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Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

WE EXTEND THE HEALING MINISTRY OF CHRIST BY CARING FOR THOSE WHO ARE ILL AND BY NURTURING THE HEALTH OF THE PEOPLE IN OUR COMMUNITIES

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 764,991,706 including grants of \$ 1,313,703) (Revenue \$ 960,501,827)

SEE SCHEDULE H

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 764,991,706

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	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 lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	3	
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			
1b	Enter the number of voting members included in line 1a, above, who are independent	0	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 KYLE ENGMAN 188 INVERNESS DR W SUITE 500 ENGLEWOOD, CO (303) 804-8108

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) RICHARD REINER VICE PRESIDENT/CHAIRMAN	1 00 50 00	X		X				0	1,681,892	62,430
(2) TERRY SHAW ASST TREASURER/SECRETARY	1 00 50 00	X		X				0	1,343,770	234,647
(3) ROBERT HENDERSCHEDT BOARD MEMBER	1 00 50 00	X						0	1,093,487	139,388
(4) DAN ENDERSON SVP Chief Finance Officer	1 00 0			X				0	0	0
(5) GARY CAMPBELL PRESIDENT/CEO	1 00 0			X				0	0	0
(6) JONATHAN FISHER CFO-PARKER ADVENTIST HOSP	40 00 0			X				246,751	0	21,618
(7) RANDY HAFFNER CEO-PORTER ADVENTIST HOSP	40 00 0			X				744,493	0	153,586
(8) ANDREW GAASCH CFO-PORTER ADVENTIST HOSP	40 00 0				X			294,810	0	37,114
(9) CHERYL CURRY CFO-AVISTA ADVENTIST HOSP	40 00 0				X			239,424	0	35,205
(10) DAVID SMITH VP OPS-AVISTA ADVENTIST HOSP	40 00 0				X			226,686	0	32,065
(11) GEOFF LAWTON VP OPERATIONS-Littleton Adventist Hosp	40 00 0				X			201,741	0	30,747
(12) JEFFREY EITEL CFO-Littleton Adventist Hosp	40 00 0				X			296,451	0	20,922
(13) JOHN SACKETT CEO-AVISTA ADVENTIST HOSP	40 00 0				X			441,426	0	82,432
(14) MORRE DEAN CEO-Parker Adventist Hosp	40 00 0				X			415,588	0	64,052
(15) TODD FOLKENBERG COO-PORTER ADVENTIST HOSP	40 00 0				X			407,433	0	56,549
(16) DAVID VANSICKLE PHYSICIAN	40 00 0					X		1,241,415	0	34,923
(17) JOHN PRALL PHYSICIAN	40 00 0					X		1,475,789	0	38,673

Part VII

[illegible]

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	9,071,867	4,119,149	1,125,737

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 ▶ 337

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CRITICAL CARE PULMONARY & SLEEP ASSOCIATES 274 UNION BLVD SUITE 110 LAKEWOOD CO 80228	PHYSICIAN SERVICES	1,730,744
ARAPAHOE PLAZA III LLC PO BOX 176205 DENVER CO 802176205	PROPERTY MANAGMENT	592,470
BOULDER MEDICAL CENTER PC 2750 BROADWAY BOULDER CO 80304	MEDICAL SERVICES	324,357
DAVIS PARTNERSHIP PC 2301 BLAKE STREET SUITE 100 DENVER CO 80205	ARCHITECTS	294,293
COLORADO SURGICAL AND CRITICAL CARE ASSOC PO BOX 205 SEDALIA CO 80135	MEDICAL SERVICES	269,750

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ➤28

Part VIII

Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	940,442				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	109,265				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f			1,049,707			
Program Service Revenue	2a	PATIENT SERVICES	Business Code					
			900099	954,342,174	954,342,174			
	b	EQUITY CHANGES OF UNCONSOLIDATED ORGS	900099	3,987,048	3,987,048			
	c	RENTAL INCOME	900099	1,995,288	1,995,288			
	d	RESEARCH	541700	424,833	39,500	385,333		
	e	EDUCATION	611710	137,817	137,817			
	f	All other program service revenue		0	0	0	0	
	g	Total. Add lines 2a-2f			960,887,160			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		10,300,955		286	10,300,669	
	4	Income from investment of tax-exempt bond proceeds . .		0				
	5	Royalties		0				
	6a	Gross rents	(i) Real	(ii) Personal				
		61,851						
	b	Less rental expenses	68,135					
	c	Rental income or (loss)	-6,284	0				
	d	Net rental income or (loss)			-6,284			-6,284
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		349,720	40,660					
	b	Less cost or other basis and sales expenses		188,198				
	c	Gain or (loss)	349,720	-147,538				
	d	Net gain or (loss)			202,182			202,182
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . .						
		a						
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . .			0			
	9a	Gross income from gaming activities See Part IV, line 19						
		a						
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . .			0			
	10a	Gross sales of inventory, less returns and allowances . .						
	a	724,014						
b	Less cost of goods sold . . .	b	441,927					
c	Net income or (loss) from sales of inventory . .			282,087			282,087	
	Miscellaneous Revenue	Business Code						
11a	CAFETERIA	722100	2,996,528				2,996,528	
b	PHARMACY SERVICES	446110	2,594,586			2,227,005	367,581	
c	DIETARY	722320	311,863			126,992	184,871	
d	All other revenue		1,063,658		0	109,217	954,441	
e	Total. Add lines 11a-11d			6,966,635				
12	Total revenue. See Instructions			979,682,442	960,501,827	2,848,833	15,282,075	

