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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****10/01, 2012, and ending****06/30, 2013****B** Check if applicable

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Terminated  
☐ Amended return  
☐ Application pending

**C** Name of organization

VALLEY VIEW REGIONAL HOSPITAL

## Doing Business As

Number and street (or P O box if mail is not delivered to street address)

430 N. MONTE VISTA

Room/suite

City, town or post office, state, and ZIP code

ADA, OK 74820

**F** Name and address of principal officer

W. KENT ROGERS, CEO

430 N. MONTE VISTA ADA, OK 74820

**D** Employer identification number

73-0630359

**E** Telephone number

(580) 421-1412

**G** Gross receipts \$ 56,360,169.**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.VALLEYVIEWREGIONAL.COM**K** Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation 1935 **M** State of legal domicile OK**Part I Summary****1** Briefly describe the organization's mission or most significant activities

THROUGH QUALITY HEALTH CARE, VALLEY VIEW REGIONAL HOSPITAL WILL EXCEED THE EXPECTATIONS OF THOSE WE SERVE.

**2** Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets**3** Number of voting members of the governing body (Part VI, line 1a)

3 13.

**4** Number of independent voting members of the governing body (Part VI, line 1b)

4 11.

**5** Total number of individuals employed in calendar year 2012 (Part V, line 2a)

5 917.

**6** Total number of volunteers (estimate if necessary)

6 73.

**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 0

**8** Contributions and grants (Part VIII, line 1h)

Prior Year	Current Year
373,692.	362,437.

**9** Program service revenue (Part VIII, line 2g)

72,471,131. 55,027,713.

**10** Investment income (Part VIII, column (A), lines 3, 4, and 7d)

-554,598. -730.

**11** Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)

2,593,967. 664,907.

**12** Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)

74,884,192. 56,054,327.

**13** Grants and similar amounts paid (Part IX, column (A), lines 1-3)

56,868. 49,057.

**14** Benefits paid to or for members (Part IX, column (A), line 4)

0 0

**15** Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)

34,883,828. 27,723,141.

**16a** Professional fundraising fees (Part IX, column (A), line 11e)

0 0

**b** Total fundraising expenses (Part IX, column (D), line 25) ▶**17** Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)

34,151,916. 25,649,048.

**18** Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)

69,092,612. 53,421,246.

**19** Revenue less expenses Subtract line 18 from line 12

5,791,580. 2,633,081.

**20** Total assets (Part X, line 16)

Beginning of Current Year	End of Year
51,851,824.	53,804,207.

**21** Total liabilities (Part X, line 26)

7,217,946. 8,012,730.

**22** Net assets or fund balances Subtract line 21 from line 20

44,633,878. 45,791,477.

**Part II Signature Block**

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

Sign Here

Signature of officer

Date

Type of print name and title

Paid Preparer Use Only

Print/Type preparer's name

ANNE M. ADAMS

Preparer's signature

Date

5-13-14

Check ☐ if self-employed

PTIN

P00887943

Firm's name ▶ BKD, LLP

Firm's EIN ▶ 44-0160260

Firm's address ▶ 6120 S. YALE, #1400 TULSA, OK 74136-4223

Phone no 918-584-2900

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2012)JSA  
2E1010 1 000

55947CCK931

90-17 20

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response to any question in this Part III ☒ **X**

- 1** Briefly describe the organization's mission  
ATTACHMENT 1

- 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 \$ 42,454,598 including grants of \$ 49,057) (Revenue \$ 55,192,624)  
VALLEY VIEW REGIONAL HOSPITAL IS A 157 BED ACUTE CARE HOSPITAL  
PROVIDING HEALTH CARE TO THE GENERAL PUBLIC REGARDLESS OF RACE,  
RELIGION, OR ABILITY TO PAY.

**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 **▶** 42,454,598.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	<b>1</b> X	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	<b>2</b> X	
<b>3</b> 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 . . . . .	<b>3</b>	X
<b>4</b> <b>Section 501(c)(3) organizations.</b> 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 . . . . .	<b>4</b>	X
<b>5</b> 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 . . . . .	<b>5</b>	X
<b>6</b> 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 . . . . .	<b>6</b>	X
<b>7</b> 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 . . . . .	<b>7</b>	X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	<b>8</b>	X
<b>9</b> 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 . . . . .	<b>9</b>	X
<b>10</b> 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 . . . . .	<b>10</b>	X
<b>11</b> 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		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	<b>11a</b> X	
<b>b</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 . . . . .	<b>11b</b>	X
<b>c</b> 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 . . . . .	<b>11c</b>	X
<b>d</b> 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 . . . . .	<b>11d</b> X	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	<b>11e</b> X	
<b>f</b> 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 . . . . .	<b>11f</b>	X
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	<b>12a</b>	X
<b>b</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 . . . . .	<b>12b</b>	X
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<b>13</b>	X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<b>14a</b>	X
<b>b</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 . . . . .	<b>14b</b>	X
<b>15</b> 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 . . . . .	<b>15</b>	X
<b>16</b> 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 . . . . .	<b>16</b>	X
<b>17</b> 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) . . . . .	<b>17</b>	X
<b>18</b> 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 . . . . .	<b>18</b>	X
<b>19</b> 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 . . . . .	<b>19</b>	X
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .	<b>20a</b> X	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<b>20b</b> X	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> 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? <i>If "Yes," complete Schedule I, Parts I and II.</i> . . . . .	<b>21</b> X	
<b>22</b> 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? <i>If "Yes," complete Schedule I, Parts I and III.</i> . . . . .	<b>22</b>	X
<b>23</b> 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? <i>If "Yes," complete Schedule J.</i> . . . . .	<b>23</b> X	
<b>24 a</b> 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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i> . . . . .	<b>24a</b>	X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>	
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>	
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>	
<b>25 a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i> . . . . .	<b>25a</b>	X
<b>b</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? <i>If "Yes," complete Schedule L, Part I.</i> . . . . .	<b>25b</b>	X
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i> . . . . .	<b>26</b>	X
<b>27</b> 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? <i>If "Yes," complete Schedule L, Part III.</i> . . . . .	<b>27</b>	X
<b>28</b> 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)		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .	<b>28a</b>	X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .	<b>28b</b> X	
<b>c</b> 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? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .	<b>28c</b> X	
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i> . . . . .	<b>29</b>	X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i> . . . . .	<b>30</b>	X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i> . . . . .	<b>31</b>	X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i> . . . . .	<b>32</b>	X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i> . . . . .	<b>33</b> X	
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1.</i> . . . . .	<b>34</b> X	
<b>35 a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	<b>35a</b> X	
<b>b</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)? <i>If "Yes," complete Schedule R, Part V, line 2.</i> . . . . .	<b>35b</b> X	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i> . . . . .	<b>36</b>	X
<b>37</b> 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? <i>If "Yes," complete Schedule R, Part VI.</i> . . . . .	<b>37</b>	X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b> X	

Form 990 (2012)

**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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . . . .	76	
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. . . . .	0	
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	X	
<b>2a</b>	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 . . . . .	917	
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . .	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .		X
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .		
<b>4a</b>	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)? . . . . .		X
<b>b</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 . . . . .		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .		X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .		X
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .		
<b>6a</b>	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? . . . . .		X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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? . . . . .		X
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .		
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .		X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .		
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .		X
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .		X
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .		
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966? . . . . .		
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .		
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>a</b>	Gross income from members or shareholders . . . . .		
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .		
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? . . . . .		
<b>b</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 . . . . .		
<b>c</b>	Enter the amount of reserves on hand . . . . .		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .		X
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.Check if Schedule O contains a response to any question in this Part VI. ☒ X**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year . . . . . <b>1a</b> 13		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent . . . . . <b>1b</b> 11		
<b>2</b> 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? . . . . . <b>2</b>	X	
<b>3</b> 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? . . . . . <b>3</b>	X	
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . <b>4</b>		X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . . <b>5</b>		X
<b>6</b> Did the organization have members or stockholders? . . . . . <b>6</b>		X
<b>7a</b> 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? . . . . . <b>7a</b>	X	
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . <b>7b</b>		X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>a</b> The governing body? . . . . . <b>8a</b>	X	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . . <b>8b</b>	X	
<b>9</b> 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 . . . . . <b>9</b>		X

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

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? . . . . . <b>10a</b>		X
<b>b</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? . . . . . <b>10b</b>		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . <b>11a</b>	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . <b>12a</b>	X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . <b>12b</b>	X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . <b>12c</b>	X	
<b>13</b> Did the organization have a written whistleblower policy? . . . . . <b>13</b>	X	
<b>14</b> Did the organization have a written document retention and destruction policy? . . . . . <b>14</b>	X	
<b>15</b> 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?		
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . . <b>15a</b>		X
<b>b</b> Other officers or key employees of the organization . . . . . <b>15b</b>		X
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . <b>16a</b>		X
<b>b</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? . . . . . <b>16b</b>		

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed ► OK,

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

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

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► MARY GARBER, CFO 430 N. MONTE VISTA ADA, OK 74820 580-421-1412

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response to any question in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BILL G. LANCE, JR. TRUSTEE	1.00	X						0	0	0
(2) DALE BOATWRIGHT TRUSTEE	1.00	X						0	0	0
(3) THOMAS C. BOLITHO SECRETARY	1.00	X		X				0	0	0
(4) C.C. BUXTON, III TRUSTEE	1.00	X						0	0	0
(5) JO ANN CARPENTER, M.D. TRUSTEE	1.00	X						0	0	0
(6) JIM E. DICUS TRUSTEE	1.00	X						0	0	0
(7) FRANK CARTMELL, M.D. TRUSTEE	1.00	X						0	0	0
(8) DAN NORTHCUTT TRUSTEE	1.00	X						0	0	0
(9) DEAN PETERSON CHAIRMAN	1.00	X		X				0	0	0
(10) CARLTON TILLEY SECRETARY	1.00	X		X				0	0	0
(11) BART MCCORTNEY TRUSTEE	1.00	X						0	0	0
(12) MARK WEEMS, D.D.S. TRUSTEE	1.00	X						0	0	0
(13) CHARLES R. METTRY, D.O. TRUSTEE	1.00	X						0	0	0
(14) MARY E. GARBER CFO	40.00			X				0	0	0



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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
( 15) W. KENT ROGERS ----- PRESIDENT/CEO	40.00			X				0	0	0
( 16) DR. JOSE JACINTO ----- PHYSICIAN	40.00					X		351,677.	0	1,387.
( 17) DR. IMTIAZ AHMED ----- HOSPITALIST	40.00					X		678,221.	0	2,169.
( 18) LEWIS WALLACE ----- HOSPITALIST	40.00					X		320,416.	0	3,168.
( 19) DR. CHARLES VEST ----- PHYSICIAN	40.00					X		352,365.	0	2,740.
( 20) SHIRLEY WELDEN ----- HOSPITALIST	40.00					X		320,608.	0	3,456.
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<b>1b Sub-total</b> . . . . .								0	0	0
<b>c Total from continuation sheets to Part VII, Section A</b> . . . . .								2,023,287.	0	12,920.
<b>d Total (add lines 1b and 1c)</b> . . . . .								2,023,287.	0	12,920.

