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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 06-01-2012 , 2012, and ending 05-31-2013

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

C Name of organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Doing Business As
ELKS REHAB SYSTEM

Number and street (or P O box if mail is not delivered to street address) | Room/suite
600 N ROBBINS ROAD

City or town, state or country, and ZIP + 4
BOISE, ID 83702

D Employer identification number
82-0302317

E Telephone number
(208) 343-2583

G Gross receipts $ 29,048,404

F Name and address of principal officer
MELISSA HONSINGER CEO
600 N ROBBINS ROAD
BOISE,ID 83702

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ WWW IDAHOELKSREHAB ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1947 | **M** State of legal domicile ID

Part I Summary

1 Briefly describe the organization's mission or most significant activities
REHABILITATION SERVICES TO THE PHYSICALLY CHALLENGED PERSONS THROUGHOUT IDAHO AND 11 NEIGHBORING STATES

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	825
6	Total number of volunteers (estimate if necessary)	**6**	150
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	498,916	472,311
9	Program service revenue (Part VIII, line 2g)	32,515,096	25,212,459
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	414,599	160,345
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,285,861	1,721,897
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	34,714,472	27,567,012
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	21,747,652	22,858,300
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶189,146		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	11,998,785	11,837,773
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	33,746,437	34,696,073
19	Revenue less expenses Subtract line 18 from line 12	968,035	-7,129,061

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	73,932,560	63,751,046
21	Total liabilities (Part X, line 26)	25,667,884	24,696,062
22	Net assets or fund balances Subtract line 21 from line 20	48,264,676	39,054,984

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-04-08
Signature of officer | Date

MELISSA HONSINGER 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
THOMAS DINGUS		2014-04-09		
Firm's name ▶ DINGUS ZARECOR & ASSOCIATES			Firm's EIN ▶	
Firm's address ▶ 12015 E MAIN STE A SPOKANE VALLEY, WA 99206			Phone no (509) 242-0874	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

REHABILITATION SERVICES TO THE PHYSICALLY CHALLENGED PERSONS THROUGHOUT IDAHO AND 11 NEIGHBORING STATES

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

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 24,876,996 including grants of $) (Revenue $ 25,782,814)

IDAHO ELKS REHABILITATION HOSPITAL, INC (IERH) IS THE NORTHWEST'S PREMIER PROVIDER OF REHABILITATION SERVICES SINCE 1947, OUR THERAPY SERVICES HAVE GIVEN PEOPLE WITH STROKE, TRAUMATIC BRAIN INJURY, ORTHOPEDIC DISORDERS, SPINAL CORD INJURIES OR OTHER ILLNESSES THE CHANCE TO LIVE LIFE TO ITS FULLEST OUR TEAM OF BOARD MEMBERS, PHYSICIANS, NEUROPSYCHOLOGISTS, PHYSICAL, OCCUPATIONAL, RECREATIONAL, RESPIRATORY, AND SPEECH THERAPISTS, NURSES, SOCIAL WORKERS, CLINICAL NUTRITIONISTS, PHARMACY AND OTHER STAFF CHALLENGE OUR PATIENTS TO REACH THEIR HIGHEST GOALS FAMILIES ARE SUPPORTED WITH COMPASSION AND EDUCATION TO MOVE TOWARD RECOVERY DURING FISCAL YEAR ENDED MAY 31, 2013, IERH PROVIDED 12,735 INPATIENT DAYS OF PATIENT CARE AND 176,462 TOTAL TREATMENTS FOR PHYSICAL THERAPY, RESPIRATORY THERAPY, OCCUPATIONAL THERAPY, SPEECH THERAPY, AND AUDIOLOGY IERH PROVIDES CARE WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES TO THOSE PATIENTS WHO ARE POOR AND QUALIFY UNDER THE IERH CHARITY CARE POLICY NET PATIENT SERVICE REVENUES ARE REFLECTED NET OF CHARITY CARE CHARGES FOREGONE UNDER THE IERH CHARITY CARE POLICY TOTALED 298,539 DURING FISCAL YEAR ENDED MAY 31, 2013

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 24,876,996

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	35		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	825		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
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? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 11		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

☑ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ MELISSA HONSINGER 600 N ROBBINS ROAD BOISE, ID (208) 489-4662

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CHARLES SCHMOEGER DIRECTOR	1 00	X						0	0	0
(2) PHILLIP OBERRECHT CHAIRMAN	1 00	X		X				0	0	0
(3) JOHN EVANS DIRECTOR	1 00	X						0	0	0
(4) MEL RODRIGUES DIRECTOR	1 00	X						0	0	0
(5) TOM CALL DO DIRECTOR	1 00	X						0	0	0
(6) JOHN HERMAN SECRETARY	1 00	X		X				0	0	0
(7) AARON KNIGHT VICE CHAIRMA	1 00	X		X				0	0	0
(8) KEITH MILLS DIRECTOR	1 00	X						0	0	0
(9) J CURTIS NEELY DIRECTOR	1 00	X						0	0	0
(10) KEVIN POOR DIRECTOR	1 00	X						0	0	0
(11) ROBERT SHAW DIRECTOR	1 00	X						0	0	0
(12) JOSEPH P CAROSELLI CEO	50 00 2 00			X				218,584	0	56,756
(13) DOUGLAS LEWIS CFO THROUGH	50 00 4 00			X				45,450	0	7,978
(14) TIM POWERS INTERIM CFO	25 00			X				0	0	0
(15) LEE KORNFIELD MD EIM DIRECTOR	40 00					X		269,662	0	27,303
(16) MARK WEINROBE MD EIM PHYSICIA	40 00					X		225,305	0	26,473
(17) MARIAN SHAW MD EIM PHYSICIA	40 00					X		172,070	0	15,556

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) CYNTHIA STEVENSON WOUND CARE D	40 00					X		145,192	0	2,855
(19) MICHAEL STURMAK HEARING/BALA	40 00					X		123,339	0	10,259

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	1,199,602		147,180

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 ▶ 8

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MOVEMENT DISORDER CONSULTANTS 1592 N WATSON WAY EAGLE ID 83616	MEDICAL SERVICE	251,663
FARLEY OBERRECHT HARWOOD & BURKE PO BOX 1271 BOISE ID 83701	LEGAL SERVICES	125,900

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

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	472,311			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		472,311			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	624100	22,541,842	22,541,842		
	b	CONTRACTED SERVICES	624100	1,546,548	1,546,548		
	c	MEALS ON WHEELS	624210	1,124,069	1,124,069		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		25,212,459			
	3	Investment income (including dividends, interest, and other similar amounts)		115,716			115,716
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					

		(i) Real	(ii) Personal				
6a	Gross rents	1,316,723					
b	Less rental expenses						
c	Rental income or (loss)	1,316,723					
d	Net rental income or (loss)			1,316,723			1,316,723

		(i) Securities	(ii) Other				
7a	Gross amount from sales of assets other than inventory	1,522,486	3,535				
b	Less cost or other basis and sales expenses	1,481,392					
c	Gain or (loss)	41,094	3,535				
d	Net gain or (loss)			44,629			44,629

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	CAFETERIA	900099	190,338			190,338
	b	FOOD CARAVAN	900099	131,089			131,089
	c	OTHER REVENUE	900099	55,318			55,318
	d	All other revenue		28,429			28,429
	e	**Total.** Add lines 11a–11d		405,174			
	12	**Total revenue.** See Instructions		27,567,012	25,212,459		1,882,242

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				
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	334,780		334,780	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	19,008,516	13,713,864	5,199,323	95,329
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	336,122	238,301	96,164	1,657
9 Other employee benefits	986,989	699,748	282,377	4,864
10 Payroll taxes	2,191,893	1,553,992	627,099	10,802
11 Fees for services (non-employees)				
a Management				
b Legal	135,873		135,873	
c Accounting	84,450		84,450	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	206,570		206,570	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	3,061,100	1,399,908	1,653,392	7,800
12 Advertising and promotion	46,295		438	45,857
13 Office expenses	1,725,539	1,126,144	588,037	11,358
14 Information technology	32,379		32,379	
15 Royalties . .				
16 Occupancy	1,111,570	997,847	113,723	
17 Travel	91,989	49,212	39,526	3,251
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	74,559	47,630	26,539	390
20 Interest	436,182	391,557	44,625	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,574,163	1,074,434	493,041	6,688
23 Insurance	23,261	18,970	4,291	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES & DRUGS	2,450,798	2,450,798		
b DSH ASSESSMENT FEES	366,000	366,000		
c COLLECTION FEES	147,784		147,784	
d REPAIRS & MAINTENANCE	103,669	83,427	20,242	
e All other expenses	165,592	665,164	-500,722	1,150
25 **Total functional expenses.** Add lines 1 through 24e	34,696,073	24,876,996	9,629,931	189,146
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		8,306	1	74,685
	2	Savings and temporary cash investments		1,377,332	2	656,500
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		14,347,240	4	7,653,687
	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		468,886	8	649,251
	9	Prepaid expenses and deferred charges		247,628	9	312,950
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 41,291,990			
	b	Less accumulated depreciation	10b 19,128,785	23,317,074	10c	22,163,205
	11	Investments—publicly traded securities		21,068,832	11	22,288,668
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		3,660,816	13	2,630,688
	14	Intangible assets		200,000	14	200,000
	15	Other assets See Part IV, line 11		9,236,446	15	7,121,412
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		73,932,560	16	63,751,046
Liabilities	17	Accounts payable and accrued expenses		3,624,495	17	5,102,204
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		9,279,349	20	8,658,986
	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		12,764,040	25	10,934,872
	26	**Total liabilities.** Add lines 17 through 25		25,667,884	26	24,696,062
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		47,513,952	27	38,304,260
	28	Temporarily restricted net assets		431,742	28	431,742
	29	Permanently restricted net assets		318,982	29	318,982
		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		48,264,676	33	39,054,984
	34	Total liabilities and net assets/fund balances		73,932,560	34	63,751,046

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	27,567,012
2	Total expenses (must equal Part IX, column (A), line 25)	2	34,696,073
3	Revenue less expenses Subtract line 2 from line 1	3	-7,129,061
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	48,264,676
5	Net unrealized gains (losses) on investments	5	2,539,873
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-4,620,504
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	39,054,984

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
IDAHO ELKS REHABILITATION HOSPITAL INC	82-0302317

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		13,000
j	Total Add lines 1c through 1i			13,000
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
	SCHEDULE C, PART II-B, LINE 1	IERH PAYS MEMERSHIP DUES TO NATIONAL AND STATE HOSPITAL ASSOCIATIONS THE ASSOCIATIONS USE A PORTION OF SUCH DUES TO CARRY OUT LOBBYING ACTIVITIES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	2,332,024	2,438,646	2,325,111	2,216,234	2,353,713
b	Contributions		-24,803	207,537	220,641	14,522
c	Net investment earnings, gains, and losses	250,745				
d	Grants or scholarships					
e	Other expenditures for facilities and programs		81,819	94,002	111,764	152,001
f	Administrative expenses					
g	End of year balance	2,582,769	2,332,024	2,438,646	2,325,111	2,216,234