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.	1,308,865	1,308,865		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	4,838	4,838		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	0			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	265,417,806	212,334,245	53,083,561	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	14,633,989	11,707,191	2,926,798	
9	Other employee benefits.	29,529,858	23,623,886	5,905,972	
10	Payroll taxes.	18,025,001	14,420,001	3,605,000	
11	Fees for services (non-employees):				
a	Management.	64,441,870	51,553,496	12,888,374	
b	Legal.	613,203		613,203	
c	Accounting.	194,180		194,180	
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).	109,278,771	87,423,017	21,855,754	0
12	Advertising and promotion.	2,375,600	1,900,480	475,120	
13	Office expenses.	165,614,433	161,678,928	3,935,505	
14	Information technology.	0			
15	Royalties.	0			
16	Occupancy.	16,401,475	13,121,180	3,280,295	
17	Travel.	1,186,940	949,552	237,388	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	357,670	291,636	66,034	
20	Interest.	14,063,657	14,063,657		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	44,735,820	35,788,656	8,947,164	
23	Insurance.	4,495,970	3,596,776	899,194	
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	BAD DEBTS	71,219,981	71,219,981		
b	RESTATE PROVIDER TAXPAIRS AND MAINTENANCE	47,442,268	47,442,268		
c	DUERPAIRS AND MAINTENANCES & SUBSCRIPTIONS	12,188,801	9,751,041	2,437,760	
d	DUES & SUBSCRIPTIONS	1,137,076	909,661	227,415	
e	All other expenses	2,013,660	1,902,351	111,309	0
25	Total functional expenses. Add lines 1 through 24e.	886,681,732	764,991,706	121,690,026	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		2,367,843	1	654,163
	2	Savings and temporary cash investments		18,952,774	2	21,593,387
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		113,097,197	4	111,801,820
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net		5,041,990	7	2,570,749
	8	Inventories for sale or use		15,336,001	8	17,917,398
	9	Prepaid expenses and deferred charges		2,681,355	9	2,591,953
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a876,270,888			
	b	Less accumulated depreciation	10b307,780,486	498,671,966	10c	568,490,402
	11	Investments—publicly traded securities			11	0
	12	Investments—other securities See Part IV, line 11		13,039,810	12	13,894,871
	13	Investments—program-related See Part IV, line 11		439,015,332	13	463,983,942
	14	Intangible assets		88,083,520	14	88,149,186
	15	Other assets See Part IV, line 11		82,666,490	15	74,088,325
	16	Total assets. Add lines 1 through 15 (must equal line 34)		1,278,954,278	16	1,365,736,196
Liabilities	17	Accounts payable and accrued expenses		62,098,664	17	71,719,303
	18	Grants payable			18	
	19	Deferred revenue		24,093	19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	0
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		405,956,345	25	396,722,682
	26	Total liabilities. Add lines 17 through 25		468,079,102	26	468,441,985
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		810,771,320	27	897,190,355
	28	Temporarily restricted net assets		103,856	28	103,856
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		810,875,176	33	897,294,211
	34	Total liabilities and net assets/fund balances		1,278,954,278	34	1,365,736,196

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	979,682,442
2	Total expenses (must equal Part IX, column (A), line 25)	2	886,681,732
3	Revenue less expenses Subtract line 2 from line 1	3	93,000,710
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	810,875,176
5	Net unrealized gains (losses) on investments	5	-20,371
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	639,725
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-7,201,029
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	897,294,211

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	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	Yes	
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?		No
3b	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		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization PORTERCARE ADVENTIST HEALTH SYSTEM	Employer identification number 84-0438224
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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)

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

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

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

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

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)

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

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)

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

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)

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

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

Type I Type II Type III - Functionally integrated Type III - Non-functionally integrated

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)

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

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?

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14					
15 Public support percentage for 2011 Schedule A, Part II, line 14	15					
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization PORTERCARE ADVENTIST HEALTH SYSTEM	Employer identification number 84-0438224
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		25,646
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			25,646
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Description of the activities reported on Lines 1a through 1i	Schedule C, Part II-B, Line 1	LINE 1F ANNUAL DUES WERE PAID TO COLORADO HEALTH ASSOCIATION, A PORTION OF WHICH WERE ALLOCATED TO LOBBYING. THE AMOUNT THAT REPRESENTS THIS ENTITY'S SHARE OF THE ALLOCATED LOBBYING EXPENSE IS AS FOLLOWS: COLORADO HEALTH ASSOCIATION \$25,646

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

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?	
	<div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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?	
	<div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

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.

Cat No 52283D

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (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

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,247,156	67,540,129		68,787,285
b Buildings		500,884,605	209,034,327	291,850,278
c Leasehold improvements				0
d Equipment		157,046,892	88,680,301	68,366,591
e Other		149,552,106	10,065,858	139,486,248
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				568,490,402