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	23
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	Yes	No
3 Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual . . . . .</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual . . . . .</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person . . . . .</i>	X	

## Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 2		

2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization	20
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**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
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b>	Membership dues . . . . .	<b>1b</b>				
	<b>c</b>	Fundraising events . . . . .	<b>1c</b>				
	<b>d</b>	Related organizations . . . . .	<b>1d</b>	110,630			
	<b>e</b>	Government grants (contributions) . . . . .	<b>1e</b>	214,155			
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above . . . . .	<b>1f</b>	37,652			
	<b>g</b>	Noncash contributions included in lines 1a-1f \$ . . . . .					
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .		362,437			
<b>Program Service Revenue</b>	<b>2a</b>	NET PATIENT SERVICE REVENUE	Business Code 621300	54,470,862	54,470,862		
	<b>b</b>	SALES TAX REVENUE	900099	556,851	556,851		
	<b>c</b>						
	<b>d</b>						
	<b>e</b>						
	<b>f</b>	All other program service revenue . . . . .					
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . .		55,027,713			
	<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . .		185,983		
<b>4</b>		Income from investment of tax-exempt bond proceeds . . . . .		0			
<b>5</b>		Royalties . . . . .		0			
			(i) Real (ii) Personal				
<b>6a</b>		Gross rents . . . . .					
<b>b</b>		Less rental expenses . . . . .					
<b>c</b>		Rental income or (loss) . . . . .					
<b>d</b>		Net rental income or (loss) . . . . .		0			
<b>7a</b>		Gross amount from sales of assets other than inventory . . . . .	(i) Securities (ii) Other				
<b>b</b>		Less cost or other basis and sales expenses . . . . .		119,129			
<b>c</b>		Gain or (loss) . . . . .	93,889 211,953				
<b>d</b>		Net gain or (loss) . . . . .	-93,889 -92,824				
<b>8a</b>		Gross income from fundraising events (not including \$ . . . . . of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
<b>b</b>		Less direct expenses . . . . .	b				
<b>c</b>		Net income or (loss) from fundraising events . . . . .		0			
<b>9a</b>		Gross income from gaming activities See Part IV, line 19 . . . . .	a				
<b>b</b>		Less direct expenses . . . . .	b				
<b>c</b>		Net income or (loss) from gaming activities . . . . .		0			
<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	a					
<b>b</b>	Less cost of goods sold . . . . .	b					
<b>c</b>	Net income or (loss) from sales of inventory . . . . .		0				
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
<b>11a</b>	CAFETERIA INCOME	722513	499,996			499,996	
<b>b</b>	GIFT SHOP	453220	126,363	126,363			
<b>c</b>	PURCHASE DISCOUNTS	900099	5,201	5,201			
<b>d</b>	All other revenue . . . . .	900099	33,347	33,347			
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .		664,907				
<b>12</b>	<b>Total revenue.</b> See instructions . . . . .		56,054,327	55,192,624		499,266	

**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.	49,057.	49,057.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4 Benefits paid to or for members.	0			
5 Compensation of current officers, directors, trustees, and key employees.	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	108,404.	81,303.	27,101.	
7 Other salaries and wages.	21,457,599.	16,093,199.	5,364,400.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,799,627.	1,349,720.	449,907.	
9 Other employee benefits.	2,645,728.	1,984,296.	661,432.	
10 Payroll taxes.	1,711,783.	1,283,837.	427,946.	
11 Fees for services (non-employees):				
a Management.	81,982.	61,487.	20,495.	
b Legal.	0			
c Accounting.	0			
d Lobbying.	0			
e Professional fundraising services. See Part IV, line 17.	0			
f Investment management fees.	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	0			
12 Advertising and promotion.	118,896.	89,172.	29,724.	
13 Office expenses.	14,587.	10,940.	3,647.	
14 Information technology.	0			
15 Royalties.	0			
16 Occupancy.	595,073.	446,305.	148,768.	
17 Travel.	86,540.	64,905.	21,635.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19 Conferences, conventions, and meetings.	0			
20 Interest.	20,969.	15,727.	5,242.	
21 Payments to affiliates.	0			
22 Depreciation, depletion, and amortization.	2,097,870.	1,573,403.	524,467.	
23 Insurance.	1,291,289.	968,467.	322,822.	
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 PURCHASED SERVICES	5,948,866.	5,948,866.		
b PHARMACY	2,631,442.	2,631,442.		
c SUPPLIES	5,951,414.	4,463,561.	1,487,854.	
d EQUIPMENT RENTAL & MAINTENANCE	2,069,214.	1,551,911.	517,304.	
e All other expenses	4,740,906.	3,787,000.	953,904.	
25 Total functional expenses. Add lines 1 through 24e.	53,421,246.	42,454,598.	10,966,648.	
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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).	0			

**Part X Balance Sheet**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing	6,707,565.	<b>1</b>	3,934,835.
	<b>2</b> Savings and temporary cash investments	9,693,509.	<b>2</b>	12,529,817.
	<b>3</b> Pledges and grants receivable, net	0	<b>3</b>	0
	<b>4</b> Accounts receivable, net	9,468,401.	<b>4</b>	10,151,365.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	<b>5</b>	0
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net	202,170.	<b>7</b>	412,424.
	<b>8</b> Inventories for sale or use	1,815,933.	<b>8</b>	1,949,496.
	<b>9</b> Prepaid expenses and deferred charges	722,571.	<b>9</b>	611,582.
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	<b>10a</b> 75,401,530.		
	<b>b</b> Less accumulated depreciation	<b>10b</b> 57,123,123.	<b>10c</b>	18,278,407.
	<b>11</b> Investments - publicly traded securities	0	<b>11</b>	0
	<b>12</b> Investments - other securities See Part IV, line 11	1,846,928.	<b>12</b>	1,787,073.
	<b>13</b> Investments - program-related See Part IV, line 11	1,023,706.	<b>13</b>	1,025,438.
	<b>14</b> Intangible assets	0	<b>14</b>	0
	<b>15</b> Other assets See Part IV, line 11	3,344,653.	<b>15</b>	3,123,770.
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	51,851,824.	<b>16</b>	53,804,207.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses	6,929,897.	<b>17</b>	7,126,871.
	<b>18</b> Grants payable	0	<b>18</b>	0
	<b>19</b> Deferred revenue	0	<b>19</b>	0
	<b>20</b> Tax-exempt bond liabilities	0	<b>20</b>	0
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D	0	<b>21</b>	0
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties	288,049.	<b>23</b>	701,996.
	<b>24</b> Unsecured notes and loans payable to unrelated third parties	0	<b>24</b>	0
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	0	<b>25</b>	183,863.
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25	7,217,946.	<b>26</b>	8,012,730.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets	27,872,587.	<b>27</b>	28,200,455.
	<b>28</b> Temporarily restricted net assets	16,761,291.	<b>28</b>	17,591,022.
	<b>29</b> Permanently restricted net assets	0	<b>29</b>	0
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds		<b>32</b>	
	<b>33</b> <b>Total net assets or fund balances</b>	44,633,878.	<b>33</b>	45,791,477.
<b>34</b> <b>Total liabilities and net assets/fund balances.</b>	51,851,824.	<b>34</b>	53,804,207.	

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI ☐

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	<b>1</b>	56,054,327.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25) . . . . .	<b>2</b>	53,421,246.
<b>3</b>	Revenue less expenses Subtract line 2 from line 1 . . . . .	<b>3</b>	2,633,081.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	<b>4</b>	44,633,878.
<b>5</b>	Net unrealized gains (losses) on investments . . . . .	<b>5</b>	-1,475,482.
<b>6</b>	Donated services and use of facilities . . . . .	<b>6</b>	0
<b>7</b>	Investment expenses . . . . .	<b>7</b>	0
<b>8</b>	Prior period adjustments . . . . .	<b>8</b>	0
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	<b>9</b>	0
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) . . . . .	<b>10</b>	45,791,477.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII ☒

- 1** Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both  
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both  
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . . .  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O
- 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? . . . . .
- 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

	Yes	No
<b>2a</b>		X
<b>2b</b>		X
<b>2c</b>		
<b>3a</b>		X
<b>3b</b>		

Form **990** (2012)

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

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

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

OMB No 1545-0047

**2012**

Open to Public  
Inspection

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

**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?

- (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? \_\_\_\_\_
- (ii) A family member of a person described in (i) above? \_\_\_\_\_
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? \_\_\_\_\_

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

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

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

Schedule A (Form 990 or 990-EZ) 2012

**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
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4</b> <b>Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> 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). . . . .						
<b>6</b> <b>Public support.</b> 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
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV) . . . . .						
<b>11</b> <b>Total support.</b> Add lines 7 through 10 . . . . .						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					12	
<b>13</b> <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) . . . . .	14	%
<b>15</b> Public support percentage from 2011 Schedule A, Part II, line 14 . . . . .	15	%
<b>16a 33 1/3% support test - 2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		
<b>b 33 1/3% support test - 2011.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		
<b>17a 10%-facts-and-circumstances test - 2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		
<b>b 10%-facts-and-circumstances test - 2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		
<b>18 Private foundation.</b> 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
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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 . . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 . . . . .						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</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 . . . . .						
<b>c</b> Add lines 7a and 7b. . . . .						
<b>8 Public support.</b> (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
<b>9</b> Amounts from line 6. . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV) . . . . .						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12) . . . . .						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

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

**Section D. Computation of Investment Income Percentage**

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

**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 ► ☐



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**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)

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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

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

**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? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> 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? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> 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)

<input type="checkbox"/> Preservation of land for public use (e g , recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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 Tax Year
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register . . . . .	2d

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

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

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

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

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

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

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 . . . . .	► \$ _____
(ii) Assets included in Form 990, Part X . . . . .	► \$ _____

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

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

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

Schedule D (Form 990) 2012

**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
1c	
1d	
1e	
1f	

- |           |  |     |    |
|-----------|--|-----|----|
| <b>2a</b> | 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.