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

- a Board designated or quasi-endowment ▶ 87 600 %
- b Permanent endowment ▶ 12 400 %
- 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)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,143,787		2,143,787
b Buildings		29,221,994	11,827,261	17,394,733
c Leasehold improvements				
d Equipment		9,101,939	6,548,456	2,553,483
e Other		824,270	753,068	71,202
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				22,163,205

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) DUE FROM JOINT VENTURES	5,557,779
(2) OTHER RECEIVABLES	619,510
(3) CASH SURRENDER VALUE OF LIFE INSURAN	550,265
(4) INSURANCE SETTLEMENT	252,088
(5) BOND ISSUANCE COSTS	141,770
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	7,121,412

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
DUE TO JOINT VENTURES	9,633,054
THIRD PARTY SETTLEMENTS	1,049,730
INSURANCE SETTLEMENT	252,088
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	10,934,872

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

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
INTENDED USES FOR ENDOWMENT FUNDS	SCHEDULE D, PAGE 2, PART V, LINE 4	THE IERH PERMANENTLY RESTRICTED ENDOWMENT CONSISTS OF A FUND ESTABLISHED BY A DONOR FOR THE PURPOSES OF EDUCATION THE IERH BOARD DESIGNATED ENDOWMENT CONSISTS OF A FUND ESTABLISHED FOR THE PURPOSES OF PROVIDING CHARITY CARE TO THOSE THAT ARE ELIGIBLE
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	IERH IS ORGANIZED AS A NONPROFIT CORPORATION AND HAS BEEN RECOGNIZED BY THE INTERNAL REVENUE SERVICE (IRS) AS EXEMPT FROM FEDERAL INCOME TAXES UNDER INTERNAL REVENUE CODE SECTION 501(C)(3) THE HOSPITAL IS ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS IN ADDITION, THE HOSPITAL IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE THE IERH HAS DETERMINED IT IS NOT SUBJECT TO UNRELATED BUSINESS INCOME TAX AND HAS NOT FILED AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990-T) WITH THE IRS IERH BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS IERH WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED FEDERAL FORM 990-T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2010

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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
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	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)			217,933		217,933	0 630 %
b Medicaid (from Worksheet 3, column a)			2,677,663		2,677,663	7 720 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			2,895,596		2,895,596	8 350 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			37,010	30,645	6,365	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			37,010	30,645	6,365	0 020 %
k **Total.** Add lines 7d and 7j			2,932,606	30,645	2,901,961	8 360 %

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

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

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	549,812		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	7,464,191
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,113,567
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,649,376
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	CENTER FOR WOUND CAR	REHABILITATION SERVICES	10 000 %		
2	ST LUKE'S IDAHO ELK	REHABILITATION SERVICES	50 000 %		
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	IDAHO ELKS REHABILIATION HOSPITAL 600 N ROBBINS ROAD BOISE,ID 83702	X								INPATIENT REHAB FACILITY	

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group IDAHO ELKS REHABILIATION HOSPITAL

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
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**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 0% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 0% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
OTHER TESTING METHODS FOR FREE OR DISCOUNTED CARE	PART I LINE 3C	DURING FISCAL YEAR 2013 PATIENTS WHOSE INCOME IS EQUAL TO OR LESS THAN 200 OF THE FPG WERE ELIGIBLE FOR AN ELIMINATION OR A REDUCTION OF CHARGES ON A SLIDING FEE SCHEDULE PATIENTS MAY BE GRANTED CHARITY BASED ON THE FOLLOWING SLIDING FEE SCHEDULE A 20 OF THE BALANCE ASSIGNED TO CHARITY FOR THOSE BETWEEN 151 AND 200 OF THE FEDERAL POVERTY LEVEL FPL B 40 OF THE BALANCE ASSIGNED TO CHARITY FOR THOSE BETWEEN 101 AND 150 OF THE FEDERAL POVERTY LEVEL FPL C 100 OF THE BALANCE FOR THOSE BELOW 100 OF THE FEDERAL POVERTY LEVEL FPL
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	CHARITY CARE WAS CONVERTED TO COST BY MULTIPLYING THE RATIO OF COST TO GROSS CHARGES FOR THE IERH BY THE GROSS UNCOMPENSATED CHARGES THE OVERALL HOSPITAL RATIO OF PATIENT CARE COST TO CHARGES WAS USED TO CALCULATE THE COSTS FOR UNREIMBURSED MEDICAID COMMUNITY HEALTH IMPROVEMENT SERVICES AND RESEARCH WERE CALCULATED USING ACTUAL COSTS WITH ACTUAL OVERHEAD ALLOCATIONS BASED ON THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE BAD DEBT EXPENSE REPRESENTS THE UNCOLLECTED PORTION OF THE PATIENT ACCOUNT ANY DISCOUNTS WOULD BE TREATED AS A REDUCTION IN REVENUE ALL FORMS OF PAYMENT INCLUDING SELFPAY INSURANCE CONTRACTUAL ALLOWANCES AND DISCOUNTS REDUCE THE PATIENTS ACCOUNT PRIOR TO THE ACCOUNT BEING CLASSIFIED AS BAD DEBT A PAYMENT RECEIVED ON AN ACCOUNT PREVIOUSLY WRITTEN OFF AS BAD DEBT REDUCES BAD DEBT EXPENSE IERH REPORTS BAD DEBT IN ACCORDANCE WITH HEALTHCARE MANAGEMENT ASSOCIATION STATEMENT NO 15 THEREFORE NO BAD DEBT IS CONSIDERED TO BE ATTRIBUTABLE TO PATIENTS THAT ARE ELIGIBLE UNDER THE CHARITY CARE POLICY AS A COMMUNITY BENEFIT FINANCIAL STATEMENT FOOTNOTE THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENTS ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRDPARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERED HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION ACCOUNTS DEEMED UNCOLLECTABLE AND ALL PRIVATE PAY BALANCES OVER 180 DAYS OVERDUE ARE CHARGED AGAINST THIS ALLOWANCE
MEDICARE EXPLANATION	PART III LINE 8	IERH REPORTS THE FULL VALUE OF THE MEDICARE SHORTFALL AS A COMMUNITY BENEFIT THE RATIONALE FOR THIS TREATMENT IS CONSISTENT WITH THE AMERICAN HOSPITAL ASSOCIATIONS POSITION THAT PROVIDING CARE TO MEDICARE PATIENTS IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD MEDICARE LIKE MEDICAID DOES NOT PAY THE FULL COST OF CARE MANY MEDICARE BENEFICIARIES ARE POOR AND ELIGIBLE FOR MEDICAID COVERAGE IN ADDITION TO MEDICARE MEDICARE UNDER PAYMENT IS A COST THAT IERH MUST COVER IN ORDER TO CONTINUE TREATMENT THE ELDERLY AND POOR IN THE COMMUNITY WE SERVE THE COSTING METHODOLOGY IS BASED ON THE ACTUAL MEDICARE ALLOWABLE COST REPORTED ON THE IERH MEDICARE COST REPORT THIS METHODOLOGY WAS CONSISTENT WITH THE GUIDELINES AND INSTRUCTIONS PROVIDED BY THE CENTERS FOR MEDICARE SERVICES CMS FOR THE FILED COST REPORT FISCAL YEAR ENDING MAY 31 2013

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	IERH DOES NOT PROVIDE EMERGENCY CARE ALL SERVICES ARE CONSIDERED ELECTIVE PROCEDURES AS SUCH IERH PREAPPROVES ALL PATIENTS BEFORE THE MEDICAL SERVICES ARE PROVIDED DURING THE PREAPPROVAL PROCESS PATIENTS ARE IDENTIFIED AS POSSIBLY QUALIFYING FOR FINANCIAL ASSISTANCE AT THAT TIME DATA IS GATHERED FOR EVALUATION IN THE EVENT THE PATIENT REFUSES TO PROVIDE DATA SUCH AS INCOME AND ASSETS THEY ARE AUTOMATICALLY DISQUALIFIED FROM FINANCIAL ASSISTANCE UNTIL SUCH INFORMATION IS PROVIDED PATIENTS WHOSE PERSONAL FINANCIAL POSITION FALLS WITHIN THE SCOPE OF QUALIFYING FOR THE CHARITY CARE ARE CONSIDERED ELIGIBLE AND THE RESPECTIVE AMOUNTS ARE APPLIED TO CHARITY CARE IF A PATIENT FALLS WITHIN THE SCOPE OF DISCOUNTED CARE A TWELVE MONTH PAYMENT PLAN IS OFFERED FOR THE UNPAID PORTION PATIENTS THAT ARE UNABLE TO PAY THEIR BALANCE WITHIN THE TWELVE MONTHS ARE ELIGIBLE FOR A LONG TERM PAYMENT PLAN OF 60 MONTHS
NEEDS ASSESSMENT	PART VI	THE COMMUNITY NEEDS ASSESSMENT AS DESCRIBED IN PART V SERVES AS THE BASE FOR DETERMINING REHABILITATIVE HEALTH NEEDS ADDITIONALLY IERH CONDUCTS SATISFACTION SURVEYS AND FOCUS GROUPS TO BETTER MEET THE ONGOING NEEDS OF THE PEOPLE WE SERVE THE MOST RECENTLY ADOPTED IMPLEMENTATION STRATEGY AND COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE FOUND AT THE FOLLOWING URL HTTPWWWIDAHOELKSREHABORGPDF2011COMMUNITYASSESSMENTPDF