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

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

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

Identifier	Return Reference	Explanation
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	PORTERCARE ADVENTIST HEALTH SYSTEM'S FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF ADVENTIST HEALTH SYSTEM (AHS), A RELATED ORGANIZATION AHS'S FIN 48 FOOTNOTE FOR THE YEAR ENDED DECEMBER 31, 2012 IS AS FOLLOWS "HEALTHCARE CORPORATION AND ITS AFFILIATED ORGANIZATIONS, OTHER THAN NORTH AMERICAN HEALTH SERVICES, INC AND ITS SUBSIDIARIES (NAHS), ARE EXEMPT FROM STATE AND FEDERAL INCOME TAXES ACCORDINGLY, HEALTHCARE CORPORATION AND ITS TAX-EXEMPT AFFILIATES ARE NOT SUBJECT TO FEDERAL, STATE, OR LOCAL INCOME TAXES EXCEPT FOR ANY NET UNRELATED BUSINESS TAXABLE INCOME FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011, UNRELATED BUSINESS INCOME ACTIVITIES CONDUCTED BY HEALTHCARE CORPORATION AND ITS TAX-EXEMPT AFFILIATES DID NOT GENERATE A MATERIAL AMOUNT OF COMBINED FEDERAL, STATE AND LOCAL INCOME TAX NAHS IS A WHOLLY OWNED, FOR-PROFIT SUBSIDIARY OF HEALTHCARE CORPORATION NAHS AND ITS SUBSIDIARIES ARE SUBJECT TO FEDERAL AND STATE INCOME TAXES NAHS FILES A CONSOLIDATED FEDERAL INCOME TAX RETURN AND, WHERE APPROPRIATE, CONSOLIDATED STATE INCOME TAX RETURNS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011, NAHS GENERATED TAXABLE INCOME OF APPROXIMATELY \$2,400 AND \$1,000, RESPECTIVELY THIS TAXABLE INCOME WAS FULLY OFFSET BY NET OPERATING LOSS CARRYFORWARDS FOR FEDERAL INCOME TAX PURPOSES ALTHOUGH ONE STATE IN WHICH NAHS CONDUCTS BUSINESS SUSPENDED THE UTILIZATION OF NET OPERATING LOSS CARRYFORWARDS FOR THE YEAR ENDED DECEMBER 31, 2012, NO MATERIAL STATE INCOME TAX LIABILITY RESULTED ACCORDINGLY, THERE IS NO PROVISION FOR CURRENT FEDERAL OR STATE INCOME TAX FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 NAHS ALSO HAS TEMPORARY DEDUCTIBLE DIFFERENCES OF APPROXIMATELY \$64,800 AND \$67,500 AT DECEMBER 31, 2012 AND 2011, RESPECTIVELY, PRIMARILY AS A RESULT OF NET OPERATING LOSS CARRYFORWARDS AT DECEMBER 31, 2012, NAHS HAD NET OPERATING LOSS CARRYFORWARDS OF APPROXIMATELY \$64,300, OF WHICH \$21,000 WILL EXPIRE IN 2023, WITH THE REMAINING \$43,300 EXPIRING BEGINNING IN 2018 THROUGH 2026 SOME OF THESE NET OPERATING LOSSES ARE SUBJECT TO THE SEPARATE RETURN LIMITATION YEAR RULES DEFERRED TAXES HAVE BEEN PROVIDED FOR THESE AMOUNTS, RESULTING IN A NET DEFERRED TAX ASSET OF APPROXIMATELY \$24,600 AND \$25,600 AT DECEMBER 31, 2012 AND 2011, RESPECTIVELY A FULL VALUATION ALLOWANCE HAS BEEN PROVIDED AT DECEMBER 31, 2012 AND 2011, RESPECTIVELY, TO OFFSET THE DEFERRED TAX ASSET SINCE HEALTHCARE CORPORATION HAS DETERMINED THAT IT IS MORE LIKELY THAN NOT THAT THE BENEFIT OF THE NET OPERATING LOSS CARRYFORWARDS WILL NOT BE REALIZED IN FUTURE YEARS THE INCOME TAXES TOPIC OF THE ASC (ASC 740) PRESCRIBES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAX POSITIONS RECOGNIZED IN FINANCIAL STATEMENTS ASC 740 PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN "

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			14,672,187		14,672,187	1 800 %
b Medicaid (from Worksheet 3, column a)			27,850,401		27,850,401	3 420 %
c Costs of other means-tested government programs (from Worksheet 3, column b)					0	0 %
d Total Financial Assistance and Means-Tested Government Programs	0	0	42,522,588	0	42,522,588	5 220 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			976,235		976,235	0 120 %
f Health professions education (from Worksheet 5)			3,503,895		3,503,895	0 430 %
g Subsidized health services (from Worksheet 6)					0	0 %
h Research (from Worksheet 7)					0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,046,318		1,046,318	0 130 %
j Total Other Benefits	0	0	5,526,448	0	5,526,448	0 680 %
k Total. Add lines 7d and 7j	0	0	48,049,036	0	48,049,036	5 900 %

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				0	0 %
2	Economic development				0	0 %
3	Community support				0	0 %
4	Environmental improvements				0	0 %
5	Leadership development and training for community members				0	0 %
6	Coalition building				0	0 %
7	Community health improvement advocacy				0	0 %
8	Workforce development				0	0 %
9	Other				0	0 %
10	Total	0	0	0	0	0 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

71,219,981

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

0

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

206,334,957

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

272,291,454

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-65,956,497

8

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

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

9b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
4

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	PORTER ADVENTIST HOSPITAL 2525 S DOWNING ST DENVER, CO 80210 WWW.PORTERHOSPITAL.ORG/	X	X				X	X			
2	LITTLETON ADVENTIST HOSPITAL 7700 S BROADWAY LITTLETON, CO 80122 WWW.MYLITTLETONHOSPITAL.ORG	X	X					X	X	CHILDREN'S ER	
3	PARKER ADVENTIST HOSPITAL 9395 CROWN POINT BLVD PARKER, CO 80138 WWW.PARKERHOSPITAL.ORG	X	X					X			
4	AVISTA ADVENTIST HOSPITAL 100 HEALTH PARK DRIVE LOUISVILLE, CO 80027 WWW.AVISTAHOSPITAL.ORG	X	X					X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

PORTER ADVENTIST HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?			
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

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)

LITTLETON ADVENTIST HOSPITAL

Name of hospital facility or facility reporting group

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

2

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

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)

PARKER ADVENTIST HOSPITAL

Name of hospital facility or facility reporting group

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

3

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

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)

AVISTA ADVENTIST HOSPITAL

Name of hospital facility or facility reporting group

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

4

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
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)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