<b>Part V</b>	<b>Endowment Funds.</b> Complete if the organization answered "Yes" to Form 990, Part IV, line 10.
---------------	--

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

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

- a** Board designated or quasi-endowment ► \_\_\_\_\_ %
- b** Permanent endowment ► \_\_\_\_\_ %
- c** Temporarily restricted endowment ► \_\_\_\_\_ %

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

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

- |                                       |   |               |  |  |
|---------------------------------------|---|---------------|--|--|
| (i) unrelated organizations . . . . . |   | <b>3a(i)</b>  |  |  |
| (ii) related organizations . . . . .  |   | <b>3a(ii)</b> |  |  |
| <b>b</b>                              | If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . . | <b>3b</b>     |  |  |

- 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
<b>1a</b> Land . . . . .				
<b>b</b> Buildings . . . . .		31,107,402.	25,182,373.	5,925,029
<b>c</b> Leasehold improvements . . . . .		117,579.	57,515.	60,064
<b>d</b> Equipment . . . . .		43,267,412.	31,429,674.	11,837,738
<b>e</b> Other . . . . .		909,137.	453,561.	455,576
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c) ). . . . .				18,278,407

Schedule D (Form 990) 2012

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) _____		
(2) _____		
(3) _____		
(4) _____		
(5) _____		
(6) _____		
(7) _____		
(8) _____		
(9) _____		
(10) _____		
<b>Total.</b> (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)NET PENSION ASSET	2,962,771.
(2)CSV OF LIFE INSURANCE	158,999.
(3)OTHER ASSETS	2,000.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) . . . . . ▶	3,123,770.

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

1.	(a) Description of liability	(b) Book value
(1)	Federal income taxes	
(2)	DUE TO MEDICARE	183,863.
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ►		183,863.

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**

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

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

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

**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.

1

SCHEDULE D, PART X, LINE 2

MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE

INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED

ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE

FINANCIAL STATEMENTS.

**Part XIII** Supplemental Information *(continued)*

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**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

► **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**

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

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	X	
<b>1b</b> If "Yes," was it a written policy? . . . . .	X	
<b>2</b> 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 <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> 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		
<b>a</b> 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 <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
<b>b</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 . . . . . <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
<b>c</b> 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		
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	X	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
<b>5b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	X	
<b>5c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .		X
<b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .	X	
<b>6b</b> If "Yes," did the organization make it available to the public? . . . . .		X

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

**7 Financial Assistance and Certain Other Community Benefits at Cost**

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .			430,567.		430,567.	.81
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .			7,278,438.	6,103,202.	1,175,236.	2.20
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .			554.	375.	179.	
<b>d</b> Total Financial Assistance and Means-Tested Government Programs . . . . .			7,709,559.	6,103,577.	1,605,982.	3.01
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .						
<b>f</b> Health professions education (from Worksheet 5) . . . . .						
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .						
<b>h</b> Research (from Worksheet 7) . . . . .						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .				23,743.		
<b>j</b> Total. Other Benefits . . . . .				23,743.		
<b>k</b> Total. Add lines 7d and 7j. . . . .			7,709,559.	6,127,320.	1,605,982.	3.01

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

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

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

**Section A. Bad Debt Expense**

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	1		X
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount. . . . .	2	10,669,599.	
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	18,007,383.
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	19,213,379.
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	-1,205,996.
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:		
<input type="checkbox"/> Cost accounting system	<input checked="" type="checkbox"/> Cost to charge ratio	<input type="checkbox"/> Other

**Section C. Collection Practices**

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

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

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



## 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

# 1 VALLEY VIEW REGIONAL HOSPITAL

430 N. MONTE VISTA

ADA OK 74820

**Licensed hospital**

General medical &amp; surgical

Children's hospital

Teaching hospital

Critical access hospital

Research facility

ER-24 hours

ER-other

Other (describe)

**Facility reporting group**

X

X

X

2

3

4

5

6

7

8

9

10

11

12

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group VALLEY VIEW REGIONAL HOSPITALFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1**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 . . . . .
- 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 1 2

- 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. . . . .

- 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 . . . . .

- 5 Did the hospital facility make its CHNA report widely available to the public? . . . . .
- 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 . . .

- 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)? . . . . .

- b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .
- 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? \$

	Yes	No
1	X	
2		
3	X	
4		X
5	X	
6		
7	X	
8a		X
8b		

**Part V Facility Information (continued)**

Financial Assistance Policy		VALLEY VIEW REGIONAL HOSPITAL	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that				
<b>9</b>	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		X	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care?		X	
	If "Yes," indicate the FPG family income limit for eligibility for free care <u>1</u> <u>0</u> <u>0</u> %			
	If "No," explain in Part VI the criteria the hospital facility used			
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care?		X	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>1</u> <u>5</u> <u>0</u> %			
	If "No," explain in Part VI the criteria the hospital facility used			
<b>12</b>	Explained the basis for calculating amounts charged to patients?		X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
<b>a</b>	<input checked="" type="checkbox"/> Income level			
<b>b</b>	<input checked="" type="checkbox"/> Asset level			
<b>c</b>	<input type="checkbox"/> Medical indigency			
<b>d</b>	<input type="checkbox"/> Insurance status			
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount			
<b>f</b>	<input type="checkbox"/> Medicaid/Medicare			
<b>g</b>	<input type="checkbox"/> State regulation			
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)			
<b>13</b>	Explained the method for applying for financial assistance?		X	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility?		X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b>	<input checked="" type="checkbox"/> The policy was attached to billing invoices			
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b>	<input checked="" type="checkbox"/> The policy was available on request			
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)			
<b>Billing and Collections</b>				
<b>15</b>	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?		X	
<b>16</b>	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			
<b>a</b>	<input type="checkbox"/> Reporting to credit agency			
<b>b</b>	<input type="checkbox"/> Lawsuits			
<b>c</b>	<input type="checkbox"/> Liens on residences			
<b>d</b>	<input type="checkbox"/> Body attachments			
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)			
<b>17</b>	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?			X
	If "Yes," check all actions in which the hospital facility or a third party engaged			
<b>a</b>	<input type="checkbox"/> Reporting to credit agency			
<b>b</b>	<input type="checkbox"/> Lawsuits			
<b>c</b>	<input type="checkbox"/> Liens on residences			
<b>d</b>	<input type="checkbox"/> Body attachments			
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)			

**Part V Facility Information (continued)** VALLEY VIEW REGIONAL HOSPITAL**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**

**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? . . . . .

	Yes	No
<b>19</b>	X	

If "No," indicate why

- a** ☐ The hospital facility did not provide care for any emergency medical conditions  
**b** ☐ The hospital facility's policy was not in writing  
**c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)  
**d** ☐ Other (describe in Part VI)

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

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a** ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged  
**b** ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged  
**c** ☒ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged  
**d** ☐ Other (describe in Part VI)

**21** During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

	Yes	No
<b>20</b>		X
<b>21</b>		X

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . .

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)
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>6</b>	
<b>7</b>	
<b>8</b>	
<b>9</b>	
<b>10</b>	

Schedule H (Form 990) 2012

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

1

SCHEDULE H, PART III, LINE 3 & 4

LINE 3: THE HOSPITAL DECIDED NOT TO ESTIMATE THE AMOUNT OF BAD DEBT  
EXPENSE AT COST.

LINE 4: THE HOSPITAL REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES  
RENDERED AT NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYERS AND  
OTHERS. THE HOSPITAL PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED  
UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION  
INFORMATION AND EXISTING ECONOMIC CONDITIONS. AS A SERVICE TO THE  
PATIENT, THE HOSPITAL BILLS THIRD-PARTY PATERS DIRECTLY AND BILLS THE  
PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED. PATIENT ACCOUNTS  
RECEIVABLE ARE DUE IN FULL WHEN BILLED. ACCOUNTS ARE CONSIDERED  
DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS ON INDIVIDUAL CREDIT  
EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT.

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
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- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

2

SCHEDULE H, PART III, LINE 8 & 9B

THE COST TO CHARGE RATIO WAS APPLIED TO BAD DEBT EXPENSE TO CALCULATE BAD  
DEBT EXPENSE AT COST.

THE ORGANIZATION HAS A CHARITY CARE POLICY AND A WRITTEN COLLECTION  
POLICY. THE WRITTEN COLLECTION POLICY DOES NOT CONTAIN PROVISIONS ON  
PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR  
CHARITY CARE. THE CHARITY CARE POLICY IS DESIGNED TO PROVIDE A PROCESS  
TO EFFECTIVELY EVALUATE CANDIDATES THAT MAY QUALIFY FOR CHARITY CARE. THE  
PROGRAM IS DESIGNED TO AID THE ORGANIZATION IN DISTINGUISHING TRUE BAD  
DEBT EXPENSE FROM CHARITY CARE, AND TO INCREASE THE PUBLIC'S AWARENESS OF  
THE CHARITY CARE PROVIDED TO THE COMMUNITY. THE DETERMINATION FOR  
CHARITY CARE REQUIRES PARTICIPATION AND COOPERATION FROM THE  
PATIENT/GUARANTOR TO PROVIDE NECESSARY DOCUMENTATION, AND PATIENTS THAT  
FAIL TO PAY ANY REMAINING BALANCE AFTER THE CHARITY CARE DEDUCTION IS  
MADE BECOMES SUBJECT TO NORMAL COLLECTION PROCEDURES.

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
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- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
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- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

3

SCHEDULE H, PART VI, LINE 2

VVRH IN CONJUNCTION WITH MERCY HEALTH SYSTEMS HOSTS ANNUALLY A COMMUNITY ROUNDTABLE DISCUSSION. IN THIS VENUE COMMUNITY MEMBERS ARE INVITED TO PARTICIPATE IN PLANNING FUTURE HEALTH NEEDS OF THE COMMUNITY. THEY ARE ALSO INVITED TO SHARE THEIR CONCERNS AND OFFER THEIR OPINIONS.

4

SCHEDULE H, PART VI, LINE 3

WE HAVE AN ONSITE REPRESENTATIVE FROM HCFS THAT SCREENS ALL OF OUR INPATIENT, ONE DAY SURGERY, AND ER SELF PAY PATIENTS, AS WELL AS ANY OTHER OUTPATIENTS THAT ARE REFERRED, FOR ANY TYPE OF ASSISTANCE PROGRAMS FOR WHICH THE PATIENT MIGHT QUALIFY. IF NO ASSISTANCE IS AVAILABLE, THEY ARE GIVEN AN APPLICATION OR INFORMED OF OUR FINANCIAL ASSISTANCE/CHARITY CARE PROGRAM. OUR PATIENT FINANCIAL COUNSELORS ALSO INFORM THE PATIENTS OF THESE POLICIES DURING THE PRE-REGISTRATION PROCESS.



**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
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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

5

SCHEDULE H, PART VI, LINE 4

VVRH, IS LOCATED IN ADA OKLAHOMA , AND IS THE COUNTY SEAT FOR PONTOTOC COUNTY. VALLEY VIEW SERVES A NINE COUNTY AREA IN SOUTH CENTRAL OKLAHOMA. IN ADDITION THE HOSPITAL OWNS A RURAL HEALTH CLINIC IN STRATFORD, OK, A ECONOMICALLY DISADVANTAGE COMMUNITY OF APPROXIMATELY 1,200 PEOPLE, WHO ARE OVER THE AGE OF 65.

