost to complete the construction in process is approximately $50,707,000 as of March 31, 2013.

Note 6 - Long-Term Debt

Long-Term Debt consists of the following at March 31:

	2013	2012
Hospital revenue bonds, Series 2001, issued through California Health Facilities Financing Authority, collateralized by a pledge of gross receipts and certain tangible properties, principal and interest payable semi-annually, at fixed rates ranging from 5.5% to 6.125%.	$ 34,700,000	$ 35,600,000
Gift annuities payable, due in various installments aggregating to $36,635 annually, collateralized by marketable equity and debt securities with a carrying amount of $2,267,532 at March 31, 2013.	192,931	164,890
Hospital revenue bonds, Series 2011, issued through California Health Facilities Financing Authority, collateralized by a pledge of of gross receipts and certain tangible properties, interest payable monthly, at a variable rate equal to the sum of LIBOR and the applicable liquidity premium and credit spread (1.775% at March 31, 2013).	9,726,119	9,726,119
	44,619,050	45,491,009
Less current portion	936,635	936,635
	$ 43,682,415	$ 44,554,374

Maturities of long-term debt are as follows:

Year ending March 31:	
2014	$ 936,635
2015	1,036,635
2016	1,891,635
2017	1,936,635
2018	2,086,635
Thereafter	36,730,875
	$ 44,619,050

Note 6 - Long-Term Debt (continued)

On October 1, 2011 and December 1, 2001 the Company issued California Health Facilities Financing Authority (CHFFA) Revenue Bonds. The Series 2011 and 2001 Bonds had aggregate principal amounts of $50,000,000 and $40,000,000, respectively. The Company has drawn down $9,726,119 on its Series 2011 Bonds. The remaining portion of the $50,000,000 will be utilized by the Company to complete its expansion, including a 31-bed acute care hospital and 3 operating rooms, and for the implementation of electronic medical records software. The Series 2011 proceeds of the issuance were used to pay certain costs of issuance, reimburse certain capital projects and to pay off the bank line of credit applicable to previous capital project costs. The proceeds of the Series 2001 issuance were used to refund previously issued bonds, establish a project fund for certain capital projects, purchase equipment, pay off a portion of the bank line of credit applied to the project expenditure, pay certain costs of issuance, and establish a reserve fund, interest fund, and a principal fund on behalf of the Company (see Note 4).

The Series 2011 Bonds were issued as drawn down bonds and were privately placed for a period of 7 years. The bonds bear interest equal to the sum of LIBOR times a factor plus a pre-determined spread. The variable interest rate at March 31, 2013 was 1.775%. The Company purchased an interest rate cap effective January 2, 2014 at a fixed rate of 7% on $25,000,000 for the term of the bonds. The one time interest rate cap is being amortized over the same time period.

The 2001 bonds outstanding totaled $34,700,000 as of March 31, 2013. Serial bonds totaling $900,000 with a fixed interest rate of 5.5% mature April 1, 2013. Term bonds totaling $33,800,000 with a fixed interest rate of 6.0% to 6.125% mature on April 1, 2022 and 2032 with payment requirements of $11,500,000, and $22,300,000, respectively.

Both the Series 2001 and 2011 bonds contain certain restrictive covenants, including the maintenance of debt service coverage of 1.25-to-1.0 and limitations on the amount of any additional borrowings. The 2011 bonds also require maintenance of certain liquidity and debt to capitalization ratios. If the Company does not meet the minimum debt service coverage ratio, the Company will be required to engage a consultant to review the operations and provide recommendations for changes, with the purpose of helping the Company improve operations to meet the minimum debt service coverage ratio. Management believes the Company was in compliance with its debt covenants as of March 31, 2013.

The Series 2011 and 2001 Bonds are supported by a pledge of gross receipts and a deed of trust relating to certain property.

Note 7 - Leases

The Company leases equipment that does not meet the criteria for capitalization and is classified as operating leases with related rentals charged to operations as incurred. The Company also has several noncancelable operating leases for equipment and facilities that expire over the next one to six years. Rental expense for all operating leases was approximately $491,000 and $465,000 for the years ended March 31, 2013 and 2012, respectively.