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?
45

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

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
INCOME-BASED CRITERIA	SCHEDULE H, PART I, LINE 3C	PORTERCARE ADVENTIST HEALTH SYSTEM HAS AN ESTABLISHED CHARITY CARE POLICY BASED ON THE FEDERAL POVERTY LEVEL CHARITY IS PROVIDED TO PATIENTS BASED ON A SLIDING SCALE THAT CONSIDERS THE PATIENT'S FAMILY SIZE AND INCOME LEVEL THE CHARITY PROVIDED RANGES FROM 100% OF THE PATIENT'S BILL FOR INDIVIDUALS WHOSE HOUSEHOLD INCOME IS AT 100% OR LESS OF THE FEDERAL POVERTY LEVEL, TO A 60% DEDUCTION FOR INDIVIDUALS WHOSE INCOME IS AT 400% OF THE FEDERAL POVERTY LEVEL IN ADDITION, PORTERCARE ADVENTIST HEALTH SYSTEM TAKES INTO ACCOUNT SPECIFIC FACTS AND CIRCUMSTANCES IN GRANTING CHARITY IN SITUATIONS SUCH AS A CATASTROPHIC ILLNESS WHERE THE PATIENT DOES NOT HAVE LIQUID ASSETS
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, LINE 6A	PORTERCARE ADVENTIST HEALTH SYSTEM IS OPERATED BY CENTURA HEALTH CORPORATION (CHC) CHC PREPARES ITS OWN WRITTEN COMMUNITY BENEFIT REPORT WHICH INCLUDES THE ACTIVITIES OF PORTERCARE ADVENTIST HEALTH SYSTEM AND OTHER ENTITIES MANAGED BY CHC THE ANNUAL REPORT IS PUBLISHED ON CENTURA'S WEBSITE AND AVAILABLE TO ANYONE INTERESTED

Identifier	ReturnReference	Explanation
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	PORTERCARE ADVENTIST HEALTH SYSTEM DOES NOT USE A COST ACCOUNTING SYSTEM TO DETERMINE THE COST OF CHARITY CARE PROVIDED THE ESTIMATED COST OF CARE IS CALCULATED BY APPLYING THE RATIO OF EACH FACILITY'S TOTAL EXPENSES TO TOTAL GROSS REVENUE, APPLIED TO THE APPLICABLE GROSS REVENUES (E G MEDICARE, MEDICAID) WORKSHEET 2 WAS NOT USED TO DEVELOP THE COST TO CHARGE RATIO
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	71,219,981