6

SCHEDULE H, PART VI, LINE 5

VALLEY VIEW REGIONAL HOSPITAL PARTICIPATES IN COMMUNITY EVENTS SPONSORED BY THE ADA REGIONAL UNITED WAY, BY PROVIDING NUTRITIONAL SNACKS AND EXERCISES DURING THEIR KIDS FAIR THAT IS HELD ANNUALLY AT WINTERSMITH PARK. THE AUDIENCE AGES RANGE FROM INFANTS UP TO ADULTS. WE PARTNER WITH THE BOY SCOUTS OF AMERICA AND PROVIDE PHYSICALS ANNUALLY TO THE BOY SCOUTS. WE ALSO PROVIDE MEDICAL SUPPLIES TO AREA SCHOOLS, BOY SCOUT SUMMER CAMP, AND ADA BOYS AND GIRLS CLUB.

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

THE DIRECTOR OF EDUCATIONAL SERVICES SERVES ON THE PONTOTOC COUNTY BOARD OF THE AMERICAN CANCER SOCIETY AND HAS BEEN SURVIVOR CHAIR OF THE RELAY FOR LIFE EVENT FOR 12 YEARS. THE HOSPITAL HAS PROVIDED CANCER INFORMATION AND BROCHURES, AS WELL AS GOODIE BAGS FOR OVER 300 SURVIVORS FOR MANY YEARS, AS WELL AS DONATING THE COST OF POSTAGE TO SEND RELAY INFORMATION TO OVER 600 CANCER SURVIVORS. THE EDUCATIONAL SERVICES DEPARTMENT ALSO DONATES DIAPERS AND SUPPLIES FROM PRE-NATAL CLASSES TO THE LOCAL WOMEN'S CRISIS CENTER UPON RECEIVING A NEW SHIPMENT OF MATERIALS.

7

SCHEDULE H, PART I, LINE 7

THE TOTAL EXPENSES REPORTED ON PART IX OF THE 990 DOES NOT INCLUDE BAD DEBT EXPENSE. THEREFORE, BAD DEBT EXPENSE WAS NOT REMOVED FROM THE AMOUNT CALCULATED ON LINE 7F.

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

8

SCHEDULE H, PART V, SECTION B, LINE 3

THE HOSPITAL CONDUCTED ROUND TABLES TO DIALOGUE WITH COMMUNITY MEMBERS  
AND PUBLIC HEALTH EXPERTS. A COMMUNITY BENEFIT TASK FORCE WAS ALSO  
CREATED. COMMITTEE MEMBERS INCLUDE KEY PERSONNEL OF THE HOSPITAL AND THE  
ADA COMMUNITY.

9

SCHEDULE H, PART V, SECTION B, LINE 6

WEBSITE ADDRESS WHERE CHNA AND IMPLEMENTATION STRATEGY IS POSTED:  
[WWW.MERCY.NET/SITES/DEFAULT/FILES/FILES/ADA-1113-11576.PDF](http://WWW.MERCY.NET/SITES/DEFAULT/FILES/FILES/ADA-1113-11576.PDF)

10

SCHEDULE H, PART III, LINE 7

THE AMOUNT OF SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT BECAUSE  
CARING FOR MEDICARE PATIENTS FULFILLS A COMMUNITY NEED AND RELIEVES A  
GOVERNMENT BURDEN AS THESE PATIENTS TYPICALLY HAVE LOW AND/OR FIXED

**Part VI** Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

INCOMES.

SCHEDULE I  
(Form 990)

Department of the Treasury  
Internal Revenue Service  
Name of the organization

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

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

OMB No. 1545-0047

2012

Open to Public  
Inspection

Employer identification number

73-0630359

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

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

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	ADA REGIONAL UNITED WAY INC 314 S BROADWAY STE 204 ADA, OK 74820	73-0941532	501(C)(3)	7,498				HLTH/HUMAN SRV PRGM
(2)	AMERICAN CANCER SOCIETY 250 WILLIAMS ST ATLANTA, GA 30303	13-1788491	501(C)(3)	8,401				CANCER RESEARCH
(3)	EAST CENTRAL UNIVERSITY 1100 E 14TH ST ADA, OK 74820	23-7058908	501(C)(3)		5,557	COST	MEALS	EDUCATION AND ATHLET
(4)	MARCH OF DIMES 1275 MAMARONECK WHITE PLAINS, NY 10605	13-1846366	501(C)(3)	10,000				HLTHY BABY RESRCH
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ..... 4
- 3 Enter total number of other organizations listed in the line 1 table ..... 4

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule I (Form 990) (2012)

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

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						

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

1

SCHEDULE I, PART I, LINE 2

THE ORGANIZATION GRANTS MONEY TO OTHER 501(C)(3) ORGANIZATIONS THAT ARE PUBLIC CHARITIES. THE ORGANIZATION RECEIVES DOCUMENTATION FROM THE CHARITIES ON HOW THE FUNDS WILL BE USED AND AN ACKNOWLEDGEMENT OF THE AMOUNT THE ORGANIZATION GAVE TO THE CHARITIES.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

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

► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- ☐ First-class or charter travel  
☐ Travel for companions  
☐ Tax indemnification and gross-up payments  
☐ Discretionary spending account

- ☐ Housing allowance or residence for personal use  
☐ Payments for business use of personal residence  
☐ Health or social club dues or initiation fees  
☐ Personal services (e.g., maid, chauffeur, chef)

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.

**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?

**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  
☐ Independent compensation consultant  
☐ Form 990 of other organizations  
☐ Written employment contract  
☐ Compensation survey or study  
☐ 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?  
**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?  
**c** Participate in, or receive payment from, an equity-based compensation arrangement?  
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?  
**b** Any related organization?  
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?  
**b** Any related organization?  
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.

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

X

X

X

X

X

X

X

X

X

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

Schedule J (Form 990) 2012

**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 DR. JOSE JACINTO PHYSICIAN	(i) 351,677. (ii) 0 (iii) 0	0	0	0	1,387.	353,064.	0
2 DR. IMTIAZ AHMED HOSPITALIST	(i) 678,221. (ii) 0 (iii) 0	0	0	0	2,169.	680,390.	0
3 LEWIS WALLACE HOSPITALIST	(i) 320,416. (ii) 0 (iii) 0	0	0	0	3,168.	323,584.	0
4 DR. CHARLES VEST PHYSICIAN	(i) 352,365. (ii) 0 (iii) 0	0	0	0	2,740.	355,105.	0
5 SHIRLEY WELDEN HOSPITALIST	(i) 320,608. (ii) 0 (iii) 0	0	0	0	3,456.	324,064.	0
6	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
7	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
8	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
9	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
10	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
11	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
12	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
13	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
14	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
15	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---
16	(i) --- (ii) --- (iii) ---	---	---	---	---	---	---

Schedule J (Form 990) 2012



**Part III Supplemental Information**

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

1

FORM 990, SCHEDULE J, PART 1

THE FOLLOWING INDIVIDUALS RECEIVED COMPENSATION FROM AN UNRELATED

ORGANIZATION (MERCY HEALTH SYSTEM) FOR SERVICES RENDERED TO THE

ORGANIZATION. THE ORGANIZATION IS NOT AWARE OF THE TERMS OF THE AGREEMENT

BETWEEN THE INDIVIDUALS AND MERCY HEALTH SYSTEM.

MARY GARBER

W. KENT ROGERS

**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, line 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

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

**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
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

- 2 Enter the amount of tax incurred by the 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?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
Total . . . . .						► \$ _____						

**Part III Grants or Assistance Benefiting 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
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

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

Schedule L (Form 990 or 990-EZ) 2012

**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) CHERYL WEEMS	SEE PART V	73,490	EMPLOYMENT		X
(2) BRADEN PETERSON	SEE PART V	34,914	EMPLOYMENT		X
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

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

1

SCHEDULE L, PART IV, LINES 1 &amp; 2

CHERYL WEEMS, FAMILY MEMBER OF MARK WEEMS, BOARD OF DIRECTORS

BRADEN PETERSON, FAMILY MEMBER OF DEAN PETERSON, BOARD OF DIRECTORS

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

1

FORM 990, PART VI, LINE 2

JOANN CARPENTER, M.D. AND CHARLES R. METTRY, D.O. HAVE A BUSINESS  
RELATIONSHIP.

2

FORM 990, PART VI, LINE 3

VALLEY VIEW REGIONAL HOSPITAL IS MANAGED BY MERCY HEALTH SYSTEMS.

3

FORM 990, PART VI, LINE 7A

THE TOTAL NUMBER OF MEMBERS OF THE BOARD IS THE SAME AS THE TOTAL NUMBER  
OF MEMBERS OF THE VALLEY VIEW HOSPITAL AUTHORITY BOARD. MEMBERS OF THE  
BOARD OF THE AUTHORITY ARE MEMBERS OF VALLEY VIEW REGIONAL HOSPITAL'S  
BOARD. SHOULD ANY MEMBER OF THE AUTHORITY BOARD DECLINE OR FAIL TO  
QUALIFY AS A MEMBER OF THE HOSPITAL BOARD, THE HOSPITAL BOARD SHALL HAVE  
THE POWER TO ELECT A PERSON TO FILL THE VACANCY.

4

FORM 990, PART VI, LINE 11B

THE FORM 990 IS PREPARED BY AN OUTSIDE ACCOUNTING FIRM. THE RETURN IS  
REVIEWED INTERNALLY AND THEN IS REVIEWED AND APPROVED BY THE FINANCE  
COMMITTEE OF THE BOARD BEFORE FILING WITH THE IRS. THE REVIEW AND  
APPROVAL IS DOCUMENTED IN THE MINUTES OF THE FINANCE COMMITTEE. A COPY

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

OF THE FORM 990 IS PROVIDED TO THE ENTIRE BOARD BEFORE IT IS FILED WITH  
THE IRS.

5

FORM 990, PART VI, LINE 12C

EACH DIRECTOR, PRINCIPAL OFFICER, SENIOR MANAGEMENT STAFF, AND MEMBER OF  
A COMMITTEE WITH BOARD DELEGATED POWERS ANNUALLY SIGNS A STATEMENT WHICH  
AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICT OF INTEREST  
POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH  
THE POLICY, AND UNDERSTANDS THAT THE HOSPITAL IS A CHARITABLE  
ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT  
MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS  
TAX EXEMPT PURPOSES.

6

FORM 990, PART VI, LINE 15A

THE ORGANIZATION DOES NOT COMPENSATE THE CEO OR OTHER OFFICERS OR KEY  
EMPLOYEES. THE CEO AND OTHER OFFICERS RECIEVE COMPENSATION FROM AN  
UNRELATED ORGANIZATION FOR SERVICES RENDERED TO THE ORGANIZATION.