Note 7 - Leases (continued)

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of March 31, 2013 are:

Year ending March 31:	Operating Leases
2014	$ 189,631
2015	182,073
2016	181,926
2017	189,203
2018	196,772
Thereafter	25,005
Total minimum lease payments	$ 964,610

Note 8 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at March 31 are available for the following purposes:

	2013	2012
Capital projects	$ 41,468	$ 35,012
Program innovation and research	144,061	229,257
Patient care services	1,684,904	1,520,421
For periods after March 31, 2013 and March 31, 2012, respectively	3,622,782	3,926,490
Total temporarily restricted net assets	$ 5,493,215	$ 5,711,180

Permanently restricted net assets of $5,757,724 at March 31, 2013 and 2012, represent investments to be held in perpetuity. The Company's policy is to preserve the fair value of the original gift as of the gift date of the permanently donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this policy, the Company classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent restricted fund, (b) the original value of subsequent gifts to the permanent funds, and (c) accumulations to the permanently restricted funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The income from such net assets for the year ended March 31, 2013 and 2012 is unrestricted for use to support general operations. In accordance with the Universal Prudent Management of Institutional Funds Act (UPMIFA), the Company considers the following factors in making a determination to appropriate or accumulate permanently donor-restricted funds: (1) the duration and preservation of the fund, (2) the Company's charitable mission, (3) donor imposed restrictions, (4) general economic conditions, (5) the possible effect of inflation and deflation, (6) the expected total return from income and the appreciation of investments, (7) other resources of the Company, and (8) the investment policies of the Company.

Note 9 - Retirement Plans

The Company has a defined contribution profit sharing plan. For contribution purposes, the profit sharing covers employees who have reached the age of 21 and have worked at least 1,000 hours during the calendar year. Contributions are discretionary. Expense under the plan totaled approximately $429,000 and $527,000 for the years ended March 31, 2013 and 2012, respectively.

The Company has a tax deferred 403 (b) plan whereby employees may make voluntary contributions up to the limit pursuant by IRS law. The Company will match a percentage portion of the employees' contribution into the deferred plan. Employees must work at least 1,000 hours during the calendar year and be employed on the last day of the year to receive a matching amount. The expense under the plan totaled approximately $164,000 and $142,000 for the years ended March 31, 2013 and 2012, respectively.

Note 10 - Non-Controlling Interest

In January 2005, the Company and Claremont Imaging Associates entered into a joint venture whereby both parties agreed to develop, own, and operate a diagnostic imaging center to serve patients in the surrounding community. The Company's ownership interest is 84.1% and the radiologists' ownership interest is 15.9% as of March 31, 2013. The Company's ownership interest was 83.8% and the radiologists' ownership interest was 16.2% at March 31, 2012. The operations of the joint venture are consolidated and the ownership interest of the minority owners are recorded as non-controlling interest in the accompanying consolidated financial statements.

Note 11 - Functional Expenses

The Company provides health care, community and residential living, and post-medical acute services to residents within its geographic locations. The expenses related to providing these services, as well as investment and fund-raising activities, are as follows for the years ended March 31:

	2013	2012
Health care services	$ 40,335,782	$ 38,841,304
Community and residential living	3,908,218	4,016,972
Post-medical acute services	6,626,533	5,743,235
Research, investment, and other program expenses	4,200,632	3,386,298
Total program expenses	55,071,165	51,987,809
Fund-raising	1,152,613	1,248,574
Writedown of investments	99,930	186,540
General and administrative	5,656,063	5,331,408
	$ 61,979,771	$ 58,754,331

Note 12 - Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the date the financial statements were issued. The Company has evaluated subsequent events through July 11, 2013, which is the date the financial statements were issued.

On May 15, 2013 the Company made a partial redemption of the 2001 Bonds totaling $10,500,000. The redeemed amounts had a fixed interest rate of 6.125%. The required principal payments prior to redemption were originally due in four installments from April 1, 2029 to April 1, 2032.