Identifier	ReturnReference	Explanation
Bad debt expense - methodology used to estimate amount as community benefit	Schedule H, Part III, Line 3	PAHS DOES NOT INCLUDE ANY PORTION OF BAD DEBT AS COMMUNITY BENEFIT
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	<p>PORTERCARE ADVENTIST HEALTH SYSTEM USES THE OVERALL COST TO GROSS CHARGE RATIO APPLICABLE TO EACH FACILITY TO DETERMINE THE COSTS IN PART III LINES 2 AND 3 PORTERCARE ADVENTIST HEALTH SYSTEM AUTOMATICALLY DISCOUNTS ALL SELF PAY PATIENT ACCOUNTS BY 30% AND ALSO OFFERS A PROMPT PAY DISCOUNT THIS ALLOWANCE IS NOT INCLUDED IN THE CALCULATION OF THE COST OF BAD DEBTS IN INSTANCES WHERE A PATIENT DOES NOT PAY HIS OR HER BILL PORTERCARE ADVENTIST HEALTH SYSTEM PROVIDES INFORMATION TO PATIENTS AT THE TIME OF REGISTRATION WITH RESPECT TO ITS FINANCIAL ASSISTANCE POLICIES HOWEVER, IN SOME INSTANCES PATIENTS DO NOT COMPLETE THE NECESSARY FORMS TO APPLY FOR FINANCIAL ASSISTANCE AS A RESULT, PORTERCARE ADVENTIST HEALTH SYSTEM USES AN OUTSIDE VENDOR TO ASSIST IN DETERMINING A PATIENT'S ELIGIBILITY FOR FINANCIAL ASSISTANCE THIS INCLUDES A REVIEW OF THE PATIENT'S FINANCIAL SITUATION BASED ON THE VENDOR'S DATABASE OF EXTERNAL INFORMATION IN INSTANCES WHERE THE REVIEW INDICATES THAT THE PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE, PORTERCARE ADVENTIST HEALTH SYSTEM ADJUSTS THE PATIENT'S BILL TO MATCH ITS CHARITY POLICY AND DOES NOT PURSUE COLLECTION FROM THE PATIENT FOR THE PORTION OF THE PATIENT'S OBLIGATION THAT QUALIFIES FOR CHARITY PORTERCARE ADVENTIST HEALTH SYSTEM (PAHS) DOES NOT ISSUE SEPARATE AUDITED FINANCIAL STATEMENTS, HOWEVER, PAHS IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF ADVENTIST HEALTH SYSTEM (AHS) AND THEIR FOOTNOTE IS REFERENCED BELOW BAD DEBT EXPENSE IS REPORTED ON PAHS' INTERNAL FINANCIAL STATEMENTS AS AN EXPENSE THE AMOUNT REPORTED IS BASED ON THE AMOUNT DEEMED TO NOT BE COLLECTIBLE BY PATIENTS WHO HAVE THE ABILITY TO PAY FINANCIAL STATEMENT FOOTNOTE RELATED TO ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THE SYSTEM'S PATIENT ACCEPTANCE POLICY IS BASED ON ITS MISSION STATEMENT AND ITS CHARITABLE PURPOSES ACCORDINGLY, THE SYSTEM ACCEPTS PATIENTS IN IMMEDIATE NEED OF CARE, REGARDLESS OF THEIR ABILITY TO PAY THE SYSTEM SERVES CERTAIN PATIENTS WHOSE MEDICAL CARE COSTS ARE NOT PAID AT ESTABLISHED RATES THESE PATIENTS INCLUDE THOSE SPONSORED UNDER GOVERNMENT PROGRAMS SUCH AS MEDICARE AND MEDICAID, THOSE SPONSORED UNDER PRIVATE CONTRACTUAL AGREEMENTS, CHARITY PATIENTS AND OTHER UNINSURED PATIENTS WHO HAVE LIMITED ABILITY TO PAY A PATIENT IS CLASSIFIED AS A CHARITY PATIENT BASED ON ESTABLISHED POLICIES OF THE SYSTEM, WHICH REQUIRE THAT THE PATIENT PROVIDE CERTAIN INFORMATION TO QUALIFY FOR CHARITY PATIENTS THAT QUALIFY FOR CHARITY ARE PROVIDED SERVICES FOR WHICH NO PAYMENT IS DUE FOR ALL OR A PORTION OF THE PATIENT'S BILL FROM EITHER THE PATIENT OR OTHER THIRD PARTIES FOR FINANCIAL REPORTING PURPOSES, CHARITY CARE IS EXCLUDED FROM PATIENT SERVICE REVENUE FOR ALL OTHER PATIENTS, PATIENT SERVICE REVENUE IS REPORTED AT ESTIMATED NET REALIZABLE AMOUNTS FOR SERVICES RENDERED THE SYSTEM RECOGNIZES PATIENT SERVICE REVENUE ASSOCIATED WITH PATIENTS WHO HAVE THIRD-PARTY PAYOR COVERAGE ON THE BASIS OF CONTRACTUAL RATES FOR THE SERVICES RENDERED FOR UNINSURED PATIENTS THAT DO NOT QUALIFY FOR CHARITY CARE, REVENUE IS BASED ON THE BASIS OF DISCOUNTED RATES IN ACCORDANCE WITH THE SYSTEM'S POLICY PATIENT SERVICE REVENUE IS REDUCED BY THE PROVISION FOR BAD DEBTS AND ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THESE AMOUNTS ARE BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS FOR EACH MAJOR PAYOR SOURCE, CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE AND OTHER COLLECTION INDICATORS MANAGEMENT REGULARLY REVIEWS COLLECTIONS DATA BY MAJOR PAYOR SOURCES IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS ON THE BASIS OF HISTORICAL EXPERIENCE, A SIGNIFICANT PORTION OF THE SYSTEM'S SELF-PAY PATIENTS WILL BE UNABLE OR UNWILLING TO PAY FOR SERVICES PROVIDED THUS, THE SYSTEM RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD SERVICES ARE PROVIDED RELATED TO SELF-PAY PATIENTS THE SYSTEM'S ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS FOR SELF-PAY PATIENTS WAS 97% OF SELF-PAY ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 2012 AND 2011 FOR RECEIVABLES ASSOCIATED WITH PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE SYSTEM ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE SYSTEM'S POLICIES THE SYSTEM CHANGED ITS UNINSURED DISCOUNT POLICY, EFFECTIVE JANUARY 1, 2011, AS REQUIRED BY THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (ACT) THE ACT HAS RESULTED IN AN INCREASE IN SELF-PAY DISCOUNTS, WHICH ARE A REDUCTION OF PATIENT SERVICE REVENUE, AND A CORRESPONDING DECREASE IN SELF-PAY WRITE-OFFS THAT ARE INCLUDED IN THE PROVISION FOR BAD DEBTS OVERALL, THE TOTAL SELF-PAY DISCOUNTS AND WRITE-OFFS HAS NOT CHANGED SIGNIFICANTLY FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 THEY SYSTEM HAS NOT EXPERIENCED SIGNIFICANT CHANGES IN WRITE-OFF TRENDS AND HAS NOT CHANGED ITS CHARITY CARE POLICY FOR THE YEARS ENDED DECEMBER 31, 2012 OR 2011 THE SYSTEM HAS DETERMINED, BASED ON AN ASSESSMENT AT THE REPORTING-ENTITY LEVEL, THAT PATIENT SERVICE REVENUE IS PRIMARILY RECORDED PRIOR TO ASSESSING THE PATIENT'S ABILITY TO PAY AND AS SUCH, THE ENTIRE PROVISION FOR BAD DEBTS IS RECORDED AS A DEDUCTION FROM PATIENT SERVICE REVENUE IN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS REVENUE FROM MEDICARE AND MEDICAID PROGRAMS REPRESENTS APPROXIMATELY 33% AND 36% OF THE SYSTEM'S PATIENT SERVICE REVENUE FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011, RESPECTIVELY LAWS AND REGULATIONS GOVERNING THE MEDICARE AND MEDICAID PROGRAMS ARE EXTREMELY COMPLEX AND SUBJECT TO INTERPRETATION AS A RESULT, THERE IS AT LEAST A REASONABLE POSSIBILITY THAT RECORDED ESTIMATES WILL CHANGE BY A MATERIAL AMOUNT IN THE NEAR TERM OTHER THAN THE ACCOUNTS RECEIVABLE RELATED TO THE MEDICARE AND MEDICAID PROGRAMS, THERE ARE NO SIGNIFICANT CONCENTRATIONS OF ACCOUNTS RECEIVABLE DUE FROM AN INDIVIDUAL PAYOR AT DECEMBER 31, 2012 AND 2011 THE SYSTEM IS SUBJECT TO RETROACTIVE REVENUE ADJUSTMENTS DUE TO FUTURE AUDITS, REVIEWS AND INVESTIGATIONS RETROACTIVE ADJUSTMENTS ARE CONSIDERED IN THE RECOGNITION OF REVENUE ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED, AND SUCH AMOUNTS ARE ADJUSTED IN FUTURE PERIODS AS ADJUSTMENTS BECOME KNOWN OR AS YEARS ARE NO LONGER SUBJECT TO SUCH AUDITS, REVIEWS AND INVESTIGATIONS ADJUSTMENTS TO REVENUE RELATED TO PRIOR PERIODS INCREASED PATIENT SERVICE REVENUE BY APPROXIMATELY \$49,500,000 AND \$46,600,000 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011, RESPECTIVELY</p>