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	PATIENTS ARE REFERRED TO IERH FOR REHABILITATION SERVICES AND WHEN A PHYSICIAN DETERMINED THAT THE PATIENT HAS REHABILITATION NEEDS AND COULD BENEFIT FROM IERH SERVICES DURING THE ADMISSION PROCESS WHEN IT IS DETERMINED THAT THE PATIENT MAY QUALIFY FOR FINANCIAL ASSISTANCE THE ADMISSIONS LIAISON INITIATES THE FINANCIAL ASSISTANCE PROCESS 1 COORDINATES ELIGIBILITY AND APPROVAL PROCESS FOR UNCOMPENSATED CARE 2 PROVIDE A COPY OF THE POLICY AND A SUMMARY THEREOF AND FINANCIAL ASSISTANCE STATEMENT TO BE COMPLETED BY PATIENT AS PART OF THE INTAKE PROCESS 3 DISCUSSES WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS SUCH AS MEDICAID OR STATE PROGRAMS AND ASSISTS THE PATIENT WITH QUALIFICATIONS FOR SUCH PROGRAMS WHERE APPLICABLE IERH USES A CONTINUOUS APPROACH FROM ADMISSION THROUGH BILLING FOR QUALIFICATION FOR FINANCIAL ASSISTANCE CHANGING PATIENT CONDITIONS SUCH AS INABILITY TO WORK LOSS OF INSURANCE COVERAGE OR UNANTICIPATED LARGE MEDICAL BILLS MAY RESULT IN THE PATIENT QUALIFYING FOR FINANCIAL ASSISTANCE AFTER THE INITIAL FINANCIAL ASSISTANCE APPLICATION IERH USES FINANCIAL COUNSELORS TO ASSIST ALL PATIENTS IN QUALIFICATION FOR ASSISTANCE PROGRAMS THIS ENSURES THAT ALL PATIENTS HAVE ACCESS TO QUALITY HEALTH CARE SERVICES WITHOUT DISCRIMINATION BASED ON THE ABILITY TO PAY
COMMUNITY INFORMATION	PART VI	IERH PROVIDES INPATIENT AND OUTPATIENT REHABILITATION SERVICES TO PEOPLE WHO HAVE A PHYSICAL DISABILITY THAT CAN BENEFIT FROM REHABILITATION SERVICES THE PRIMARY SERVICE AREA IS BOISE ID AND SURROUNDING COMMUNITIES GENERALLY KNOWN AS THE TREASURY VALLEY IERH CONSISTS OF ONE INPATIENT REHABILITATION FACILITY 1 OUTPATIENT WOUND CARE AND HYPERBARIC TREATMENT CENTER AND 4 OUTPATIENT HEARING AND BALANCE CENTERS IERH ALSO PROVIDES OUTPATIENT REHABILITATION SERVICES AT 1 WOUND CENTER AND MORE THAN 20 ADULT AND CHILDREN THERAPY CLINICS THAT ARE JOINTLY OWNED THROUGH A PARTNERSHIP WITH ST LUKES REGIONAL MEDICAL CENTER THE PRIMARY SERVICE REGION OF ADA AND CANYON COUNTIES CONSISTS OF A POPULATION OF APPROXIMATELY 531288 FOR 2010 THE AVERAGE INCOME FOR ADA AND CANYON COUNTY IS 39734 AND 23575 RESPECTIVELY AND THE PERCENT OF THE POPULATION THAT FALL BELOW THE FEDERAL POVERTY GUIDELINES IS 134 AND 201 RESPECTIVELY IERH IS COMMITTED TO SERVING REHABILITATION PATIENTS REGARDLESS OF THEIR ABILITY TO PAY APPROXIMATELY 80 OF FY 2012 INPATIENT ADMISSIONS WERE MEDICAID RECIPIENTS AND 70 WERE COVERED BY MEDICARE 137 OF ALL SERVICES WERE PROVIDED TO MEDICAID RECIPIENTS AND 510 OF ALL SERVICES WERE PROVIDED TO MEDICARE RECIPIENTS

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THE BOARD OF DIRECTORS ARE INDEPENDENT PERSONS NOT EMPLOYEES AND RESIDE IN THE IERH PRIMARY SERVICE AREA IERH EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY THE SURPLUS FUNDS ARE APPLIED TO IMPROVE PATIENT CARE MEDICAL EDUCATION AND RESEARCH IERH SUPPORTS MANY COMMUNITY EVENTS THROUGH SPONSORSHIPS DONATIONS AND PROVIDING HUNDREDS OF VOLUNTEERS FOR NEIGHBORHOOD CAUSES MEALS ON WHEELS IERH IS THE ONLY PROVIDER OF MEALS ON WHEELS IN THE BOISE COMMUNITY MEALS ON WHEELS PROVIDES NUTRITIOUS MEALS TO THE ELDERLY THERE ARE KNOWN HEALTH CONSEQUENCES OF FOOD INSECURITY AMONG THE ELDERLY WITHOUT THE MEALS ON WHEELS PROGRAM THESE INDIVIDUALS ARE MORE LIKELY TO BE IN POOR OR FAIR HEALTH AND MORE LIKELY TO HAVE LIMITATIONS IN DAILY LIVING PROVIDING THE MEALS PROVIDES A DIRECT IMPACT ON THESE INDIVIDUALS HEALTH IDAHO WHEELCHAIR CAMP IN 1988 THE IDAHO YOUTH WHEELCHAIR SPORTS CAMP IYWSC BEGAN SPONSORED BY IERH AND BOISE PARKS AND RECREATION DEPARTMENT IT WAS ESTABLISHED TO PROVIDE RECREATIONAL ATHLETIC AND COMPETITIVE OPPORTUNITIES FOR YOUTH IT IS DESIGNED FOR YOUNG PEOPLE USING WHEELCHAIRS OR OTHER ASSISTIVE DEVICES IE CRUTCHES WALKERS AND BRACES SINCE ITS INCEPTION THE IYWSC HAS PROVIDED A VARIETY OF EXPERIENCES FOR OVER 325 YOUNG ATHLETES FROM IDAHO OREGON UTAH AND WASHINGTON EACH ATHLETE IS PAIRED WITH A VOLUNTEER TO ASSIST AND SUPPORT AS NEEDED AMERICAN HEART ASSOCIATION HEART WALK THE TREASURE VALLEY START HEART WALK IS AN ANNUAL EVENT DESIGNED TO BRING PUBLIC AWARENESS OF PHYSICAL ACTIVITY AND HEARTHEALTHY LIFESTYLES AND RAISE CRITICAL DOLLARS TO FUND THE LIFESAVING MISSION OF THE AMERICAN HEART ASSOCIATION WALKERS FROM ALL OVER THE TREASURE VALLEY STEP OUT TO SUPPORT THE FIGHT AGAINST OUR NATIONS LEADING CAUSE OF DEATH HEART DISEASE HEALTH FAIRS ELKS REHAB HOSPITAL PARTICIPATES IN MANY FREE HEALTH FAIRS IN IDAHO AND OREGON WE PROVIDE FREE SCREENINGS AND COMMUNITY INFORMATION FOR A VARIETY OF ISSUES SUCH AS O CERTIFIED THERAPY DOG SERVICES FOR PATIENTS O ELKS HEALTH CHECK PROGRAMS GROUP SCREENS HELD IN LOCAL SENIOR CENTERSRETIREMENT HOMES FOR STROKE BALANCE HEARING DIABETIC FOOT ULCERS MEDICATIONS AND ORTHOPEDIC ISSUES O PHYSICAL THERAPY SERVICES TO THE UNINSURED POPULATION OF BOISE THROUGH THE FRIENDSHIP CLINIC O IERH VOLUNTEERS FOR THE ADVENTURE PROGRAM TO PROVIDE ACCESS TO OUTDOOR ACTIVITIES FOR THOSE WITH DISABILITIES EMPLOYEE ENGAGEMENT IERH EMPLOYEES ARE INVOLVED IN THE COMMUNITY IERH SUPPORTS A NUMBER OF COMMUNITY EVENTS INCLUDING O SPONSOR OF THE ELITE WHEELCHAIR RACERS IN ST LUKES WOMENS FITNESS CELEBRATION O SPONSOR OF AMERICAN HEART ASSOCIATION GO RED FOR WOMEN O SPONSORED FOOD DRIVE FOR IDAHO FOOD BANK O PROVIDED RESPIRATORY THERAPY SERVICES FOR THE IRONMAN RACE BOISE IDAHO O PARTICIPATED IN UNITED WAY OF THE TREASURE VALLEY CAMPAIGN O PARTICIPATED IN MS WALK O PRESENTED AND CURATED THE 3RD ANNUAL CREATIVE HEALING ART EXHIBIT RESEARCH EXPENSES CONSIST OF COSTS FROM STUDYING THE EFFECTS OF DRUG DEVELOPMENTS ON PATIENTS WITH MOVEMENT DISORDERS RELATED TO HUNTINGTONS AND PARKINSONS DISEASE THE INFORMATION IS DOCUMENTED AND MADE AVAILABLE TO THE PUBLIC
ADDITIONAL INFORMATION	PART VI	IN REGARDS TO SCHEDULE H PART V SECTION C THE HOSPITAL HAS FIVE HOSPITAL BASED FACILITIES THAT ASSIST IN PROVIDING REHABILITATION SERVICES THROUGHOUT THE AREA THESE FIVE FACILITIES ARE TREATED AS DEPARTMENTS OF THE HOSPITAL FOR MEDICARE COST REPORT PURPOSES AND THE PATIENTS ARE ELIGIBLE UNDER THE HOSPITALS CHARITY CARE POLICY

Identifier	ReturnReference	Explanation
IDAHO ELKS REHABILIATION HOSPITAL LINE NUMBER 1 PART V LINE 3	PART V LINE 3	REPRESENTATIVES OF TREASURE VALLEY UNITED WAY BOISE STATE UNIVERSITY UTAH FOUNDATION AND UNITED WAY OF SALT LAKE LEAD THE COMMUNITY HEALTH NEEDS ASSESSMENT MOST RECENTLY CONDUCTED
IDAHO ELKS REHABILIATION HOSPITAL LINE NUMBER 1 PART V LINE 4	PART V LINE 4	THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED IN CONJUNCTION WITH SAINT ALPHONSUS REGIONAL MEDICAL CENTER AND ST LUKES HEALTH SYSTEM

Identifier	ReturnReference	Explanation
IDAHO ELKS REHABILIATION HOSPITAL LINE NUMBER 1 PART V LINE 14G	PART V LINE 14G	IERH PROVIDES NOTICE OF AVAILABILITY OF FINANCIAL ASSISTANCE VIA SIGNS POSTED IN WAITING ROOMS AND ADMISSION OFFICE IN THE BILLING INVOICES AND ON THEIR WEBSITE
IDAHO ELKS REHABILIATION HOSPITAL LINE NUMBER 1 PART V LINE 20D	PART V LINE 20D	IERH APPLIES THE SLIDING FEE DISCOUNT DIRECTLY TO THE GROSS CHARGES

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)JOSEPH P CAROSELLI CEO	(i)	218,584			48,726	8,030	275,340	
	(ii)							
(2)TIM POWERS INTERIM CFO	(i)							
	(ii)							
(3)LEE KORNFIELD MD EIM DIRECTOR	(i)	269,662			20,783	6,520	296,965	
	(ii)							
(4)MARK WEINROBE MD EIM PHYSICIAN	(i)	225,305			20,659	5,814	251,778	
	(ii)							
(5)MARIAN SHAW MD EIM PHYSICIAN	(i)	172,070			15,556		187,626	
	(ii)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	JOSEPH P CAROSELLI 0 27,200 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN JOSEPH P CAROSELLI, CEO PARTICIPIATED IN A SUPPLEMENTAL NONQUALIFIED 457(F) RETIREMENT PLAN

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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
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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) Pool financing	
							Yes	No	Yes	No	Yes	No
A	IDAHO HEALTH FACILITIES AUTHORITY	82-6051863		11-01-2009	10,480,000	CURRENT REFUNDING OF PRIOR ISSUE		X	X			X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	10,287,924			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	10,375,400			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	87,476			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
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?								
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?								
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 ▶	0%		%		%		%	
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	0%		%		%		%	
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						
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?		X						
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?		X						

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?		X						
b	Exception to rebate?	X							
c	No rebate due?		X						
	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 a hedge terminated?								