7

FORM 990, PART VI, LINE 19

THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST  
POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

8

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

FORM 990, PAGE 12, PART XII, LINES 2B & 2C; FORM 990, PAGE 3, LINE 20B  
 THE ORGANIZATION IS CURRENTLY UNDERGOING A FINANCIAL STATEMENT AUDIT. IT  
 HAS NOT YET BEEN COMPLETED BY THE DUE DATE OF THE RETURN. THEREFORE THE  
 ORGANIZATION HAS ATTACHED THE MOST RECENT COMPLETED AUDITED FINANCIAL  
 STATEMENTS TO THE RETURN AS REQUIRED WHICH WAS FOR THE SEPTEMBER 30, 2012  
 YEAR END.

ATTACHMENT 1FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

THE ORGANIZATION'S MISSION IS TO PROVIDE A CULTURE OF SAFETY THAT  
 CREATES A PATIENT SAFETY COMMITMENT FROM ALL EMPLOYEES IN WHICH  
 PATIENT CARE PROCESSES ARE DEVELOPED AND IMPROVED. THE HEALTH CARE  
 TEAM CARES FOR THOSE WHO NEED IT REGARDLESS OF THEIR ABILITY TO PAY.  
 SERVICES ARE MATCHED TO PATIENTS NEEDS AND IT INSPIRES AND EMPOWERS  
 THE HEALTH CARE TEAM TO SEEK OUT THE OPPORTUNITIES FOR PERFORMANCE  
 IMPROVEMENT. THE ORGANIZATION ENCOURAGES PREVENTION, WELLNESS, AND  
 IMPROVEMENT IN PATIENT'S QUALITY OF LIFE AND REMAINS AWARE OF OUR  
 FISCAL RESPONSIBILITY TO THE COMMUNITY.

ATTACHMENT 2990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
MERCY HEALTH SYSTEMS OF OK 4300 W MEMORIAL RD OKLAHOMA CITY, OK 73120	MANAGEMENT SVCS	1,128,988.
ADA ANESTHESIA ASSOCIATES 1621 CRADDOCK RD ADA, OK 74820	ANESTHESIA PHYS SVCS	632,540.
OK LITHOTRIPTER ASSOC LC 5401 N PORTLAND STE 640	UROLOGY SERVICES	710,400.

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

ATTACHMENT 2 (CONT'D)

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
OKLAHOMA CITY, OK 73112		
EMERGENCY MANAGEMENT MIDWEST PO BOX 634850 CINCINNATTI, OH 45263-4850	ER PHYSICIAN SVCS	333,900.
SLEEP SOLUTIONS ADA LLC 409 E CALIFORNIA AVE OKLAHOMA CITY, OK 73104	SLEEP DISORDER DIAG	523,225.

**SCHEDULE R**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service**Related Organizations and Unrelated Partnerships**

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

OMB No 1545-0047  
**2012****Open to Public Inspection**

Name of the organization

VALLEY VIEW REGIONAL HOSPITAL

Employer identification number

73-0630359

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MEDICAL CENTER OF STRATFORD 217 W. SMITH STRATFORD, OK 74872 73-1327488	CLINIC	OK	366,343.	547,432.	N/A
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
(1) VALLEY VIEW FOUNDATION, INC 430 N. MONTE VISTA ADA, OK 74820 20-1964563	SUPPORT ORG	OK	501 (C) (3)	11A	N/A	Yes No X
(2) VALLEY VIEW HOSPITAL AUTHORITY, INC 430 N MONTE VISTA ADA, OK 74820 73-0759362	SUPPORT VVRH	OK	GOV'T		N/A	Yes No X
(3) -----						
(4) -----						
(5) -----						
(6) -----						
(7) -----						

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

Schedule R (Form 990) 2012



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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(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	
(1) _____												
(2) _____												
(3) _____												
(4) _____												
(5) _____												
(6) _____												
(7) _____												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percent- age ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) VALLEY VIEW MANAGEMENT GROUP, INC. 430 N MONTE VISTA ST ADA, OK 74820	PHYSICIAN PRACT	OK	N/A	C CORPORATION	1,556,626	649,085	100.0000		X
(2) _____									
(3) _____									
(4) _____									
(5) _____									
(6) _____									
(7) _____									

Schedule R (Form 990) 2012

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
<b>b</b> Gift, grant, or capital contribution to related organization(s)	X	
<b>c</b> Gift, grant, or capital contribution from related organization(s)	X	
<b>d</b> Loans or loan guarantees to or for related organization(s)		X
<b>e</b> Loans or loan guarantees by related organization(s)		X
<b>f</b> Dividends from related organization(s)		
<b>g</b> Sale of assets to related organization(s)		X
<b>h</b> Purchase of assets from related organization(s)		X
<b>i</b> Exchange of assets with related organization(s)		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)		X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
<b>o</b> Sharing of paid employees with related organization(s)		X
<b>p</b> Reimbursement paid to related organization(s) for expenses		X
<b>q</b> Reimbursement paid by related organization(s) for expenses		X
<b>r</b> Other transfer of cash or property to related organization(s)		X
<b>s</b> Other transfer of cash or property from related organization(s)		X

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

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
<b>(1)</b>	VALLEY VIEW MANAGEMENT GROUP, INC.	B	3,566,006.	CASH
<b>(2)</b>	VALLEY VIEW MANAGEMENT GROUP, INC.	C	1,587,594.	CASH
<b>(3)</b>				
<b>(4)</b>				
<b>(5)</b>				
<b>(6)</b>				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate 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	
(1) _____													
(2) _____													
(3) _____													
(4) _____													
(5) _____													
(6) _____													
(7) _____													
(8) _____													
(9) _____													
(10) _____													
(11) _____													
(12) _____													
(13) _____													
(14) _____													
(15) _____													
(16) _____													

**Part VII** **Supplemental Information**

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

# **Valley View Regional Hospital**

Accountants' Reports and Financial Statements

September 30, 2012 and 2011



# Valley View Regional Hospital

September 30, 2012 and 2011

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## **Independent Accountants' Report on Financial Statements and Supplementary Information**

Board of Directors  
Valley View Regional Hospital  
Ada, Oklahoma

We have audited the accompanying balance sheets of Valley View Regional Hospital (the Hospital) as of September 30, 2012 and 2011, and the related statements of revenues, expenses and 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Valley View Regional Hospital as of September 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*BKD, LLP*

February 26, 2013

# **Valley View Regional Hospital**

## **Management's Discussion and Analysis**

### **Years Ended September 30, 2012 and 2011**

#### ***Introduction***

This management's discussion and analysis of the financial performance of Valley View Regional Hospital (the Hospital) provides an overview of the Hospital's financial activities for the years ended September 30, 2012 and 2011. It should be read in conjunction with the accompanying financial statements of the Hospital.

#### ***Financial Highlights***

- Total cash, cash equivalents and investments increased in 2012 and 2011 by \$4,056,283 or 29% and \$5,018,158 or 55%, respectively.
- Total short- and long-term debt decreased in 2012 and 2011 by \$1,812,481 or 86% and \$1,160,092 or 36%, respectively.
- The Hospital's net assets increased in 2012 and 2011 by \$5,921,727 or 15% and \$4,807,758 or 14%, respectively.
- The Hospital reported operating income in 2012 and 2011 of \$4,502,645 and \$4,417,971, respectively. The operating income in 2012 increased by \$84,674 or 2% over the operating income reported in 2011.

#### ***Using This Annual Report***

The Hospital's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net assets; and a statement of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

#### ***The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets***

One of the most important questions asked about any hospital's finances is, "Is the hospital as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses and changes in net assets report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net assets and changes in them. The Hospital's total net assets—the difference between assets and liabilities—is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net assets are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors, should also be considered to assess the overall financial health of the Hospital.



These two statements report the Hospital's net assets and changes in them. The Hospital's total net assets—the difference between assets and liabilities—is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net assets are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors, should also be considered to assess the overall financial health of the Hospital.

### ***The Statement of Cash Flows***

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

### ***The Hospital's Net Assets***

The Hospital's net assets are the difference between its assets and liabilities reported in the balance sheet. The Hospital's net assets increased by \$5,921,727 or 15% in 2012 over 2011 and by \$4,807,758 or 14% in 2011 over 2010 as shown in Table 1.

**Table 1: Assets, Liabilities and Net Assets**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 18,234,553	\$ 14,178,270	\$ 9,160,112
Patient accounts receivable, net	10,356,781	9,069,928	8,680,524
Other current assets	2,588,725	2,897,822	2,941,565
Capital assets, net	17,049,340	17,488,821	19,389,325
Other noncurrent assets	4,257,728	3,592,812	4,095,556
<b>Total assets</b>	<b>\$ 52,487,127</b>	<b>\$ 47,227,653</b>	<b>\$ 44,267,082</b>
<b>Liabilities</b>			
Short- and long-term debt (including current portion)	\$ 288,049	\$ 2,100,530	\$ 3,260,622
Other liabilities	6,873,426	5,723,198	6,410,293
<b>Total liabilities</b>	<b>7,161,475</b>	<b>7,823,728</b>	<b>9,670,915</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	16,761,291	15,388,291	16,236,019
Unrestricted	28,564,361	24,015,634	18,360,148
<b>Total net assets</b>	<b>45,325,652</b>	<b>39,403,925</b>	<b>34,596,167</b>
<b>Total liabilities and net assets</b>	<b>\$ 52,487,127</b>	<b>\$ 47,227,653</b>	<b>\$ 44,267,082</b>

Some significant changes in the Hospital's assets and liabilities at September 30, 2012, are the increase in cash, cash equivalents and investments, the increase in patient accounts receivable and the decrease in short- and long-term debt as compared to September 30, 2011. The increase in cash, cash equivalents and investments by \$4,056,283 or 29% compared to 2011 and the decrease in both short- and long-term debt of \$1,812,481 or 86% were primarily due to the continued positive operating results in 2012.

Management continued to use the positive operating income to build up cash and investment reserves and pay down debt over the past years to improve the financial stability of the Hospital. The increase in patient accounts receivable is partially attributable to the increased net patient service revenue in 2012.

Net days revenue in net accounts receivable at September 30, 2012, was 49.7 days compared to 45.8 days at September 30, 2011, or an increase of 8%.

Some significant changes in the Hospital's assets and liabilities at September 30, 2011, are the increase in cash, cash equivalents and investments, the decrease in short- and long-term debt and the decrease in accounts payable as compared to September 30, 2010. The increase in cash, cash equivalents and investments by \$5,018,158 or 55% compared to 2010 and the decrease in both short- and long-term debt of \$1,160,092 or 36% were primarily due to the continued improved performance of the Hospital in 2011 over previous years. Management has used the increased operating income to build up cash and investment reserves and pay down debt and accounts payable over the past years to improve the financial stability of the Hospital.

### ***Operating Results and Changes in the Hospital's Net Assets***

In 2012, the Hospital's net assets increased by \$5,921,727 or 15% as shown in Table 2. This increase is made up of several different components and represents an increase of 23% compared with the increase in net assets for 2011 of \$4,807,758.