Identifier	ReturnReference	Explanation
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	COST FOR EACH HOSPITAL'S COST REPORT IS PULLED FROM YEAR END TRIAL BALANCES THE COST IS THEN EVALUATED AND ALL NON-ALLOWABLE COST IS REMOVED VIA ADJUSTMENTS THE REMAINING ALLOWABLE COST IS THEN ALLOCATED TO APPROPRIATE PATIENT CARE AND NON-PATIENT CARE COST CENTERS BASED ON MEDICARE ALLOCATION PRINCIPLES RATIONALE FOR INCLUDING A MEDICARE SHORTFALL AS COMMUNITY BENEFIT AS A 501(C)(3) ORGANIZATION, THE FILING ORGANIZATION PROVIDES EMERGENCY AND NON-ELECTIVE CARE TO ALL REGARDLESS OF ABILITY TO PAY ALL HOSPITAL SERVICES ARE PROVIDED IN A NON-DISCRIMINATORY MANNER TO PATIENTS WHO ARE COVERED BENEFICIARIES UNDER THE MEDICARE PROGRAM AS A PUBLIC INSURANCE PROGRAM, MEDICARE PROVIDES A PRE-ESTABLISHED REIMBURSEMENT RATE/AMOUNT TO HEALTH CARE PROVIDERS FOR THE SERVICES THEY PROVIDE TO PATIENTS IN SOME CASES, THE REIMBURSEMENT AMOUNT PROVIDED TO A HOSPITAL MAY EXCEED ITS COSTS OF PROVIDING A PARTICULAR SERVICE OR SERVICES TO A PATIENT IN OTHER CASES, THE MEDICARE REIMBURSEMENT AMOUNT MAY RESULT IN THE HOSPITAL EXPERIENCING A SHORTFALL OF REIMBURSEMENT RECEIVED OVER COSTS INCURRED IN THOSE CASES WHERE AN OVERALL SHORTFALL IS GENERATED FOR PROVIDING SERVICES TO ALL MEDICARE PATIENTS, THE SHORTFALL AMOUNT SHOULD BE CONSIDERED AS A BENEFIT TO THE COMMUNITY TAX-EXEMPT HOSPITALS ARE REQUIRED TO ACCEPT ALL MEDICARE PATIENTS REGARDLESS OF THE PROFITABILITY, OR LACK THEREOF, WITH RESPECT TO THE SERVICES THEY PROVIDE TO MEDICARE PATIENTS THE POPULATION OF INDIVIDUALS COVERED UNDER THE MEDICARE PROGRAM IS SUFFICIENTLY LARGE SO THAT THE PROVISION OF SERVICES TO THE POPULATION IS A BENEFIT TO THE COMMUNITY AND RELIEVES THE BURDENS OF GOVERNMENT IN THOSE SITUATIONS WHERE THE PROVISION OF SERVICES TO THE TOTAL MEDICARE PATIENT POPULATION OF A TAX-EXEMPT HOSPITAL DURING ANY YEAR RESULTS IN A SHORTFALL OF REIMBURSEMENT RECEIVED OVER THE COST OF PROVIDING CARE, THE TAX-EXEMPT HOSPITAL HAS PROVIDED A BENEFIT TO A CLASS OF PERSONS BROAD ENOUGH TO BE CONSIDERED A BENEFIT TO THE COMMUNITY DESPITE A FINANCIAL SHORTFALL, A TAX-EXEMPT HOSPITAL MUST AND WILL CONTINUE TO ACCEPT AND CARE FOR MEDICARE PATIENTS TYPICALLY, TAX-EXEMPT HOSPITALS PROVIDE HEALTH CARE SERVICES BASED UPON AN ASSESSMENT OF THE HEALTH CARE NEEDS OF THEIR COMMUNITY AS OPPOSED TO THEIR TAXABLE COUNTERPARTS WHERE PROFITABILITY OFTEN DRIVES DECISIONS ABOUT PATIENT CARE SERVICES THAT ARE OFFERED PATIENT CARE PROVIDED BY TAX-EXEMPT HOSPITALS THAT RESULTS IN MEDICARE SHORTFALLS SHOULD BE CONSIDERED AS PROVIDING A BENEFIT TO THE COMMUNITY AND RELIEVING THE BURDENS OF GOVERNMENT
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	PORTERCARE ADVENTIST HEALTH SYSTEM'S DEBT COLLECTION POLICY PROVIDES THE PERFORMANCE OF A REASONABLE REVIEW OF EACH PATIENT'S ACCOUNT PRIOR TO TURNING AN ACCOUNT OVER TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT THE REVIEW OF PATIENT ACCOUNTS IS DONE TO ASSURE THAT THE PATIENT OR THEIR GUARANTOR IS NOT ELIGIBLE FOR ASSISTANCE THROUGH PORTERCARE ADVENTIST HEALTH SYSTEM'S CHARITY CARE POLICY, UNINSURED DISCOUNT POLICY OR ANOTHER FINANCIAL ASSISTANCE PROGRAM (I E MEDICAID) PORTERCARE ADVENTIST HEALTH SYSTEM REQUIRES THE FOLLOWING OF ITS THIRD-PARTY COLLECTION AGENCIES * NEITHER PORTERCARE ADVENTIST HEALTH SYSTEM HOSPITALS OR THEIR COLLECTION AGENCIES WILL REQUEST BENCH OR ARREST WARRANTS AS A RESULT OF NON-PAYMENT, * NEITHER PORTERCARE ADVENTIST HEALTH SYSTEM HOSPITALS OR THEIR COLLECTION AGENCIES WILL SEEK LIENS THAT WOULD REQUIRE THE SALE OR FORECLOSURE OF A PRIMARY RESIDENCE, AND * NO PORTERCARE ADVENTIST HEALTH SYSTEM COLLECTION AGENCY MAY SEEK COURT ACTION WITHOUT HOSPITAL APPROVAL