Part IV Arbitrage *(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?								
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

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	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?	X							

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JOHN EVANS	BOARD MEMBER		CEO OF BANK		No
(2) PHILLIP OBERRECHT	BOARD MEMBER	125,900	PARTNER IN LAW FIRM		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

Identifier	Return Reference	Explanation
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	
ADDITIONAL INFORMATION	FORM 990, PART VI	THE EXECUTIVE COMMITTEE CONSISTS OF SIX BOARD MEMBERS AND THE CHIEF EXECUTIVE OFFICER THE EXECUTIVE COMMITTEE HAS THE AUTHORITY TO ACT ON BEHALF OF THE BOARD IN THE MANAGEMENT OF THE BUSINESS OF THE ORGANIZATION BETWEEN MEETINGS OF THE BOARD
MANAGEMENT DELEGATED	FORM 990, PAGE 6, PART VI, LINE 3	THE HOSPITAL UTILIZED AN EMPLOYEE OF NORTH CANYON MEDICAL CENTER, INC FOR ITS INTERIM CFO FOR 4 MONTHS OF THE FISCAL YEAR
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE IDAHO STATE ELKS ASSOCIATION IS THE MEMBER OF THE CORPORATION THE PRESIDENT OF THE ID AHO STATE ELKS ASSOCIATION APPOINTS THE IDAHO ELKS REHABILITATION HOSPITAL, INC BOARD MEM BERS
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	IERH MAY NOT BUY, SELL, OR DISPOSE OF ANY REAL PROPERTY WITHOUT THE APPROVAL OF THE IDAHO STATE ELKS ASSOCIATION
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	IERH EXECUTIVE MANAGEMENT REVIEWS A DRAFT FORM 990 FOR ACCURACY AND COMPLETENESS AFTER TH E EXECUTIVE MANAGEMENT REVIEW, THE FORM 990 IS DELIVERED ELECTRONICALLY TO EACH BOARD MEMB ER AT THE BOARD MEETING PRECEDING SUBMISSION OF THE FORM 990, EXECUTIVE MANAGEMENT RESPON DS TO ALL BOARD MEMBER REQUESTS FOR CLARIFICATION THE FORM 990 IS THEN SUBMITTED
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	ALL EMPLOYEES, OFFICERS, BOARD MEMBERS AND ELKS ASSOCIATION TRUSTEE REPRESENTATIVES ARE RE QUIRED TO MAKE PROMPT AND FULL DISCLOSURE IN WRITING TO THE COMPLIANCE OFFICER OR EXECUTIV E MANAGEMENT OF ANY SITUATION WHICH MAY VIOLATE THE CONFLICTS OF INTEREST SECTION CONTAINE D IN THE IERH BUSINESS ETHICS POLICY WITHOUT PRIOR WRITTEN APPROVAL, EMPLOYEES, OFFICERS, BOARD MEMBERS AND TRUSTEES MAY NOT PARTICIPATE IN A JOINT VENTURE, PARTNERSHIP OR OTHER B USINESS ARRANGEMENT WITH THE ORGANIZATION IF A CONFLICT EXISTS THE BOARD MEMBER IS REQUIR ED TO LEAVE THE ROOM DURING DELIBERATION AND VOTING ON THE ISSUE
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER IS DETERMINED ANNUALLY BY THE BOARD OF DIRECT ORS USING ANNUAL PERFORMANCE REVIEW INCLUDING THE IHA CEO SALARY SURVEY AND OTHER PERTINEN T SURVEYS THIS DELIBERATION IS DOCUMENTED IN THE BOARD MINUTES
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE CHIEF EXECUTIVE OFFICER REVIEWS PERFORMANCE EVALUATIONS FOR THE CHIEF FINANCIAL OFFICE R COMPENSATION IS DETERMINED BASED ON PERFORMANCE EVALUATIONS AND COMPENSATION SURVEYS FO R THE BOISE, IDAHO AREA
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST
RELATED ORGANIZATIONS	FORM 990, PAGE 7, PART VII	INDIVIDUALS DEVOTE TIME TO THE RELATED ORGANIZATIONS AS FOLLOWS JOSEPH P CAROSELLI ST LUKE'S IDAHO ELKS REHABILITATION 1 0 HOURS PER WEEK CENTER FOR WOUND CARE AND HY PERBARIC T REATMENT 1 0 HOURS PER WEEK DOUGLAS B LEWIS ST LUKE'S IDAHO ELKS REHABILITATION 2 0 HOU RS PER WEEK CENTER FOR WOUND CARE AND HY PERBARIC TREATMENT 2 0 HOURS PER WEEK

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) IDAHO ELKS REHABILIATION CHARITABLE TRUST 600 NORTH ROBBINS ROAD BOISE, ID 83701 93-6196367	SUPPORTING	ID	501C3	11A	IDAHO ELKS REHABILIATION HOSPITAL INC	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT 204 FORT PLACE BOISE, ID 83701 90-0288299	REHABILITA	ID	IDAHO ELKS REHABILIATION HOSPITAL INC	RELATED	15,041	768,149		No		Yes		10 000 %
(2) ST LUKE'S IDAHO ELKS 600 N ROBBINS ROAD BOISE, ID 83702 82-0503100	REHABILITA	ID	IDAHO ELKS REHABILIATION HOSPITAL	RELATED	-547,559	3,197,759		No		Yes		50 000 %

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

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

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

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) ST LUKE'S IDAHO ELKS REHABILIATION	J	269,304	GENERAL LEDGER
(2) ST LUKE'S IDAHO ELKS REHABILIATION	O	8,362,900	GENERAL LEDGER
(3) ST LUKE'S IDAHO ELKS REHABILIATION	Q	5,443,896	GENERAL LEDGER
(4) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	J	130,320	GENERAL LEDGER
(5) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	O	2,037,841	GENERAL LEDGER
(6) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	Q	1,171,046	GENERAL LEDGER

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

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

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

Software ID:
Software Version:
EIN: 82-0302317
Name: IDAHO ELKS REHABILITATION HOSPITAL INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

--> **Form 990, Schedule R, Part V - Transactions With Related Organizations**

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST LUKE'S IDAHO ELKS REHABILIATION	J	269,304	GENERAL LEDGER
ST LUKE'S IDAHO ELKS REHABILIATION	O	8,362,900	GENERAL LEDGER
ST LUKE'S IDAHO ELKS REHABILIATION	Q	5,443,896	GENERAL LEDGER
CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	J	130,320	GENERAL LEDGER
CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	O	2,037,841	GENERAL LEDGER
CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	Q	1,171,046	GENERAL LEDGER

Financial Statements
May 31, 2012 and 2011

Idaho Elks Rehabilitation Hospital, Inc.

Idaho Elks Rehabilitation Hospital, Inc.

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May 31, 2012 and 2011

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Idaho Elks Rehabilitation Hospital, Inc.
Boise, Idaho

We have audited the accompanying balance sheets of Idaho Elks Rehabilitation Hospital, Inc. (the Hospital) as of May 31, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of May 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, certain errors related to accounts receivable, investment in joint ventures, due to/from joint ventures and deferred compensation were not properly recorded as of May 31, 2011 and were discovered by management of the Hospital during the current year. Accordingly, an adjustment has been made to the financial statements as of and for the year ended May 31, 2011, to correct the errors

Eide Bailly LLP

Boise, Idaho
February 14, 2013

877 W Main St, Ste 800 Boise, ID 83702-5858 T 208 344 7150 F 208 344 7435 EOE

	2012	Restated 2011
Assets		
Current Assets		
Cash and cash equivalents - Note 1	$ 1,385,638	$ 1,039,540
Receivables		
Patient accounts, net of estimated uncollectibles of $3,223,161 in 2012 and $3,080,416	13,626,222	13,244,212
Due from joint ventures	4,356,895	4,356,895
Other	1,066,214	1,318,227
Inventories	468,886	538,700
Prepaid expenses and other assets	358,384	299,891
Estimated third-party settlements - Note 2	3,264,548	1,091,540
Total current assets	24,526,787	21,889,005
Investments - Note 4	18,305,066	20,671,179
Property, Plant and Equipment, Net - Note 5	23,317,074	23,733,119
Investment in Joint Ventures - Note 7	3,550,060	3,464,122
Other Non-Current Assets		
Cash surrender value of life insurance policies - Note 1	527,075	504,943
Restricted investments - deferred compensation programs	602,452	543,439
Debt issuance costs	140,280	169,020
Goodwill - Note 1	200,000	200,000
Total other non-current assets	1,469,807	1,417,402
Assets Limited as to Use		
Charitable trust fund - Note 4	2,013,042	2,119,664
Specific purpose fund - Note 4	750,724	748,198
	2,763,766	2,867,862
	$ 73,932,560	$ 74,042,689

	2012	Restated 2011
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,223,512	$ 1,744,809
Accrued payroll and related liabilities	2,401,023	2,234,446
Due to joint ventures	12,161,548	11,282,006
Current portion of long-term debt - Note 11	633,247	607,026
Total current liabilities	16,419,330	15,868,287
Deferred compensation programs	602,452	543,439
Long-Term Debt, Net of Current Portion - Note 11	8,646,102	9,292,232
Total liabilities	25,667,884	25,703,958
Net Assets		
Unrestricted		
Undesignated	45,500,910	45,470,869
Board designated for charity care - Note 13	2,013,042	2,119,664
	47,513,952	47,590,533
Temporarily restricted	431,742	429,216
Permanently restricted	318,982	318,982
Total net assets	48,264,676	48,338,731
	$ 73,932,560	$ 74,042,689

Idaho Elks Rehabilitation Hospital, Inc.
Statements of Operations
Years Ended May 31, 2012 and 2011

	2012	Restated 2011
Unrestricted Revenue and Other Support		
Net patient service revenue	$ 28,899,204	$ 22,762,536
Other revenue	5,393,282	5,599,001
Net assets released from restrictions used for operations	21,027	44,138
Total revenue and other support	34,313,513	28,405,675
Expenses		
Professional care of patients	19,569,422	15,836,561
Provision for bad debts	716,652	717,731
General services	11,602,293	10,487,294
Depreciation and amortization	1,537,287	1,372,761
Total expenses	33,425,654	28,414,347
Operating Income (Loss)	887,859	(8,672)
Nonoperating Revenues (Expense)		
Interest expense	(320,783)	(540,612)
Investment income	398,433	956,092
Total nonoperating revenues (expenses), net	77,650	415,480
Revenues in Excess of Expenses	965,509	406,808
Unrealized Gain (Loss) on Investments	(1,042,090)	2,100,790
Increase (decrease) in Unrestricted Net Assets	$ (76,581)	$ 2,507,598