**Table 2: Operating Results and Changes in Net Assets**

	2012	2011	2010
<b>Operating Revenues</b>			
Net patient service revenue	\$ 76,130,826	\$ 72,277,942	\$ 69,012,687
Other operating revenues	1,540,168	853,191	860,808
Total operating revenues	77,670,994	73,131,133	69,873,495
<b>Operating Expenses</b>			
Salaries, wages and employee benefits	38,316,675	36,007,354	32,203,474
Purchased services	7,255,279	8,170,088	9,413,387
Depreciation	3,180,567	3,197,245	3,460,740
Supplies and other	24,415,828	21,338,475	19,923,913
Total operating expenses	73,168,349	68,713,162	65,001,514
<b>Operating Income</b>	4,502,645	4,417,971	4,871,981
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	950,774	163,895	411,975
Interest expense	(149,904)	(166,646)	(669,758)
Noncapital grants and gifts	618,212	392,538	531,180
Total nonoperating revenues (expenses)	1,419,082	389,787	273,397
<b>Appropriations from Valley View Hospital Authority</b>	-	-	8,199,100
<b>Increase in Net Assets</b>	\$ 5,921,727	\$ 4,807,758	\$ 13,344,478

**Operating Income**

The first component of the overall change in the Hospital's net assets is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported operating income.

The operating income for 2012 increased by \$84,674 or 2% as compared to 2011. The primary components of the decreased operating income are:

- An increase in net patient service revenue of \$3,852,884 or 5%
- An increase in salaries, wages and employee benefits of \$2,309,321 or 6%
- A decrease in purchased services of \$914,809 or 11%
- An increase in supplies and other expenses of \$3,077,353 or 14%

Net patient service revenue increased in 2012 due primarily to payments of approximately \$5,341,000 received from the State of Oklahoma Supplemental Hospital Offset Payment Program (SHOPP). These payments offset the reduction in net patient service revenue due to decreased patient volume.

Salaries, wages and employee benefits increased in 2012 as the result of standard employee raises and the Hospital's continued emphasis on growth through physician employment. Additionally, the pension expense in 2012 increased by approximately \$711,000 due primarily to increased cost associated with the defined benefit pension plan.

Purchased services decreased in 2012 due to the Hospital gradually reducing its contract service agreements with several vendors and bringing the responsibility of these functions back to the Hospital. Additionally, the fee for emergency room services was reduced significantly during 2012.

The increase in supplies and other expenses is primarily due to the payments made by the Hospital under the SHOPP program of approximately \$2,150,000.

The operating income for 2011 decreased by \$454,010 or 9% as compared to 2010. The primary components of the decreased operating income are:

- An increase in net patient service revenue of \$3,265,255 or 5%
- A decrease in purchased services of \$1,243,299 or 13%
- An increase in salaries, wages and employee benefits of \$3,803,880 or 12%

Net patient service revenue increased in 2011 due to an increase in patient volume and a reduction in contractual adjustments and provision for uncollectible accounts.

Purchased services decreased in 2011 due to the Hospital gradually reducing its contract service agreements with several vendors and bringing the responsibility of these functions back to the Hospital.

Salaries, wages and employee benefits increased in 2011 as the result of standard employee raises and the Hospital's continued emphasis on growth through physician employment.

### ***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist primarily of noncapital gifts and grants, investment income and interest expense. Investment income increased in 2012 due to the overall improvement in the financial markets. Interest expense decreased in 2012 and 2011 due to the reduction in long-term debt in those years.

### ***The Hospital's Cash Flows***

Changes in the Hospital's cash flows are consistent with changes in operating income and nonoperating revenues and expenses discussed earlier. In 2012 and 2011, net cash provided by operating activities increased as a result of improved operations.

### ***Capital Asset and Debt Administration***

#### **Capital Assets**

At the end of 2012 and 2011, the Hospital had \$17,049,340 and \$17,488,821, respectively, invested in capital assets, net of accumulated depreciation as detailed in *Note 5* to the financial statements. In 2012 and 2011, the Hospital purchased capital assets of \$3,322,508 and \$1,321,316, respectively.

## **Debt**

At September 30, 2012 and 2011, the Hospital had \$288,049 and \$2,100,530, respectively, in capital lease obligations outstanding as detailed in *Note 7* to the financial statements. The Hospital issued no new debt in 2012 or 2011.

## ***Contacting the Hospital's Financial Management***

This financial report is designed to provide the Hospital's patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital Administration by telephoning 580.421.1412.

# Valley View Regional Hospital

## Balance Sheets

September 30, 2012 and 2011

### Assets

	<u>2012</u>	<u>2011</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,391,538	\$ 6,892,495
Short-term investments	7,180,490	4,778,901
Patient accounts receivable, net of allowance; 2012 – \$14,768,000, 2011 – \$15,785,000	10,356,781	9,069,928
Supplies	1,816,154	2,170,164
Estimated amounts due from third-party payers	-	80,000
Prepaid expenses and other	<u>772,571</u>	<u>647,658</u>
Total current assets	<u>27,517,534</u>	<u>23,639,146</u>
<b>Noncurrent Cash and Investments</b>	<u>3,662,525</u>	<u>2,506,874</u>
<b>Capital Assets, Net</b>	<u>17,049,340</u>	<u>17,488,821</u>
<b>Other Assets</b>		
Net pension asset	3,095,787	2,379,010
Cash surrender value of life insurance policy	158,999	198,042
Other	<u>1,002,942</u>	<u>1,015,760</u>
	<u>4,257,728</u>	<u>3,592,812</u>
Total assets	<u>\$ 52,487,127</u>	<u>\$ 47,227,653</u>

## Liabilities and Net Assets

	2012	2011
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 261,079	\$ 1,087,606
Accounts payable	2,269,737	1,527,578
Accrued salaries and withholdings	1,040,914	857,877
Accrued paid days off	2,083,896	2,269,342
Estimated amounts due to third-party payers	420,000	-
Short-term deferred compensation	25,310	25,310
Other accrued expenses	764,000	764,000
Total current liabilities	6,864,936	6,531,713
<b>Long-Term Debt</b>	26,970	1,012,924
<b>Deferred Compensation</b>	269,569	279,091
Total liabilities	7,161,475	7,823,728
<b>Net Assets</b>		
Invested in capital assets, net of related debt	16,761,291	15,388,291
Unrestricted	28,564,361	24,015,634
Total net assets	45,325,652	39,403,925
Total liabilities and net assets	\$ 52,487,127	\$ 47,227,653

**Valley View Regional Hospital**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2012 – \$12,537,758, 2011 – \$16,438,142	\$ 76,130,826	\$ 72,277,942
Other operating revenues	<u>1,540,168</u>	<u>853,191</u>
Total operating revenues	<u>77,670,994</u>	<u>73,131,133</u>
<b>Operating Expenses</b>		
Salaries and wages	30,672,567	29,286,968
Employee benefits	7,644,108	6,720,386
Supplies and other	24,415,828	21,338,475
Purchased services	7,255,279	8,170,088
Depreciation	<u>3,180,567</u>	<u>3,197,245</u>
Total operating expenses	<u>73,168,349</u>	<u>68,713,162</u>
<b>Operating Income</b>	<u>4,502,645</u>	<u>4,417,971</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	950,774	163,895
Interest expense	(149,904)	(166,646)
Noncapital grants and gifts	<u>618,212</u>	<u>392,538</u>
Total nonoperating revenues (expenses)	<u>1,419,082</u>	<u>389,787</u>
<b>Increase in Net Assets</b>	5,921,727	4,807,758
<b>Net Assets, Beginning of Year</b>	<u>39,403,925</u>	<u>34,596,167</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 45,325,652</u></u>	<u><u>\$ 39,403,925</u></u>



**Valley View Regional Hospital**  
**Statements of Cash Flows**  
**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Activities</b>		
Receipts from and on behalf of patients	\$ 75,343,973	\$ 71,408,538
Payments to suppliers	(30,261,132)	(28,912,693)
Payments to and on behalf of employees	(39,006,340)	(35,821,736)
Other receipts (payments), net	<u>1,571,987</u>	<u>847,545</u>
Net cash provided by operating activities	<u>7,648,488</u>	<u>7,521,654</u>
<b>Noncapital Financing Activities</b>		
Principal paid on noncapital notes payable	(425,901)	(495,632)
Interest paid on noncapital notes payable	(6,620)	(6,620)
Noncapital grants and gifts	<u>618,212</u>	<u>392,538</u>
Net cash provided by (used in) noncapital financing activities	<u>185,691</u>	<u>(109,714)</u>
<b>Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(1,812,481)	(1,052,776)
Interest paid on long-term debt	(143,284)	(160,026)
Purchase of capital assets	(3,322,505)	(1,352,422)
Proceeds from sale of capital assets	<u>549,600</u>	<u>7,547</u>
Net cash used in capital and related financing activities	<u>(4,728,670)</u>	<u>(2,557,677)</u>
<b>Investing Activities</b>		
Interest and dividends on investments	487,372	453,141
Net change in short- and long-term investments	<u>(3,093,838)</u>	<u>(2,882,333)</u>
Net cash used in investing activities	<u>(2,606,466)</u>	<u>(2,429,192)</u>
<b>Increase in Cash and Cash Equivalents</b>	499,043	2,425,071
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>6,892,495</u>	<u>4,467,424</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 7,391,538</u></u>	<u><u>\$ 6,892,495</u></u>

See Notes to Financial Statements

	<b>2012</b>	<b>2011</b>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 4,502,645	\$ 4,417,971
Depreciation	3,180,567	3,197,245
Provision for uncollectible accounts	12,537,758	16,438,142
Loss (Gain) on sale of capital assets	31,819	(5,646)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(13,824,611)	(16,827,546)
Estimated amounts due to (from) third-party payers	500,000	(480,000)
Accounts payable and accrued expenses	730,228	(233,315)
Other assets and liabilities	(9,918)	1,014,803
Net cash provided by operating activities	<u>\$ 7,648,488</u>	<u>\$ 7,521,654</u>
<b>Supplemental Cash Flows Information</b>		
Financing of prepaid insurance	\$ 425,901	\$ 388,316

# **Valley View Regional Hospital**

## **Notes to Financial Statements**

### **September 30, 2012 and 2011**

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations and Reporting Entity***

Valley View Regional Hospital (the Hospital) is an acute care hospital located in Ada, Oklahoma, staffed for 116 acute care and 20 rehabilitation beds. The Hospital's bylaws require the members of the Hospital's Board of Directors to be the Trustees of Valley View Hospital Authority (the Authority). The Authority is a component unit of the City of Ada, Oklahoma, and the city council approves members to the Board of Trustees. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency services to patients in Ada and surrounding communities.

The Valley View Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Hospital. The Foundation is organized and operated for the exclusive benefit and support of the Hospital.

Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted for the benefit of the Hospital by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is presented in the Hospital's financial statements using the blended method.