Identifier	ReturnReference	Explanation
COMMUNITY SERVED BY NEEDS ASSESSMENT - PORTER ADVENTIST HOSPITAL	SCHEDULE H, PART V, SECTION B, LINE 3	COMMUNITY MEMBERS WERE INTERVIEWED OVER A PERIOD OF ONE YEAR REGARDING THE NEEDS THEY PERCEIVED IN THEIR COMMUNITY FOR THEIR PERSPECTIVES ON THE PREDOMINANT HEALTH ISSUES IN THEIR COMMUNITIES THEY WERE INTERVIEWED IN EITHER A ONE-ON-ONE INTERVIEW FORMAT, FOCUS GROUP, OR AS PART OF A STEERING COMMITTEE THE INTERVIEWEES COMPRISED OF REPRESENTATIVES OF THE FOLLOWING GROUPS *LOCAL FIRE DEPARTMENTS- WAYNE ZYGOWICZ, EMS DIVISION CHIEF *COUNTY PUBLIC HEALTH DEPARTMENT- PATTY BOYD, RD, MPH, PROGRAM MANAGER *HOME HEALTH / HOSPICE- MELODY WRIGHT, CNO *LONG TERM CARE / ASSISTED LIVING- CAMILLE THOMPSON, COO CHRISTIAN LIVING COMMUNITIES *MARRY-WELL COLORADO- LAUREN REITSMA, EXECUTIVE DIRECTOR FOR RELATIONSHIP *DOCTORS CARE- BEBE KLEINMAN, EXECUTIVE DIRECTOR *ADVENTIST COMMUNITY SERVICES- MICHAEL BRIGHT, EXECUTIVE DIRECTOR *STOUT STREET CLINIC- CAROL JENKINS, RN
COMMUNITY SERVED BY NEEDS ASSESSMENT - LITTLETON ADVENTIST HOSPITAL	SCHEDULE H, PART V, SECTION B, LINE 3	COMMUNITY MEMBERS WERE INTERVIEWED FOR THEIR PERSPECTIVES ON THE PREDOMINANT HEALTH ISSUES IN THEIR COMMUNITIES THEY WERE INTERVIEWED IN EITHER A ONE-ON-ONE INTERVIEW FORMAT, FOCUS GROUP, OR AS PART OF A STEERING COMMITTEE DATA WAS COLLECTED OVER THE PERIOD FROM JUNE 2011 TO JUNE 2012 THE INTERVIEWEES COMPRISED OF REPRESENTATIVES OF THE FOLLOWING GROUPS *LITTLETON FIRE DEPARTMENT- WAYNE ZYGOWICZ, EMS DIVISION CHIEF *TRI-COUNTY DEPARTMENT OF HEALTH- PATTY BOYD, RD MPH, PROGRAM MANAGER *ARAPAHOE DOUGLAS MENTAL HEALTH, LISA TRAUDT *DOCTORS CARE- BEBE KLEINMAN, EXECUTIVE DIRECTOR *HIGHLANDS RANCH COMMUNITY ASSOCIATION - JAMIE NOEBEL, COMMUNITY MANAGER *HEALTHY COMMUNITIES GROUP OF CENTURA HEALTH'S SOUTH DENVER OPERATING GROUP -COLORADO WELLNESS - BONNIE THOMAS, OWNER AND NURSE - PORTER ADVENTIST HOSPITAL - DIANNE MCCALLISTER, CHIEF MEDICAL OFFICER -ADVENTIST COMMUNITY SERVICES - MICHAEL BRIGHT, EXECUTIVE DIRECTOR** - LITTLETON ADVENTIST HOSPITAL - KIM MURAMOTO, TRAUMA DIRECTOR -CITY OF LITTLETON - SUSAN THORNTON, EX-MAYOR -LITTLETON ADVENTIST HOSPITAL - RHONDA WARD, CHIEF NURSING OFFICER - EMERGENCY MEDICAL SERVICE - WAYNE ZYGOWICZ, CHIEF -GREATER YOUTH INITIATIVE - KAY WILMESHER - LITTLETON ADVENTIST HOSPITAL - LAWRENCE WOOD, CHIEF MEDICAL OFFICER