Idaho Elks Rehabilitation Hospital, Inc.
Statements of Changes in Net Assets
Years Ended May 31, 2012 and 2011

	2012	Restated 2011
Unrestricted Net Assets		
Undesignated and Board designated		
Excess of revenues over expenses		
increase in undesignated assets	$ 998,723	$ 423,848
Unrealized gain (loss) on investments	(968,682)	1,970,215
Increase in undesignated and Board designated assets	30,041	2,394,063
Internally designated for charitable care		
Investment income	48,605	69,383
Charity care expenses	(81,819)	(86,423)
Unrealized gain (loss) on investments	(73,408)	130,575
Increase (decrease) in internally designated assets	(106,622)	113,535
Increase (decrease) in Unrestricted Net Assets	(76,581)	2,507,598
Temporarily Restricted Net Assets		
Contributions	17,067	3,380
Investment income	24,766	20,225
Net realized investment gains (losses)	(18,280)	3,977
Net assets released from restrictions	(21,027)	(44,138)
Increase (decrease) in temporarily restricted net assets	2,526	(16,556)
Increase (Decrease) in Net Assets	(74,055)	2,491,042
Net Assets, Beginning of Year	48,338,731	45,847,689
Net Assets, End of Year	$ 48,264,676	$ 48,338,731

	2012	Restated 2011
Operating Activities		
Change in net assets	$ (74,055)	$ 2,491,042
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation and amortization	1,530,237	1,372,761
Provision for bad debts	716,652	717,731
Equity earnings in joint ventures	(85,938)	(679,223)
Increase in cash surrender value of hospital owned life insurance	(22,132)	(20,518)
Loss on disposal of property, plant, and equipment	240,421	-
Net realized gain on investments	(336,875)	(331,405)
Net unrealized (gain) loss on investments	1,042,090	(2,100,790)
Changes in operating assets and liabilities		
Receivables		
Patient accounts	(1,098,662)	(1,604,194)
Due From Joint Ventures	-	716,943
Other	252,013	(800,290)
Inventory	69,814	(132,083)
Prepaid expenses and other assets	(58,493)	(94,154)
Estimated third-party settlements	(2,173,008)	(652,650)
Debt issuance costs	-	-
Accounts payable and accrued liabilities	(521,297)	464,662
Accrued payroll and related liabilities	166,577	36,604
Due to joint ventures	879,542	935,730
Net Cash from Operating Activities	526,886	320,166
Investing Activities		
Proceeds from the sale of investments	3,300,091	22,050,182
Purchase of investments	(1,535,097)	(21,824,961)
Equity distributions from joint ventures	-	14,388
Equity contributions to joint ventures	-	(500,000)
Purchase of property, plant, and equipment	(1,325,873)	(1,188,189)
Net Cash from (used for) Investing Activities	439,121	(1,448,580)

	2012	Restated 2011
Financing Activities		
Payments on long-term debt	(619,909)	(580,742)
Net Cash used for Financing Activities	(619,909)	(580,742)
Change in Cash and Cash Equivalents	346,098	(1,709,156)
Cash and Cash Equivalents, Beginning of Year	1,039,540	2,748,696
Cash and Cash Equivalents, End of Year	$ 1,385,638	$ 1,039,540
Supplemental Disclosures		
Interest paid	$ 316,768	$ 536,597
Noncash transactions		
Acquisition of property through reduction of joint venture investment	$ -	$ 436,037
Due to joint venture by distribution of assets	$ -	$ 3,476,639

Note 1 - Principal Business Activity and Significant Accounting Policies

Nature of Operations

Idaho Elks Rehabilitation Hospital, Inc. (the Hospital) is licensed by the State of Idaho to provide certain medical services. In fiscal year 1973, the Hospital was incorporated as an entity separate from the Idaho State Elks Association of which it was previously a part At that time, the new corporation received determination from the Internal Revenue Service as a 501(c)(3) non-profit organizations that is not subject to federal or state income tax.

Basis of Accounting

The accompanying financial statements of the Hospital have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and as recommended in the Audit and Accounting Guide for Health Care Organizations published by the American Institute of Certified Public Accountants.

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The statement of operations is a statement of financial activities within the current reporting period. The Hospital classifies net assets, revenues, gains, and other revenues and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Hospital and changes therein are classified and reported as follows:

Permanently Restricted Net Assets – permanently restricted assets are donor designated gifts which will be maintained permanently by the Hospital. The investment income earned on these permanently restricted net assets is generally restricted as to purpose and is recorded as temporarily restricted net assets.

Temporarily Restricted Net Assets – temporarily restricted net assets are primarily available to support the Hospital by providing funds for charity care and nursing education.

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions

The Hospital's policy is to report restricted revenues as unrestricted if the restriction is met in the same period as the revenues are recognized.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Such estimates include the settlement liability with third-party payors, the allowance for contractual adjustments, and the allowance for bad debts. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of cash flows, the Hospital considers all cash on deposit in demand savings and time deposits with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents included in the specific purpose fund are Board designated, and are not used for operations, and thus not included in statement of cash flows. Cash deposits exceeded FDIC insured limits at May 31, 2012 and 2011.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. There is no interest charged on past due accounts. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision. Accounts deemed uncollectible and all private pay balances over 180 days overdue are charged against this allowance

Inventories

Inventories consist of medical supplies and are stated at the lower of cost (first-in, first-out) or market.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of (less than) expenses

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

Fair Value Measurements

The Hospital has determined the fair value of certain assets and liabilities in accordance with the provisions of ASC 820 (formerly SFAS No. 157, Fair Value Measurements), which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability. All of the Hospital's fair value measurements fall within the level one hierarchy, with the exception of corporate bonds and international bonds.

Property, Plant, and Equipment

Property, plant, and equipment acquisitions in excess of $500 capitalized and recorded at cost, except for donated assets, which are recorded at fair value at date of donation. All capital assets other than land are depreciated using the straight-line method of depreciation using the following estimated useful lives:

Land improvements	8 to 20 years
Buildings and fixed equipment	10 to 40 years
Major movable equipment	3 to 15 years
Autos, trucks and other equipment	3 to 8 years

Expenditures for maintenance and repairs are charged to expense as incurred whereas expenditures for renewals and betterments are capitalized. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the records, and any gain or loss is reflected in the statement of operations.

Investments in Joint Ventures

Investments in entities in which the Hospital has the ability to exercise significant influence over operating and financial policies but does not have operational control are recorded under the equity method of accounting. Under the equity method, the initial investment is recorded at cost and adjusted annually to recognize the Hospital's share of earnings and losses of those entities, net of any additional investments or distributions. The Hospital's share of net earnings or losses of the entities is included in other income (expense)

Bond Issuance Costs

Bond issue costs are capitalized and amortized over the life of the related debt.

Goodwill

During the year ended May 31, 2008, the Hospital purchased an audiology practice located in Ontario, Oregon. The Hospital paid $200,000 for the practice, and acquired various fully-depreciated assets of an immaterial value. Goodwill represents the excess of cost over the fair value of the net assets acquired from business acquisitions

The Hospital is now required to test the recoverability of its goodwill on an annual basis and at interim periods when circumstances require. The goodwill testing utilizes a two-step impairment analysis, whereby the Hospital compares the carrying value of the reporting unit to its fair value. If the carry value of the reporting unit is greater than its fair value, the second step is performed, where the implied fair value of goodwill is compared to its carrying value. The Hospital recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value The fair value of the reporting unit is estimated using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit. The Hospital's discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the Hospital's reporting unit. The Hospital performs its test for recoverability for goodwill each year and no impairments resulted from this review.

Assets Limited as to Use

In addition to assets temporarily and permanently restricted per the donor, the Board has set aside certain assets to be used for specific purposes. These purposes include: the retirement of long-term debt, acquisition of capital assets, and charitable care. The Board, at its discretion, may use these assets for other purposes.

Compensated Absences

The Hospital has a paid-time-off (PTO) program that allows employees to earn vacation benefits based, in part, on length of service. Employees may accumulate PTO up to a maximum of 320 hours. Employees are paid for accumulated PTO if employment is terminated.

Income Taxes

The Hospital is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form990T) with the IRS.

The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Hospital's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the future periods as final settlements are determined.

On June 1, 2002, the Hospital began being paid under a prospective payment system (PPS). PPS pays the Hospital based on categories of patient services rather than based on cost. Amounts received under these programs are subject to audit and retroactive settlements. Provisions for settlements are provided in the current year's deductions from revenues. Since these settlements are estimates, any difference between the amounts accrued and the amounts settled are recorded in operations in the year of settlement. The Hospital's Medicare and Medicaid cost reports have been settled by the Hospital's fiscal intermediaries through May 31, 2010 and May 31, 2008, respectively.

Revenues in Excess of (Less Than) Expenses

Revenues in excess of (less than) expenses excludes unrealized gains and losses on investments, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone for services provided under the Hospital's charity care policy were approximately $292,675 and $344,749 for the years ended May 31, 2012 and 2011, respectively. Total direct and indirect costs related to these foregone charges were $191,777 and $229,745 for the years ended May 31, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges.

Advertising Costs

The Hospital expenses advertising costs as incurred.

Costs incurred for producing and distributing advertising are expensed as incurred. The Hospital incurred $349,148 and $223,744 for advertising costs for the years ended May 31, 2012 and 2011.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Reclassifications

Certain reclassifications have been made to the 2011 amounts to conform to the 2012 presentation.

Subsequent Events

The Hospital has evaluated subsequent events through February 14, 2013, which is the date the financial statements were available to be issued.

Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Medicare pays a higher reimbursement for rehabilitation services to rehabilitation hospitals than to hospitals and other health care providers that are not classified as rehabilitation hospitals. Medicare has recently implemented the "60% Rule" for rehabilitation hospitals. Currently under this rule, 60% of the Hospital's patients have to meet certain acuity level requirements for the Hospital to retain its classification as a rehabilitation hospital and continue to qualify for the higher reimbursement rates from Medicare. However, this new rule could potentially adversely affect the Hospital significantly in the long-term.