SUPPLEMENTAL INFORMATION

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEET
MARCH 31, 2013

Assets	Consolidated Balance	Eliminations / Reclassifications	Casa Colina, Inc.	Casa Colina Hospital for Rehabilitative Medicine	Casa Colina Diagnostic Imaging Center	Casa Colina Centers for Rehabilitation, Inc.	Padua Village, Inc.	Casa Colina Comprehensive Outpatient Rehabilitation Services, Inc.	Casa Colina Medical Office Building LLC	Casa Colina Centers for Rehabilitation Foundation
Current assets										
Cash and cash equivalents	$ 21,367,964	$ -	$ 2,018,341	$ 2,551,609	$ 386,167	$ 9,840,822	$ 4,372,908	$ 672,555	$ 1,496	$ 1,524,066
Accounts receivable, net of allowance for doubtful accounts	7,804,835	517,525	-	5,005,807	341,658	834,612	924,712	180,521	-	-
Assets limited as to use, current portion	1,989,325	-	-	-	-	-	-	-	-	1,989,325
Prepaid expenses and other current assets	1,284,883	(30,056,026)	4,670,117	1,099,961	51,819	16,202,342	9,009,073	133,051	-	174,546
Total current assets	32,447,007	(29,538,501)	6,688,458	8,657,377	779,644	26,877,776	14,306,693	986,127	1,496	3,687,937
Investments										
Marketable securities	70,108,594	-	-	-	-	-	-	-	-	70,108,594
Other investments	2,539,665	-	-	-	-	-	-	-	-	2,539,665
Investment in joint venture	-	(14,932)	-	14,932	-	-	-	-	-	-
Total investments	72,648,259	(14,932)	-	14,932	-	-	-	-	-	72,648,259
Assets limited as to use, less current portion	19,362,365	-	4,680	426,420	-	75,510	51,570	27,720	-	18,776,465
Property and equipment										
Land and improvements	5,266,883	-	-	1,394,452	-	68,323	1,647,255	-	-	2,156,853
Buildings	64,900,660	-	-	45,105,188	-	5,243,850	4,160,183	1,340,553	-	9,050,886
Equipment	13,198,375	-	1,322,478	8,890,087	67,743	525,334	746,600	210,915	-	1,435,218
Construction in progress	10,538,306	-	-	4,406,584	-	-	-	-	-	6,131,722
	93,904,224	-	1,322,478	59,796,311	67,743	5,837,507	6,554,038	1,551,468	-	18,774,679
Less accumulated depreciation	(31,364,195)	-	(1,055,675)	(17,309,459)	(54,645)	(2,718,968)	(3,296,527)	(711,489)	-	(6,217,432)
Property and equipment, net	62,540,029	-	266,803	42,486,852	13,098	3,118,539	3,257,511	839,979	-	12,557,247
Deferred financing costs, net	1,938,797	-	4,003	1,284,079	-	48,220	37,905	30,541	-	534,049
Other assets	492,761	(213,000)	133,780	571,981	-	-	-	-	-	-
Total assets	$ 189,429,218	$ (29,766,433)	$ 7,097,724	$ 53,441,641	$ 792,742	$ 30,120,045	$ 17,653,679	$ 1,884,367	$ 1,496	$ 108,203,957

See accompanying report of independent auditors.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEET (CONTINUED)
MARCH 31, 2013