Valley View Management Group (VVMG) is a legally separate, for-profit entity which became operational in 2010 and primarily earns revenues by managing physician practices. The Hospital is the sole corporate member of VVMG, which is considered a component unit of the Hospital and is presented in the Hospital's financial statements using the blended method.

All significant intercompany accounts and transactions have been eliminated.

##### ***Basis of Accounting and Presentation***

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program-specific, investment income and interest expense on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Authority is a component unit of the City of Ada, Oklahoma, and the city council approves members to the Authority's Board of Trustees. As the Hospital's bylaws require the Board of Directors of the Hospital to be the same individuals as the Authority's Trustees, the Hospital prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB) in accordance with the Accounting and Auditing Guide for State and Local Governments. Pursuant to GASB Statement No. 20, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

# **Valley View Regional Hospital**

## **Notes to Financial Statements**

**September 30, 2012 and 2011**

### ***Net Patient Service Revenue***

The Hospital has agreements with third-party payers 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 payers and others for services rendered and includes estimated retroactive adjustments and a provision for uncollectible accounts.

Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

### ***Use of Estimates***

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

### ***Net Assets***

Net assets of the Hospital are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt.

### ***Charity Care***

The Hospital provides care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

### ***Supplies***

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements	5-20 years
Buildings and leasehold improvements	5-40 years
Equipment	5-20 years

### **Investments and Investment Income**

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

### **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 other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital is self-insured for a portion of its exposure to risk of loss from employee health claims (see Note 9). Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

### **Patient Accounts Receivable**

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from patients, third-party payers and others. The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

# **Valley View Regional Hospital**

## **Notes to Financial Statements**

**September 30, 2012 and 2011**

### ***Income Taxes***

The Hospital is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal and state income tax on any unrelated business taxable income.

### ***Cash Equivalents***

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2012 and 2011, cash equivalents consisted primarily of money market funds with brokers and money market mutual funds.

### ***Investments in Joint Venture***

The Hospital has ownership (equity) interests in a joint venture – Heartland Healthcare Reciprocal Risk Retention Group (Heartland). The investment in the joint venture is recorded using the equity method of accounting (cost plus equity in the joint venture's undistributed net income or loss since acquisition).

See *Note 15* for additional information regarding the Heartland joint venture.

### ***Compensated Absences***

Hospital policies permit most employees to accumulate paid time off benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as paid time off benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

### ***Supplemental Hospital Offset Payment Program (SHOPP)***

On January 17, 2012, CMS approved the State of Oklahoma's Supplemental Hospital Offset Payment Program (SHOPP). The SHOPP program is retroactive back to July 1, 2011, and is currently scheduled to sunset on December 31, 2014. The SHOPP program is designed to assess Oklahoma hospitals a supplemental hospital offset fee which will be placed in pools after receiving federal matching funds. The total fees and matching funds will then be allocated to hospitals as directed by legislation.

During the year ended September 30, 2012, the Hospital received approximately \$5,340,000 in SHOPP funds and paid approximately \$2,132,000 in SHOPP assessment fees. The SHOPP revenue is recorded as part of net patient service revenue and the SHOPP assessment fees are recorded as part of other expenses on the accompanying statements of revenues, expenses and changes in net assets.

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

The amounts received and paid during the year ended September 30, 2012, represent 15 months of SHOPP revenue and expense as the program was not approved until January 2012 but was retroactive to July 1, 2011. The estimated annual amounts to be received and paid by the Hospital over the term of the SHOPP program are approximately \$4,286,000 and \$1,706,000, respectively.

### **Note 2: Net Patient Service Revenue**

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

- **Medicare** – Inpatient acute care services, inpatient skilled nursing services, inpatient rehabilitation services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity and other factors. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2010.
- **Medicaid** – The Hospital has also been reimbursed for services rendered to patients covered by the state Medicaid program on a prospective per discharge method and fee schedules with no retroactive adjustments. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

Approximately 57% and 59% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2012 and 2011, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider hospitals. 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.

### **Note 3: Deposits, Investments and Investment Income**

#### ***Deposits***

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

**Valley View Regional Hospital**  
**Notes to Financial Statements**  
**September 30, 2012 and 2011**

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

At September 30, 2012 and 2011, the Hospital's bank balances of \$6,424,322 and \$5,070,945, respectively, were exposed to custodial credit risk as follows:

	<u>2012</u>	<u>2011</u>
Uninsured and uncollateralized	\$ 197,971	\$ 54,092

**Investments**

At September 30, 2012 and 2011, the Hospital had the following investments and maturities:

Type	Fair Value	September 30, 2012		
		Maturities in Years		
		Less than 1	1-5	6-10
Repurchase agreements	\$ 7,128,948	\$ 7,128,948	\$ -	\$ -
U.S. Treasury obligations	30,014	30,014	-	-
U.S. government obligations	25,129	25,129	-	-
Corporate bonds	711,659	20,445	610,427	80,787
Mutual funds	2,400,334	2,400,334	-	-
Money market mutual funds	85,019	85,019	-	-
	10,381,103	<u>\$ 9,689,889</u>	<u>\$ 610,427</u>	<u>\$ 80,787</u>
Corporate stocks	2,598,993			
	<u>\$ 12,980,096</u>			



# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

Type	Fair Value	September 30, 2011		
		Maturities in Years		
		Less than 1	1-5	6-10
Repurchase agreements	\$ 6,367,938	\$ 6,367,938	\$ -	\$ -
U.S. Treasury obligations	30,367	-	30,367	-
U.S. government obligations	76,156	-	26,144	50,012
Corporate bonds	218,083	71,303	100,609	46,171
Mutual funds	512,680	512,680	-	-
Money market mutual funds	1,143,604	1,143,604	-	-
	8,348,828	\$ 8,095,525	\$ 157,120	\$ 96,183
Corporate stocks	1,761,453			
	<u>\$ 10,110,281</u>			

**Interest Rate Risk** – Interest rate risk is the risk that the fair value of an investment will decrease from rising interest rates. The Hospital's investment policy generally limits investments in debt securities to maturities of 10 years or less. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Hospital's investment policy limits investments in corporate bonds to companies rated A or better. At September 30, 2012 and 2011, the Hospital's investments not directly guaranteed by the U.S. government were rated as follows:

Investment	September 30, 2012	
	Moody's	S & P
U.S. government obligations	Aaa	AAA
Corporate bonds	Bal to Aaa	A- to AAA
Money market mutual funds	Not rated	Not rated
Investment	September 30, 2011	
	Moody's	S & P
U.S. government obligations	Aaa	AAA
Corporate bonds	Bal to Aaa	A- to AAA
Money market mutual funds	Not rated	Not rated

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Hospital's investments in repurchase agreements at September 30, 2012 and 2011, are held by the counterparties in other than the Hospital's name. The Hospital's investment policy does not address how securities are to be held.

**Concentration of Credit Risk** – The Hospital's investment policy limits investments in any one issuer to 10% of the total investments, excluding U.S. government obligations. At September 30, 2012 and 2011, none of the Hospital's investments in any issuer exceeded 5% of investments.

### Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the accompanying balance sheets at September 30, 2012 and 2011, as follows:

	2012	2011
Carrying value		
Deposits	\$ 5,251,883	\$ 4,065,765
Investments	12,980,096	10,110,281
Change funds and cash on hand	2,574	2,224
	<u>\$ 18,234,553</u>	<u>\$ 14,178,270</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 7,391,538	\$ 6,892,495
Short-term investments	7,180,490	4,778,901
Noncurrent cash and investments	3,662,525	2,506,874
	<u>\$ 18,234,553</u>	<u>\$ 14,178,270</u>

### Investment Income

Investment income for the years ended September 30, 2012 and 2011, consisted of:

	2012	2011
Interest, dividends and realized gains on sales of investments	\$ 251,312	\$ 66,174
Net increase (decrease) in fair value of investments	444,922	(265,010)
Income from joint venture	254,540	362,731
	<u>\$ 950,774</u>	<u>\$ 163,895</u>

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

### Note 4: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, consisted of:

	2012	2011
Medicare	\$ 2,970,243	\$ 3,162,903
Medicaid	491,525	603,940
Other third-party payers	3,841,082	3,997,050
Patients	16,973,931	17,091,035
	<u>24,276,781</u>	<u>24,854,928</u>
Less allowance for uncollectible accounts	<u>13,920,000</u>	<u>15,785,000</u>
	<u>\$ 10,356,781</u>	<u>\$ 9,069,928</u>

### Note 5: Capital Assets

Capital assets activity for the years ended September 30, was:

	2012				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 278,000	\$ -	\$ -	\$ -	\$ 278,000
Land improvements	493,788	34,555	-	-	528,343
Buildings and leasehold improvements	30,736,714	27,246	(201,336)	330,170	30,892,794
Equipment	42,939,317	2,841,011	(1,560,101)	-	44,220,227
Construction in progress	481,254	419,696	-	(330,170)	570,780
	<u>74,929,073</u>	<u>3,322,508</u>	<u>(1,761,437)</u>	<u>-</u>	<u>76,490,144</u>
Less accumulated depreciation					
Land improvements	418,186	16,960	-	-	435,146
Buildings and leasehold improvements	24,333,640	639,395	(1,180,015)	-	23,793,020
Equipment	32,688,426	2,524,212	-	-	35,212,638
	<u>57,440,252</u>	<u>3,180,567</u>	<u>(1,180,015)</u>	<u>-</u>	<u>59,440,804</u>
Capital assets, net	<u>\$ 17,488,821</u>	<u>\$ 141,941</u>	<u>\$ (581,422)</u>	<u>\$ -</u>	<u>\$ 17,049,340</u>

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

	2011				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 278,000	\$ -	\$ -	\$ -	\$ 278,000
Land improvements	450,532	-	-	43,256	493,788
Buildings and leasehold improvements	30,910,559	-	(291,424)	117,579	30,736,714
Equipment	41,894,733	927,179	(96,919)	214,324	42,939,317
Construction in progress	484,950	394,137	(22,674)	(375,159)	481,254
	<u>74,018,774</u>	<u>1,321,316</u>	<u>(411,017)</u>	<u>-</u>	<u>74,929,073</u>
Less accumulated depreciation					
Land improvements	402,052	16,134	-	-	418,186
Buildings and leasehold improvements	23,985,838	639,226	(291,424)	-	24,333,640
Equipment	30,241,559	2,541,885	(95,018)	-	32,688,426
	<u>54,629,449</u>	<u>3,197,245</u>	<u>(386,442)</u>	<u>-</u>	<u>57,440,252</u>
Capital assets, net	<u>\$ 19,389,325</u>	<u>\$ (1,875,929)</u>	<u>\$ (24,575)</u>	<u>\$ -</u>	<u>\$ 17,488,821</u>

### Note 6: Short-Term Notes Payable

The following is a summary of the Hospital's short-term financing transactions for the years ended September 30:

	2012			Ending Balance
	Beginning Balance	Additions	Deductions	
Notes payable (B)	<u>\$ -</u>	<u>\$ 425,901</u>	<u>\$ (425,901)</u>	<u>\$ -</u>

  

	2011			Ending Balance
	Beginning Balance	Additions	Deductions	
Notes payable (A)	\$ 107,316	\$ -	\$ (107,316)	\$ -
Notes payable (B)	-	388,316	(388,316)	-
	<u>\$ 107,316</u>	<u>\$ 388,316</u>	<u>\$ (495,632)</u>	<u>\$ -</u>

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

- (A) Notes payable to finance Hospital insurance coverage; due June 2011 with monthly principal and interest payments. This note was paid off during 2011.
- (B) Notes payable to finance Hospital insurance coverage; due July of following year with monthly principal and interest payments.