Inpatient and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended May 31, 2010.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to an operating cost limit. Outpatient services are reimbursed under a cost reimbursement methodology based on costs as determined in the Medicare cost report, subject to a reduction of 5.8% for operating expenses and 10% for capital expenses The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicaid cost reports have been final settled by the fiscal intermediary through the year ended May 31, 2009.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Revenue from the Medicare and Medicaid programs accounted for approximately 47% and 5%, respectively, of the Hospital's net patient service revenue for the year ended May 31, 2012 and 48% and 14%, respectively, for the year ended May 31, 2011. Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended May 31, 2012 and 2011 increased (decreased) $1,351,970 and ($229,139), respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007, are reviewed by contractors for validity, accuracy, and proper documentation A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. If selected for audit, the potential exists that the Hospital may incur a liability for a claims overpayment at a future date. The Hospital is unable to determine if it will be audited and, if so, the extent of the liability of overpayments, if any As the outcome of such potential reviews is unknown and cannot be reasonably estimated, it is the Hospital's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Hospital and CMS.

A summary of patient service revenue and contractual adjustments for the years ended May 31, 2012 and 2011 is as follows.

	2012	2011
Total patient service revenue	$ 41,895,770	$ 33,087,742
Contractual adjustments		
Medicare	(7,497,291)	(6,384,872)
Medicaid	(1,307,653)	(1,599,929)
Other	(4,191,622)	(2,340,405)
Total contractual adjustments	(12,996,566)	(10,325,206)
Net patient service revenue	$ 28,899,204	$ 22,762,536

Note 3 - Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and many are insured under third-party payor agreements. The ultimate collectability from third-party payors is dependent upon the financial stability of the underlying third-party payor.

With regard to self-pay receivables, the Hospital's patient base consists primarily of residents of Western Idaho and Eastern Oregon. Ultimate collection of self-pay receivables is partially dependent on the underlying economic conditions in those areas. The economic conditions within the geographic region the Hospital serves, as well as the financial stability of the responsible party, are taken into consideration in determining the allowance for uncollectible accounts.

The mix of receivables from third-party payors and patients at May 31, 2012 and 2011 was as follows:

	2012	2011
Medicare	38%	34%
Medicaid	15%	13%
Commercial insurance and other third-party payors	39%	45%
Patients	8%	8%
	100%	100%

The mix of revenue from third-party payors and patients during the years ended May 31, 2012 and 2011 was as follows:

	2012	2011
Medicare	47%	48%
Medicaid	5%	14%
Blue Cross Blue Shield	28%	16%
Other third party payors and patients	20%	22%
	100%	100%

Note 4 - Investments and Investment Income

Investments include investments and assets limited as to use. The investment portfolio consists of money market funds, government bonds, municipal bonds, corporate bonds, common stock, preferred stock, bond funds, and mutual funds. The Hospital's investment policy allows for investment in certain derivative type investments The allowable derivative type instruments are covered calls against existing equity securities The unrealized change in the fair market value of investments is presented on the statement of operations after the excess of revenues over (under) expenses.

Investments and assets limited as to use at May 31, 2012 and 2011 consisted of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash and equivalents	$ 307,938	$ 307,938	$ 1,262,274	$ 1,262,274
Government bonds	29,890	34,630	180,925	188,192
Municipal bonds	50,000	51,039	150,000	149,501
Corporate bonds	3,834,129	3,900,720	3,972,729	4,102,198
Common stock	12,609,594	12,835,304	10,296,792	11,408,024
Preferred stock	1,052,143	1,026,106	1,500,930	1,546,520
Bond funds	1,533,572	1,537,027	1,733,648	1,831,250
Mutual funds	1,239,762	1,165,961	3,054,114	3,112,288
Other	100,966	210,107	(29,969)	(61,206)
	$ 20,757,994	$ 21,068,832	$ 22,121,443	$ 23,539,041

The following tables set forth by level, within the fair value hierarchy, the fair values of the Hospital's investments and assets limited as to use at May 31, 2012 and 2011

	2012			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 307,938	$ -	$ -	$ 307,938
Government bonds	-	34,630	-	34,630
Municipal bonds	-	51,039	-	51,039
Corporate bonds	-	3,900,720	-	3,900,720
Common stock	12,835,304	-	-	12,835,304
Preferred stock	1,026,106	-	-	1,026,106
Bond funds	-	1,537,027	-	1,537,027
Mutual funds	1,165,961	-	-	1,165,961
Other	-	210,107	-	210,107
	$ 15,335,309	$ 5,733,523	$ -	$ 21,068,832

	2011			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 1,262,274	$ -	$ -	$ 1,262,274
Government bonds	-	188,192	-	188,192
Municipal bonds	-	149,501	-	149,501
Corporate bonds	-	4,102,198	-	4,102,198
Common stock	11,408,024	-	-	11,408,024
Preferred stock	1,546,520	-	-	1,546,520
Bond funds	-	1,831,250	-	1,831,250
Mutual funds	3,112,288	-	-	3,112,288
Other	-	(61,206)	-	(61,206)
	$ 17,329,106	$ 6,209,935	$ -	$ 23,539,041

Investment Income

Investment income includes interest, dividends, and realized gain (loss) on investments, and is included in nonoperating revenues and expenses on the statement of operations. Investment income on investments is as follows for the years ended May 31, 2012 and 2011:

	2012	2011
Interest and dividends	$ 598,084	$ 648,889
Realized gains (losses) and sales of securities	(193,165)	331,405
	$ 404,919	$ 980,294

Investments in an Unrealized Gain (Loss) Position

Investments in an unrealized gain (loss) position at May 31, 2012 and 2011 are shown in the following table:

	2012			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Gain
Government bonds	$ -	$ -	$ 34,630	$ 7,267
Municipal bonds	-	-	51,039	(499)
Corporate bonds	1,623,211	(40,412)	2,277,509	169,881
Common stock	4,421,503	(937,016)	8,413,801	2,048,248
Preferred stock	296,896	(38,124)	729,210	83,714
Bond funds	609,915	(84,378)	927,112	181,980
Mutual funds	529,762	(97,488)	636,199	155,662
Other	69,907	(13,005)	24,630	(18,232)
	$ 7,551,194	$ (1,210,423)	$ 13,094,130	$ 2,628,021

Investments in an unrealized gain (loss) position at May 31, 2011 are shown in the following table:

	2011			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Gain
Government bonds	$ 50,116	$ (1,335)	$ 138,076	$ -
Municipal bonds	49,360	(641)	100,141	563,752
Corporate bonds	1,095,820	(14,356)	3,006,378	1,125,130
Common stock	2,435,827	(463,961)	8,972,197	177,596
Preferred stock	350,620	(14,765)	1,195,900	121,924
Bond funds	471,405	(19,398)	1,359,845	-
Mutual funds	1,212,970	(89,112)	1,899,318	23,687
Other	(94,202)	(47,180)	32,996	4,558
	$ 5,571,916	$ (650,748)	$ 16,704,851	$ 2,016,647

The duration of the investments in an unrealized loss position at May 31, 2012 are shown in the following table:

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Government bonds	$ -	$ -	$ -	$ -
Municipal bonds	-	-	-	-
Corporate bonds	(13,051)	1,059,459	(27,361)	563,752
Common stock	(467,377)	3,296,373	(469,639)	1,125,130
Preferred stock	(2,960)	119,300	(35,164)	177,596
Bond funds	(15,500)	487,991	(68,878)	121,924
Mutual funds	(97,488)	529,762	-	-
Other	(12,897)	65,349	(108)	4,558
	$ (609,273)	$ 5,558,234	$ (601,150)	$ 1,992,960

The duration of the investments in an unrealized loss position at May 31, 2011 are shown in the following table:

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Government bonds	$ (1,335)	$ 50,116	$ -	$ -
Municipal bonds	(641)	49,360	-	-
Corporate bonds	(13,938)	1,086,725	(418)	9,095
Common stock	(266,145)	1,654,915	(197,816)	780,912
Preferred stock	(2,024)	150,600	(12,741)	200,020
Bond funds	-	-	(19,398)	471,405
Mutual funds	-	-	(89,112)	1,212,970
Other	(46,826)	(101,284)	(354)	7,082
	$ (330,909)	$ 2,890,432	$ (319,839)	$ 2,681,484

The unrealized losses on the Hospital's investments government bonds, municipal bonds, corporate bonds, common stock, preferred stock, bond funds, mutual funds, and other assets were primarily a result of recent market declines consistent with the cyclical nature of the financial markets. The Hospital has a diversified portfolio. The Hospital's investments in an unrealized loss position consist of 137 investments from various market sectors. Based on that evaluation and the Hospital's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Hospital does not consider these investments to be other-than-temporarily impaired at May 31, 2012.

The Hospital has various levels of fees paid for the ongoing management of the Hospital's financial assets. Fees totaled $103,544 and $87,368 for the years ended May 31, 2012 and 2011, respectively.

Note 5 - Property, Plant and Equipment

A summary of property and equipment at May 31, 2012 and 2011 follows:

	2012	2011
Land	$ 2,143,787	$ 2,143,787
Buildings and land improvements	30,002,813	29,422,144
Major movable and fixed equipment	8,657,341	7,912,137
Autos, trucks and other equipment	126,969	126,969
Construction in progress	-	240,421
	40,930,910	39,845,458
Less accumulated depreciation	(17,613,836)	(16,112,339)
	$ 23,317,074	$ 23,733,119

Depreciation expense for 2012 and 2011 was $1,501,497 and $1,344,716, respectively.

Note 6 - Joint Venture Partnership Agreements

The Hospital has entered into certain joint ventures with other health care providers, to provide certain services including:

The Hospital has a joint venture partnership agreement with St. Luke's Regional Medical Center, named St. Luke's Idaho Elks Rehabilitation Services (SLIERS), through which they jointly provide rehabilitation services for the benefit of the communities they serve. The Hospital owns 50% interest in the joint ventures, and accounts for the joint venture using the equity method of accounting. The initial capitalization was limited to the joint venture's working capital needs and was funded equally by the two parties. Profits and losses are allocated and distributed between the partners in relation to the proportionate share of each partner's respective capital account to the total capital of the joint venture. The joint venture's scope of services includes adult and pediatric rehabilitation services that are provided in space leased from the Hospital. Income from the joint venture is included in other revenue and is considered a part of operations.

Effective June 1, 2006, the Hospital entered a second joint venture with St. Luke's Regional Medical Center, named Wound Care and Hyperbaric Center (WCHC), through which they jointly provide wound clinic and hyperbaric services for the benefit of the communities they serve. In accordance with the joint venture agreement, the Hospital's initial capital contribution was $350,000 in cash, equipment, and start-up costs as well as its prior wound clinic operations. Effective October 1, 2010, the Hospital acquired 100% ownership of the Wound Care Meridian site in exchange for an 80% reduction in the existing investment. The 80% reduction in the WCHC equaled $3,500,000 which was exchanged by the partners and recorded as a reduction in Due to joint ventures on the Hospital's books. This results in a 10% interest in any future earnings of the Boise site. Profits and losses are allocated and distributed between the partners in relation to the proportionate share of each partner's respective capital account to the total capital of the joint venture. Income from the joint venture is included in other revenue and is considered a part of operations.

The Hospital performs certain administrative functions related to the day-to-day operations of SLIERS and WCHC. The Hospital is paid an administrative fee for these services.