Liabilities and Net Assets	Consolidated Balance	Eliminations / Reclassifications	Casa Colina, Inc.	Casa Colina Hospital for Rehabilitative Medicine	Casa Colina Diagnostic Imaging Center	Casa Colina Centers for Rehabilitation, Inc.	Padua Village, Inc.	Casa Colina Comprehensive Outpatient Rehabilitation Services, Inc.	Casa Colina Medical Office Building LLC	Casa Colina Centers for Rehabilitation Foundation
Current liabilities										
Accounts payable and accrued expenses	$ 3,743,634	$ (29,751,501)	$ 370,122	$ 5,366,852	$ 777,810	$ 95,019	$ 37,272	$ 12,154	$ 1,496	$ 26,834,410
Accrued compensation and related benefits	6,209,945	-	5,562,210	-	-	17,136	-	-	-	630,599
Current portion of long-term debt	936,635	-	4,663	431,463	-	75,233	51,383	27,618	-	346,275
Total current liabilities	10,890,214	(29,751,501)	5,936,995	5,798,315	777,810	187,388	88,655	39,772	1,496	27,811,284
Long-term debt, less current portion	43,682,415	-	174,730	16,596,593	-	2,657,527	1,937,311	997,558	-	21,318,696
Other long-term liabilities	2,816,151	-	133,780	358,981	-	-	-	-	-	2,323,390
Total long term liabilities	46,498,566	-	308,510	16,955,574	-	2,657,527	1,937,311	997,558	-	23,642,086
Net assets										
Unrestricted	120,787,128	(14,932)	852,219	30,685,381	14,932	27,275,130	15,627,713	847,037	-	45,499,648
Temporarily restricted	5,493,215	-	-	-	-	-	-	-	-	5,493,215
Permanently restricted	5,757,724	-	-	-	-	-	-	-	-	5,757,724
Non-controlling interest	2,371	-	-	2,371	-	-	-	-	-	-
Total net assets	132,040,438	(14,932)	852,219	30,687,752	14,932	27,275,130	15,627,713	847,037	-	56,750,587
Total liabilities and net assets	$ 189,429,218	$ (29,766,433)	$ 7,097,724	$ 53,441,641	$ 792,742	$ 30,120,045	$ 17,653,679	$ 1,884,367	$ 1,496	$ 108,203,957

See accompanying report of independent auditors.

CASA COLINA, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2013

	Consolidated Balance	Eliminations	Casa Colina, Inc.	Casa Colina Hospital for Rehabilitative Medicine	Casa Colina Diagnostic Imaging Center	Padua Village, Inc.	Casa Colina Centers for Rehabilitation, Inc.	Casa Colina Comprehensive Outpatient Rehabilitation Services, Inc.	Casa Colina Medical Office Building LLC	Casa Colina Centers for Rehabilitation Foundation
Revenues										
Patient service revenue	$ 61,787,622	$ -	$ -	$ 39,019,779	$ 2,935,632	$ 6,238,061	$ 12,593,509	$ 1,000,641	$ -	$ -
Provision for bad debts	(308,083)	-	-	(175,038)	(118,398)	-	-	(14,647)	-	-
Net patient service revenue	61,479,539	-	-	38,844,741	2,817,234	6,238,061	12,593,509	985,994	-	-
Capitation revenue	1,163,131	-	-	-	1,163,131	-	-	-	-	-
Net assets released from restrictions	691,438	-	-	-	-	-	-	-	-	691,438
Other income	7,750,607	(1,730,564)	883	3,496,487	3,858	558,176	274,850	788,402	-	4,358,515
Total revenue	71,084,715	(1,730,564)	883	42,341,228	3,984,223	6,796,237	12,868,359	1,774,396	-	5,049,953
Expenses										
Salaries and wages	32,809,912	-	3,939,053	20,173,249	-	2,357,553	3,874,716	968,114	-	1,497,227
Services and supplies	11,109,002	-	725,374	5,094,431	2,633,428	265,024	999,353	282,366	-	1,109,026
Employee benefits	6,651,193	-	819,325	4,045,804	-	477,704	773,410	194,595	-	340,355
Other operating expenses	5,493,191	(1,810,531)	1,071,959	3,447,278	627,310	464,342	350,373	96,869	-	1,245,591
Depreciation and amortization	3,524,583	-	82,137	2,361,630	2,542	222,959	358,953	74,851	-	421,511
Interest	2,291,960	-	10,944	1,167,528	16,581	120,636	176,640	64,848	-	734,783
Labor and benefits transfer	-	-	(789,075)	(93,088)	784,324	-	93,088	-	-	4,751
Home office operating transfer	-	-	(5,858,834)	3,910,670	-	412,903	664,586	181,515	-	689,160
Write-down of carrying amount of investments	99,930	-	-	-	-	-	-	-	-	99,930
Total expenses	61,979,771	(1,810,531)	883	40,107,502	4,064,185	4,321,121	7,291,119	1,863,158	-	6,142,334
Excess (deficiency) of revenue over expenses before non-controlling interest	9,104,944	79,967	-	2,233,726	(79,962)	2,475,116	5,577,240	(88,762)	-	(1,092,381)
Allocation of loss to non-controlling interest	(5)	(5)	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenses	9,104,939	79,962	-	2,233,726	(79,962)	2,475,116	5,577,240	(88,762)	-	(1,092,381)
Change in net unrealized gains on other than trading securities	3,999,764	-	-	-	-	-	-	-	-	3,999,764
Increase (decrease) in unrestricted net assets	$ 13,104,703	$ 79,962	$ -	$ 2,233,726	$ (79,962)	$ 2,475,116	$ 5,577,240	$ (88,762)	$ -	$ 2,907,383

See accompanying report of independent auditors.