### Note 7: Long-Term Debt

The following is a summary of long-term debt transactions for the Hospital for the years ended September 30:

	2012				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Capital lease obligations	\$ 2,100,530	\$ -	\$ (1,812,481)	\$ 288,049	\$ 261,079

  

	2011				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Capital lease obligations	\$ 3,153,306	\$ -	\$ (1,052,776)	\$ 2,100,530	\$ 1,087,606

### Capital Lease Obligations

The Hospital is obligated under leases for equipment that are accounted for as capital leases. Assets under the capital leases at September 30, 2012 and 2011, totaled approximately \$2,848,000 and \$4,441,000, respectively, net of accumulated depreciation of approximately \$2,240,000 and \$3,536,000, respectively.

On May 10, 2007, the Hospital entered into a five-year sublease agreement for \$1,063,455 with the Authority for certain capital assets maintained by the Hospital. This sublease was paid off during the year ended September 30, 2012. On January 3, 2008, the Hospital entered into a five-year sublease agreement for \$2,817,773 with the Authority for additional capital assets maintained by the Hospital.

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

The following is a schedule by year of future minimum lease payments under the capital leases, including interest at rates of 4.40% to 9.51% together with the present value of the future minimum lease payments as of September 30, 2012:

<u>Year Ending September 30,</u>	
2013	\$ 266,231
2014	<u>27,638</u>
Total minimum lease payments	293,869
Less amount representing interest	<u>5,820</u>
Present value of future minimum lease payments	<u><u>\$ 288,049</u></u>

### Note 8: Pension Plans

#### *Defined Benefit Plan*

##### **Plan Description**

The Hospital's defined benefit pension plan is a single-employer defined benefit pension plan administered by the plan's Board of Trustees which is appointed by the Hospital's governing body. The plan provides retirement, disability and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions is vested in the Hospital's governing body. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the plan at Valley View Regional Hospital, Administrative Office, 430 North Monte Vista, Ada, Oklahoma 74820.

Effective January 1, 2006, the Hospital elected to curtail the defined benefit pension plan. This election ceased the accrual of additional pension benefits under the plan by the current participants and ceased the addition of new participants to the plan.

##### **Funding Policy**

The authority to establish and amend obligations of plan members and the Hospital is vested in the Hospital's governing body. There are no required or permitted contributions by plan members. The Hospital is required to contribute an actuarially determined amount.

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

### Annual Pension Cost and Net Pension Asset

The Hospital's annual pension cost and net pension asset related to the plan for the years ended September 30, 2012 and 2011, were as follows:

	2012	2011
Annual required contribution	\$ 657,824	\$ -
Interest on net pension obligation	(178,426)	(211,135)
Adjustment to annual required contribution	546,987	647,262
Annual pension cost	1,026,385	436,127
Contributions made	1,743,162	-
(Increase) decrease in net pension asset	(716,777)	436,127
Net pension obligation (asset), beginning of year	(2,379,010)	(2,815,137)
Net pension obligation (asset), end of year	\$ (3,095,787)	\$ (2,379,010)

The annual required contribution for 2012 and 2011 was determined as part of an actuarial valuation on October 1, 2011 and 2010, respectively, using the projected unit credit actuarial cost method. The actuarial assumptions included 7.5% investment rate of return (net of administrative expenses). There are no projected salary increases in the actuarial valuation as the plan was frozen effective January 1, 2006. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis.

### Trend Information

Year Ended September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2012	\$ 1,026,385	169.8%	\$ 3,095,787
2011	\$ 436,127	0.0%	\$ 2,379,010
2010	\$ 450,079	0.0%	\$ 2,815,137

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

### Funding Status and Funding Progress

The following is funded status information as of October 1, 2011, the most recent actuarial valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (b-a)/c
October 1, 2011	\$ 27,683,562	\$ 32,668,339	\$ 4,984,777	84.7%	\$ 13,664,891	36.5%

The schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

### Defined Contribution Plan

Effective January 1, 2006, the Hospital began contributing to a defined contribution pension plan covering all employees who have completed one year of service and who are at least 18 years of age. The Hospital's contributions to the plan are 2% of annual compensation and an additional amount determined annually by the Board of Directors. The contribution rate for plan members, expressed as a percentage of covered payroll, was 2.5% and 3.3% for 2012 and 2011, respectively. Contributions actually made by plan members and the Hospital aggregated approximately \$465,000 and \$434,000, respectively, for the year ended September 30, 2012, and \$629,000 and \$392,000, respectively, for the year ended September 30, 2011.

### Note 9: Employee Health Claims

Substantially all of the Hospital's employees and their dependents are eligible to participate in the Hospital's employee health insurance plan. The Hospital is self-insured for health claims of participating employees and dependents up to an annual individual amount of \$150,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the individual and aggregate annual amount. A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.



# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

Activity in the Hospital's accrued employee health claims liability during 2012 and 2011 is summarized as follows:

	2012	2011
Balance, beginning of year	\$ 689,000	\$ 689,000
Current year claims incurred and changes in estimates for claims incurred in prior years	3,156,459	3,043,168
Claims and expenses paid	<u>(3,156,459)</u>	<u>(3,043,168)</u>
Balance, end of year	<u>\$ 689,000</u>	<u>\$ 689,000</u>

### Note 10: Restricted and Designated Net Assets

At September 30, 2012 and 2011, there were no restricted expendable net assets.

At September 30, 2012 and 2011, approximately \$4,840,000 and \$3,097,000, respectively, of unrestricted net assets have been designated by the Hospital's Board of Directors for capital acquisitions. Designated net assets remain under the control of the Board of Directors which may, at its discretion, later use these net assets for other purposes.

### Note 11: Contingencies

#### *Litigation*

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

### Note 12: Uncompensated Care

In support of its mission, the Hospital voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Hospital provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for the services provided to the recipients and many times the payments are less than the cost of rendering the services provided.

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

Uncompensated charges relating to these services are as follows:

	2012	2011
Charity allowances	\$ 3,936,000	\$ 2,437,000
State Medicaid and other public aid programs	18,097,000	21,203,000
	<u>\$ 22,033,000</u>	<u>\$ 23,640,000</u>

In addition to uncompensated charges, the Hospital also commits significant time and resources to endeavors and critical services which meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screening and assessments, prenatal education and care, community educational services and various support groups.

### Note 13: Medical Malpractice Coverage and Claims

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis (see *Note 15*). Under such policy, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims cost, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of the incidents. Based on the Hospital's own claims experience, an accrual of \$175,000 has been made in the accompanying balance sheets as of September 30, 2012 and 2011. However, because of the risks involved in providing health care services, it is possible that other events have occurred that may be the basis for a material future claim. It is reasonably possible that this estimate could change materially in the near term.

### Note 14: Management Services Agreement

In March 2009, the Hospital entered into a management services agreement with Mercy Health Systems, Inc. (Mercy) for a period of one year with the option to renew for two successive one-year terms. Effective March 2012, the Hospital entered into a new agreement with Mercy that extended the management services agreement through March 2017 with the option to renew for two successive five-year terms. During the years ended September 30, 2012 and 2011, the Hospital incurred expenses of approximately \$385,000 and \$360,000, respectively, related to this management services agreement.

# Valley View Regional Hospital

## Notes to Financial Statements

September 30, 2012 and 2011

### Note 15: Investment in Joint Venture

Beginning July 1, 2005, the Hospital became a member of Heartland Healthcare Reciprocal Risk Retention Group (formerly, VHA Oklahoma/Arkansas) (Heartland), a Reciprocal Risk Retention Group approved by the State of Vermont, to provide hospital professional and general liability coverage to its subscribers. Heartland was formed in order to stabilize the cost and availability of hospital professional and general liability insurance by taking advantage of the self-funding capabilities of a homogenous group of health care providers. Heartland members are provided hospital professional and general liability insurance under claims-made policies on a fixed premium basis.

The Hospital is a subscriber (member) of Heartland and at September 30, 2012 and 2011, has an approximate 13% ownership (equity) interest in Heartland. Heartland is formed as an unincorporated association approved by the State of Vermont to provide hospital professional liability and general liability coverage to its subscribers. The Hospital's investment in Heartland amounted to approximately \$894,000 at September 30, 2012 and 2011.

The Hospital purchases its professional liability (medical malpractice) and general liability insurance coverage from Heartland (see *Note 1*). For the years ended September 30, 2012 and 2011, the Hospital paid approximately \$715,000 and \$689,000, respectively, to Heartland for the coverage.

Financial position and results of operations summarized from Heartland's audited financial statements for the fiscal years ended December 31, 2011 and 2010, are shown below:

	2011	2010
Cash and cash equivalents	\$ 1,343,003	\$ 1,498,473
Investments at fair value	11,598,785	12,842,373
Other assets	543,541	389,226
Total assets	13,485,329	14,730,072
Unpaid losses and loss adjustment expenses	5,120,702	5,392,522
Other liabilities	240,717	382,042
Total liabilities	5,361,419	5,774,564
Subscribers' surplus (equity)	\$ 8,123,910	\$ 8,955,508
Revenues	\$ 3,694,714	\$ 3,681,912
Net income	\$ 1,156,919	\$ 1,835,714

# **Valley View Regional Hospital**

## **Notes to Financial Statements**

**September 30, 2012 and 2011**

Complete financial statements of Heartland may be obtained by contacting the Hospital's management at 580.421.1412.

### **Note 16: Subsequent Events**

Subsequent to year-end, the Hospital has entered into negotiations with a third party to discuss the potential for leasing the hospital operations.

**Valley View Regional Hospital**  
**Schedule of Funding Progress**  
**Years Ended September 30, 2012 and 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c</b>
October 1, 2011	\$ 27,683,562	\$ 32,668,339	\$ 4,984,777	84.7%	\$ 13,664,891	36.5%
October 1, 2010	\$ 28,489,914	\$ 26,556,143	\$ (1,933,771)	107.3%	\$ 11,722,007	-16.5%
October 1, 2009	\$ 29,099,220	\$ 26,036,395	\$ (3,062,825)	111.8%	\$ 13,718,377	-22.3%

The actuarial accrued liability is based on the projected unit credit method.