Summarized financial information (unaudited) as of and for the years ended May 31, 2012 and 2011 related to the joint ventures is as follows:

	2012	2011
SLIERS		
Due from the Hospital	$ 6,471,685	$ 6,103,047
Due to the Hospital	$ 3,014,073	$ 3,014,073
Net patient revenue	$ 16,792,997	$ 13,549,409
Expenses	$ 15,717,029	$ 16,396,856
Administrative fees paid to Hospital	$ 1,121,619	$ 1,130,809
WCHC		
Due from the Hospital	$ 5,689,863	$ 5,178,959
Due to the Hospital	$ 1,342,822	$ 1,342,822
Net patient revenue	$ 5,176,738	$ 6,989,431
Expenses	$ 4,697,195	$ 5,718,267
Administrative fees paid to Hospital	$ 223,065	$ 340,371

The Hospital also leases property to the joint ventures in the ordinary course of business, and received $379,000 in lease payments from the joint venture during 2012 and 2011, respectively. The Hospital is reimbursed for payroll and other costs incurred by the Hospital on behalf of both of the joint ventures.

Summarized financial information (unaudited), as of and for the years ended May 31, 2012 and 2011, for the joint ventures is as follows:

	2012	2011
SLIERS		
Total assets	$ 9,237,689	$ 9,161,721
Partners' equity	$ 5,919,208	$ 5,843,240
Net income	$ 1,075,968	$ 588,019
WCHC		
Total assets	$ 7,726,544	$ 6,941,507
Partners' equity	$ 5,404,594	$ 4,925,051
Net income	$ 479,543	$ 1,271,164

Note 7 - Employee Retirement Plan and Deferred Compensation Benefits

Employee Retirement Plan

The Hospital has a defined contribution plan for all eligible employees. Contributions charged to operations under the plan totaled $289,978 and $428,189, for the years ended May 31, 2012 and 2011, respectively.

Deferred Compensation Benefits

The Hospital has deferred compensation agreements with certain former employees. These former employees are receiving retirement benefit payments over a specified period as provided for in their agreements. The Hospital has obtained life insurance policies on these individuals to fund the Hospital's obligations under the agreements.

During 2007, the Hospital also expanded a deferred compensation agreement with certain current employees in accordance with Internal Revenue Code Section 457(b). Under the agreement, the Hospital contributes to the participant's plan and the participant selects investments from alternatives offered by the plan. The funds are held in trust accounts with a custodian, who is under contract with the Hospital to manage the plan. The deferred compensation is payable to the employee upon death, disability, or retirement.

The activity in the deferred compensation programs was as follows:

	2012	2011
Beginning balance	$ 543,439	$ 359,358
Contributions	88,938	88,279
Interest Earned	1,030	1,140
Unrealized gain (loss)	(30,955)	94,662
Total	$ 602,452	$ 543,439

Note 8 - Operating Lease Commitments

The Hospital leases space in four locations to provide physical rehabilitation services. The leases provide for payments totaling $9,475 per month. Rent expense was $253,228 and $236,551 for 2012 and 2011, respectively.

Future non-cancellable lease payments for the next five years are as follows:

2013	$ 114,204
2014	$ 115,082
2015	$ 115,977
2016	$ 68,206
2017	$ 28,180

Note 9 - Rental Revenue

The Hospital has long-term operating leases for space leased by physicians for medical offices and for a surgical suite. Total rental income was $1,285,861 and $1,310,270 for the years ended May 31, 2012 and 2011, respectively.

Future minimum rental receipts expected under operating leases for the next five years are as follows.

2013	$ 348,164
2014	$ 91,127
2015	$ 92,949
2016	$ 71,106
2017	$ -

Note 10 - Long-Term Debt

Long-term debt consists of the following at May 31, 2012 and 2011:

	2012	2011
Obligations to Idaho Health Facilities Authority - Series 2009 Hospital Revenue Note	$ 9,279,349	$ 9,899,258
Less current maturities	633,247	607,026
Long-term debt less current maturities	$ 8,646,102	$ 9,292,232

The maturity schedule of long-term debt at May 31, 2012 was as follows:

2013	$ 633,247
2014	662,972
2015	692,879
2016	724,133
2017	755,976
Thereafter	5,810,142
	$ 9,279,349

Principal payments on the Note to the Idaho Health Facilities Association are due in semi-annual payments through July 2023 ranging from $300,000 to $500,000. Interest is payable semi-annually at a fixed rate of 4.4%.

The terms of the Note agreement place restrictions on annual debt additions that the Hospital may incur. The Hospital facility has been pledged as collateral to secure the Note. The Hospital incurred total debt service costs of approximately $320,783and $540,612 in May 31, 2012 and 2011, respectively.

Note 11 - Permanently and Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. The contributions received and income earned from temporarily restricted net assets is used to fund special programs, purchase library materials and capital equipment, or with the passage of time are available for Hospital operations. Net assets of $21,027 and $44,138 were released from donor restrictions for use in operations during 2012 and 2011, respectively.

Permanently restricted net assets are those to be maintained by the Hospital in perpetuity. The income earned from permanently restricted net assets is used to provide educational scholarships or educational opportunities to Hospital employees. Realized investment gains and unspent investment earnings revert back to the corpus in the year earned.

Note 12 - Endowment

The Hospital's endowment consists of one fund established for the purposes of education. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Hospital has interpreted the Idaho Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by IPMIFA. In accordance with IPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a) The duration and preservation of the fund
b) The purposes of the organization and the donor-restricted endowment fund
c) General economic conditions
d) The possible effect of inflation and deflation
e) The expected total return from income and the appreciation of investments
f) Other resources of the organization
g) The investment policies of the organization

The composition of endowment net assets by fund type as of May 31, 2012 and 2011 is as follows:

May 31, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 318,982	$ 318,982
Board-designated endowment funds	2,013,042	-	-	2,013,042
	$ 2,013,042	$ -	$ 318,982	$ 2,332,024

May 31, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 318,982	$ 318,982
Board-designated endowment funds	2,119,664	-	-	2,119,664
	$ 2,119,664	$ -	$ 318,982	$ 2,438,646

Changes in endowment net assets for the years ended May 31, 2012 and 2011 is as follows:

May 31, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,119,664	$ -	$ 318,982	$ 2,438,646
Investment return				
Investment income	48,605	-	-	48,605
Unrealized losses	(73,408)	-	-	(73,408)
Appropriation of endowed assets for expenditure	(81,819)	-	-	(81,819)
Endowment net assets, end of year	$ 2,013,042	$ -	$ 318,982	$ 2,332,024

May 31, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,006,129	$ -	$ 318,982	$ 2,325,111
Investment return				
Investment income	85,807	9,834	-	95,641
Realized and unrealized gains	110,332	1,564	-	111,896
Appropriation of endowed assets for expenditure	(82,604)	(11,398)	-	(94,002)
Endowment net assets, end of year	$ 2,119,664	$ -	$ 318,982	$ 2,438,646

The components of endowment funds classified as permanently restricted net assets as of May 31, 2012 and 2011, respectively, are as follows:

	2012	2011
Permanently restricted net assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor, board or by UPMIFA	$ 318,982	$ 318,982

Return Objectives and Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity, and are invested in interest bearing investments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Consistent with the endowment agreement, the Hospital appropriates for distribution the interest and dividend income earned on the invested endowment assets. Accordingly, endowment assets are invested in interest and dividend bearing investments.

Note 13 - Contingencies

Medical Malpractice Insurance

The Hospital maintains a claims-made policy for professional liability coverage, with excess coverage provided

through modified claims-made policies. The Hospital has a $25,000 deductible requirement in relation to this coverage. The claims-made policies provide primary and excess coverage up to the policy limits for claims filed within the period of the policy term. The Hospital, based upon information available, has determined that no significant liability exists for potential losses incurred, but not reported, at May 31, 2012.

Litigation in the Ordinary Course of Business

The Hospital is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material effect on the Hospital's financial statements at May 31, 2012.

Current Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time As of February 14, 2013, management believes that the Hospital is in substantial compliance with current laws and regulations.

Note 14 - Restatement and Correction of Error

During the year, management determined that, certain errors related to accounts receivable, investment in joint ventures, due to joint/from ventures and deferred compensation were not properly recorded. Therefore, the 2011 financial statements have been restated to reflect the correction of the error. The restatement reduced 2011 beginning net assets of the Hospital by $1,851,517.

The restatement impacts the following individual balance sheet line items as follows:

	As Restated 2011	Restatement	As Previously Issued 2011
Assets			
Patient Accounts Receivable	$ 13,244,212	$ (1,452,303)	$ 14,696,515
Due from joint ventures	$ 4,356,895	$ 2,734,550	$ 1,622,345
Other Receivables	$ 1,318,227	$ 326,232	$ 991,995
Estimated third-party settlements	$ 1,091,540	$ (17,152)	$ 1,108,692
Investment in Joint Ventures	$ 3,464,122	$ (1,089,821)	$ 4,553,943
Deferred compensation programs	$ 543,439	$ 543,439	$ -
Liabilities and Net Assets			
Due to joint ventures	$ 11,801,814	$ 2,353,023	$ 8,928,983
Deferred compensation programs	$ 543,439	$ 543,439	$ -
Net Assets Undesignated	$ 47,590,533	$ (1,851,517)	$ 49,442,050

The impact to current assets, other non-current assets, total assets, current liabilities, total liabilities, net assets and total liabilities and net assets is as follows:

	As Restated 2011	Restatement	Issued 2011
Total current assets	$ 21,889,005	$ 1,591,327	$ 20,297,678
Total other non-current assets	$ 1,417,402	$ 543,439	$ 873,963
Total assets	$ 74,042,689	$ 1,044,945	$ 72,997,744
Total current liabilities	$ 15,868,287	$ 2,353,023	$ 13,515,264
Total liabilities	$ 25,703,958	$ 2,896,462	$ 22,807,496
Total net assets	$ 48,338,731	$ (1,851,517)	$ 50,190,248
Total liabilities and net assets	$ 74,562,497	$ 1,564,753	$ 72,997,744

The impact to net assets, beginning of year on the statement of changes in net assets is as follows:

	As Restated 2011	Restatement	As Previously Issued 2011
Net Assets, Beginning of Year	45,847,689	$ (1,851,517)	$ 47,699,206

The impact to individual cash flow items is as follows:

	As Restated 2011	Restatement	As Previously Issued 2011
Patient accounts	$ (1,604,194)	$ (1,986,204)	$ 382,010
Other receivables	$ (800,290)	$ (463,436)	$ (336,854)
Prepaid expenses and other assets	$ (94,154)	$ (31,654)	$ (62,500)
Estimated third-party settlements	$ (652,650)	$ (149,984)	$ (502,666)

Supplemental Information
May 31, 2012 and 2011

Idaho Elks Rehabilitation Hospital, Inc.