CASA COLINA, INC. AND AFFILIATES
SCHEDULE OF RESTRICTED AND UNRESTRICTED DONATIONS
YEAR ENDED MARCH 31, 2013

	Revenue	Expenses	Net
General	$ -	$ 547,883	$ (547,883)
Major gifts and others	189,890	194,322	(4,432)
Direct mail	77,066	62,517	14,549
Grants	251,076	95,875	155,201
Planned giving	754,324	16,197	738,127
Miscellaneous program donations:			
Padua Village	5,725	-	5,725
Outdoor Adventures Adult Day Health	1,485	-	1,485
Events:			
Children's Service Center Events	88,608	43,637	44,971
Padua Village Golf Tournament	337,485	102,632	234,853
75th Anniversary Gala	3,500	-	3,500
Tribute-to-Courage Dinner	56,900	25,546	31,354
Golf Classic	160,941	64,004	96,937
Adaptive Sports - Land and Sea	500	-	500
Total	$ 1,927,500	$ 1,152,613	$ 774,887

Note: Included in the "General" category of fund-raising expense are management and general expense and home office general and administrative allocation of expense.

See accompanying report of independent auditors.

CASA COLINA, INC. AND AFFILIATES
SCHEDULE OF RESTRICTED AND UNRESTRICTED DONATIONS
YEAR ENDED MARCH 31, 2012

	Revenue	Expenses	Net
General	$ -	$ 572,135	$ (572,135)
Major gifts and others	1,063,870	30,509	1,033,361
Direct mail	167,772	34,604	133,168
Grants	712,595	169,651	542,944
Planned giving	327,518	13,941	313,577
Miscellaneous program donations:			
Children's Service Center Events	32,213	-	32,213
Padua Village	15,954	-	15,954
Outdoor Adventures Adult Day Health	4,187	-	4,187
Events:			
Children's Service Center Events	11,249	9,136	2,113
Rock & Ride	60,309	36,703	23,606
Padua Village Golf Tournament	340,765	119,775	220,990
Tribute-to-Courage Dinner	382,713	234,639	148,074
Golf Classic	65,945	27,482	38,463
Adaptive Sports - Land and Sea	13,895	-	13,895
Total	$ 3,198,985	$ 1,248,575	$ 1,950,410

Note: Included in the "General" category of fund-raising expense are management and general expense and home office general and administrative allocation of expense.

CASA COLINA, INC. AND AFFILIATES
SCHEDULE OF COMMUNITY BENEFITS COST (UNAUDITED)

	YEARS ENDED MARCH 31,	
	2013	2012
Benefits for uninsured, underinsured, and low income:		
Charity Care Program	$ 270,754	$ 209,700
Unpaid costs of Medi-Cal program	478,553	235,210
Benefits for patient and community health:		
Subsidy of beneficial programs that are not self-sustaining	1,662,532	909,671
Free and partially subsidized screenings and vaccinations	92,103	115,032
Wounded Warrior program	12,760	28,906
Community preventive health and wellness programs	46,469	49,581
Diagnostic related support groups	22,944	28,606
Community health education	90,237	40,585
Other direct assistance to patients and families	63,643	50,511
Community benefit operations	86,409	98,188
Health professional education:		
Fellowships/internships for physicians, nursing, physical therapy, occupational therapy, speech pathology, neuropsychology	365,840	313,636
Health Education provided to community health professionals	43,629	73,141
Research	232,988	189,295
Community building and support of community groups	108,516	101,293
Total Community Benefits Provided	$ 3,577,377	$ 2,443,355

See accompanying report of independent auditors.