Independent Auditor's Report on Supplementary Information

The Board of Directors
Idaho Elks Rehabilitation Hospital, Inc
Boise, Idaho

We have audited the financial statements of Idaho Elks Rehabilitation Hospital, Inc. (Hospital) as of and for the years ended May 31, 2012 and 2011, and our report thereon dated February 14, 2013, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial summary, schedule of accounts receivable, schedule of property, plant and equipment, schedules of routine and special service revenues, schedule of deductions from revenues, special services, and other income, schedule of operating expenses, schedule of expenses by natural classification, and patient statistics are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Boise, Idaho

www. com

877 W Main St, Ste 800 Boise, ID 83702-5858 T 208 344 7150 F 208 344 7435 EOE

Idaho Elks Rehabilitation Hospital, Inc.

Financial Summary

Years Ended May 31, 2012 and 2011

	2012	2011
Patient Accounts Receivable at End of Year, Net of Allowance for Uncollectibles	$ 13,626,222	$ 13,244,212
Gross Revenues from Patient Services	$ 41,895,770	$ 33,087,742
Deductions from Revenue	$ 12,996,566	$ 10,325,206
Operating Income (Loss)	$ 887,859	$ (8,672)
Increase (decrease) in Unrestricted Net Assets	$ (76,581)	$ 2,507,598
Personnel Expenses	$ 21,769,052	$ 18,886,955
Total Operating Expenses, Excluding Depreciation, Amortization, and Bad Debts	$ 31,171,715	$ 26,323,855
Depreciation, Amortization and Other	$ 1,537,287	$ 1,372,761
Patient Days	13,280	12,215
Percent of Occupancy	59%	54%
Medicare/Medicaid Utilization of Hospital (Patient Days)	78%	74%

	2012	2011
Average Number of Days Service in Accounts Receivable		
Gross	72	72
Allowance for Doubtful Accounts		
Balance, Beginning of Year	$ 2,143,153	$ 2,074,577
Add		
Provision for bad debts	716,652	717,731
Recoveries of accounts previously written off	242,203	299,127
	958,855	1,016,858
Less		
Accounts written off	1,074,778	948,282
Balance, End of Year	$ 2,027,230	$ 2,143,153

Idaho Elks Rehabilitation Hospital, Inc.
Property, Plant and Equipment
Years Ended May 31, 2012 and 2011

	Property, Plant, and Equipment				
	Balance at May 31, 2011	Additions	Deletions	Transfers	Balance at May 31, 2012
Land	$ 2,143,787	$ -	$ -	$ -	$ 2,143,787
Land improvements	822,572	1,698	-	-	824,270
Buildings	28,599,572	338,550	-	240,421	29,178,543
Construction in progress	240,421	-	-	(240,421)	-
Fixed equipment	450,732	-	-	-	450,732
Major movable equipment	7,461,405	745,204	-	-	8,206,609
Autos and trucks	126,969	-	-	-	126,969
	$ 39,845,458	$ 1,085,452	$ -	$ -	$ 40,930,910

	Accumulated Depreciation				
	Balance at May 31, 2011	Provisions	Disposals	Balance at May 31, 2012	Net Book Value at May 31, 2012
Land	$ -	$ -	$ -	$ -	$ 2,143,787
Land improvements	724,407	16,012	-	740,419	83,851
Buildings	10,142,372	832,589	-	10,974,961	18,203,582
Construction in progress	-	-	-	-	-
Fixed equipment	140,621	41,968	-	182,589	268,143
Major movable equipment	5,000,170	606,994	-	5,607,164	2,599,445
Autos and trucks	104,769	3,934	-	108,703	18,266
	$ 16,112,339	$ 1,501,497	$ -	$ 17,613,836	$ 23,317,074

Idaho Elks Rehabilitation Hospital, Inc.

Routine and Special Service Revenues

Years Ended May 31, 2012 and 2011

	2012	2011	Increase (Decrease)
Professional Care of Patients			
Daily service - Acute	$ 6,580,289	$ 6,208,788	$ 371,501
Daily service - Sub Acute	2,574,745	1,785,864	788,881
	9,155,034	7,994,652	1,160,382
Special Professional Services			
Physical therapy	3,666,990	3,633,400	33,590
Respiratory therapy	892,792	985,878	(93,086)
Occupational therapy	3,404,766	3,045,916	358,850
Speech therapy	1,651,854	1,307,332	344,522
Audiology	6,136,824	4,349,948	1,786,876
Pharmacy	2,129,339	1,949,108	180,231
Medical supplies	922,218	726,395	195,823
Laboratory	395,938	427,822	(31,884)
Radiology	335,010	266,306	68,704
Social service and psychological counseling	306,195	338,357	(32,162)
Uro Dynamics and Rehab Clinic	583,157	609,137	(25,980)
Movement and Disorders Clinic	1,034,666	740,416	294,250
Internal Medicine Clinic	2,026,003	1,945,271	80,732
Wound Care Clinic Meridian	9,154,575	4,706,353	4,448,222
Other clinic revenue	100,409	61,451	38,958
	32,740,736	25,093,090	7,647,646
	$ 41,895,770	$ 33,087,742	$ 8,808,028

Idaho Elks Rehabilitation Hospital, Inc.

Deductions from Revenues, Special Revenues, and Other Income

Years Ended May 31, 2012 and 2011

	2012	2011	Increase (Decrease)
Deductions from Revenues			
Contractual			
Medicare and Medicaid allowances	$ 8,804,944	$ 17,229,871	$ (8,424,927)
Noncontractual			
Other allowances	4,191,622	(6,904,665)	11,096,287
	$ 12,996,566	$ 10,325,206	$ 2,671,360
Other Revenue			
Equity interest in joint venture	$ 585,936	$ 661,306	$ (75,370)
Cafeteria sales	195,772	192,792	2,980
Rental	1,285,861	1,310,270	(24,409)
Coffee and vending machine	5,032	4,038	994
Medical records transcripts	16,271	4,377	11,894
Contracted services (joint ventures)	1,541,015	1,620,359	(79,344)
Contracted services (optimal and transcription)	308,712	297,165	11,547
Meals on Wheels	1,189,518	1,326,510	(136,992)
Other	390,955	145,697	245,258
	$ 5,519,072	$ 5,562,514	$ (43,442)
Elks Lodge Contributions (included in other income)			
Food caravan	$ (125,790)	$ 36,487	$ (162,277)

Idaho Elks Rehabilitation Hospital, Inc.

Operating Expenses

Years Ended May 31, 2012 and 2011

	2012	2011	Increase (Decrease) Amount	Increase (Decrease) Percent
Daily Hospital Service				
Nursing service - Acute	$ 4,556,488	$ 4,155,856	$ 400,632	9.64%
Nursing service - Sub Acute	588,394	353,013	235,381	66 68%
	5,144,882	4,508,869	636,013	14.11%
Special Professional Services				
Physical therapy	1,337,615	1,090,052	247,563	22.71%
Respiratory therapy	159,131	162,210	(3,079)	-1.90%
Occupational therapy	973,399	855,206	118,193	13.82%
Speech therapy	479,940	405,690	74,250	18.30%
Audiology	3,527,979	2,938,800	589,179	20 05%
Pharmacy	787,389	755,820	31,569	4.18%
Radiology	69,563	57,046	12,517	21 94%
Movement and disorders clinic	648,765	501,560	147,205	29 35%
Social service and psychological counseling	720,896	606,546	114,350	18.85%
Meals on Wheels	976,813	877,544	99,269	11.31%
Internal medicine	972,539	954,250	18,289	1.92%
Urodynamics	171,356	194,663	(23,307)	-11.97%
Outpatient clinic	69,587	128,105	(58,518)	-45.68%
Wound care	3,529,568	1,800,200	1,729,368	96.07%
	14,424,540	11,327,692	3,096,848	27.34%
General Services to Patients				
Household and property	1,075,550	1,084,002	(8,452)	-0.78%
Laundry and linen	59,231	59,602	(371)	-0.62%
Dietary	833,135	750,059	83,076	11.08%
Administration and general	9,634,377	8,593,631	1,040,746	12.11%
	11,602,293	10,487,294	1,114,999	10.63%
Depreciation	1,501,497	1,344,716	156,781	11.66%
Amortization of debt issuance	35,790	28,045	7,745	27.62%
Provision for bad debts	716,652	717,731	(1,079)	-0.15%
	$ 33,425,654	$ 28,414,347	$ 5,011,307	17.64%

Idaho Elks Rehabilitation Hospital, Inc.

Expenses by Natural Classification

Years Ended May 31, 2012 and 2011

	2012		2011		Increase (Decrease)
	Amount	Percent	Amount	Percent	Amount
Personnel					
Salaries and wages	$ 18,549,059	55 5%	$ 16,038,953	56.5%	$ 2,510,106
Payroll taxes and employee benefits	3,219,993	9.6%	2,848,002	10.0%	371,991
	21,769,052	65.1%	18,886,955	66.5%	2,882,097
Purchased medical services	852,181	2.6%	725,462	2 6%	126,719
Drugs and supplies	3,888,444	11.6%	3,006,830	10.6%	881,614
Facility rental	722,086	2 2%	439,057	1.6%	283,029
Utilities	375,549	1.1%	397,012	1.4%	(21,463)
Repairs and maintenance	502,311	1 5%	495,426	1.7%	6,885
Travel and education	243,897	0.7%	203,190	0.7%	40,707
Insurance	74,220	0 2%	98,667	0.4%	(24,447)
Other expense	2,743,975	8.2%	2,071,256	7.3%	672,719
Depreciation	1,501,497	4.5%	1,344,716	4.7%	156,781
Bond financing expense	35,790	0.1%	28,045	0.1%	7,745
Provision for doubtful accounts	716,652	2 1%	717,731	2.5%	(1,079)
	$ 33,425,654	100 0%	$ 28,414,347	100.0%	$ 5,011,307

Idaho Elks Rehabilitation Hospital, Inc.

Patient Statistics

Years Ended May 31, 2012 and 2011

	2012	2011
Total Bed Complement	61	61
Average Number of Beds Occupied	36	33
Inpatient Days		
Medicare and Medicaid patients	10,358	8,970
Other patients	2,922	3,151
Total	13,280	12,121
Percent of Occupancy		
Medicare and Medicaid patients	46%	40%
Non-Medicare patients	13%	14%
Total	59%	54%
Number of Admissions	1,043	1,019
Medicare and Medicaid patients	12.80	12 42
Other patients	12.52	10.59
All patients	12.73	11 89
Number of Treatments		
Physical therapy and EMGs	75,193	68,737
Respiratory therapy	13,751	17,027
Occupational therapy	46,785	49,032
Speech	24,633	21,762
Audiology	23,431	18,236
Clinics	2,118	2,190
Total	185,911	176,984