Identifier	ReturnReference	Explanation
COMMUNITY SERVED BY NEEDS ASSESSMENT - PARKER ADVENTIST HOSPITAL	SCHEDULE H, PART V, SECTION B, LINE 3	THE CENTER FOR HEALTH ADMINISTRATION AT THE UNIVERSITY OF COLORADO DENVER WAS ALSO RETAINED BY PARKER ADVENTIST HOSPITAL TO OBTAIN COMMUNITY INPUT COMMUNITY PERSPECTIVES WERE GATHERED THROUGH TELEPHONE INTERVIEWS DURING FEBRUARY AND MARCH 2012 WITH CIVIC LEADERS IN PARKER WHO REPRESENTED A WIDE VARIETY OF SERVICE ORGANIZATIONS THE PURPOSE OF THE INTERVIEWS WAS TO LEARN ABOUT THE HEALTH NEEDS IN THE HOSPITAL'S PRIMARY SERVICE AREA FROM LEADERS WHO ARE KNOWLEDGEABLE ABOUT SPECIFIC SEGMENTS OF THE COMMUNITY INTERVIEW QUESTIONS WERE PHRASED IN AN OPEN-ENDED MANNER SO THAT RESPONDENTS COULD IDENTIFY WHATEVER ISSUES WERE MOST IMPORTANT TO THEM, WITHOUT PROMPTING FROM THE INTERVIEWER THEY WERE ALSO ASKED FOR IDEAS ON WAYS THAT THE HOSPITAL COULD ASSIST THEM IN IMPROVING THE HEALTH OF THEIR COMMUNITY THE FOLLOWING ORGANIZATIONS AND LEADERS WERE CHOSEN TO PROVIDE INPUT *CITY OF PARKER, DAVID CASIANO, MAYOR *CROSSROADS COMMUNITY CHURCH, DAVID PALMER, PASTOR *PARKER CHAMBER OF COMMERCE, DAVID RODRIQUEZ, PRESIDENT *PARKER POLICE DEPARTMENT, JIM TSURAPAS, CAPTAIN *PARKER SENIOR CENTER, JAN DENGAL, DIRECTOR *PARKER TASK FORCE/FOOD BANK, STEVE BUDNACK, DIRECTOR *PONDEROSA HIGH SCHOOL, LIA WYKOFF, SCHOOL NURSE *SOUTH METRO FIRE RESCUE AUTHORITY, SUSAN CHESNIK, EMS OPERATIONS CAPTAIN *TRI-COUNTY HEALTH DEPARTMENT, DR RICHARD VOGT, EXECUTIVE DIRECTOR *WOMEN'S CRISIS AND FAMILY OUTREACH CENTER, JEANNE WALKER, EXECUTIVE DIRECTOR
COMMUNITY SERVED BY NEEDS ASSESSMENT - AVISTA ADVENTIST HOSPITAL	SCHEDULE H, PART V, SECTION B, LINE 3	RATHER THAN REPEAT A DUPLICATIVE COMMUNITY ENGAGEMENT WITH THE SAME STAKEHOLDERS, AVISTA CHOSE TO UTILIZE THE COMMUNITY FEEDBACK OBTAINED THROUGH BCPH'S PHIP PRIMETIME RESEARCH AND EVALUATION CONDUCTED INTERVIEWS WITH THE BCPH PHIP CORE TEAM, AS WELL AS SELECTED BCPH EMPLOYEES AND A VARIETY OF COMMUNITY STAKEHOLDERS THE INTERVIEWS CONSISTED OF A REVIEW OF A LIST OF 30+ HEALTH OUTCOMES AND WERE FOLLOWED BY A DISCUSSION OF WHAT THE INTERVIEWEE FELT WERE THE MOST IMPORTANT HEALTH OUTCOMES TO PRIORITIZE OVER THE NEXT FIVE YEARS PRIMETIME RESEARCH AND EVALUATION ALSO COMPLETED THE FORMAL HEALTH SYSTEM CAPACITY ASSESSMENT IN BOULDER COUNTY, WHICH WAS CONDUCTED THROUGH A SERIES OF TEN 3-HOUR MEETINGS HELD DURING THE MONTH OF MAY 2011 EACH MEETING FOCUSED ON ONE OF THE TEN ESSENTIAL PUBLIC HEALTH SERVICES THESE MEETINGS WERE CONDUCTED THROUGH FACILITATED FOCUS GROUPS CONSISTING OF 6-10 INVITED PARTICIPANTS THESE PARTICIPANTS' TASKS WERE 1) TO REVIEW THE EVALUATION MEASURES DEVELOPED BY THE NPHPSP FOR THAT SESSION'S ESSENTIAL SERVICE, 2) PARTICIPATE IN THE GROUP DISCUSSION ABOUT THE HEALTH SYSTEM'S CAPACITY AND PERFORMANCE OF THAT PUBLIC HEALTH FUNCTION, 3) COME TO A CONSENSUS ON A RATING SCORE OF THE CURRENT CAPACITY, AND 4) TO EXPRESS CONCERNS AND PROVIDE RECOMMENDATIONS FOR IMPROVEMENT PARTICIPANTS SELECTED FOR EACH MEETING WERE CHOSEN BASED ON AREA OF EXPERTISE OR INTEREST AND RELATIONSHIP TO THE ESSENTIAL SERVICE TO BE DISCUSSED INVITATIONS WERE SENT TO A BROAD RANGE OF KEY PARTNERS FROM THE LOCAL PUBLIC HEALTH AGENCY, STATE SERVICE AGENCIES, COMMUNITY BASED ORGANIZATIONS, ACADEMIC INSTITUTIONS, HOSPITALS, SCHOOL SYSTEMS, FOUNDATIONS, LAW ENFORCEMENT AGENCIES, AND NON-PROFIT ORGANIZATIONS ADDITIONALLY, INVITATIONS WERE SENT TO PEOPLE IN LOCAL GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITIES INCLUDING FIRST RESPONDERS, ELECTED OFFICIALS, SOCIAL SERVICE PROVIDERS, ADMINISTRATORS, DIVERSITY ADVOCATES, AND OTHERS INVITATIONS WERE ALSO EXTENDED TO INDIVIDUALS IN THE BUSINESS COMMUNITY, MEDIA, AND JUDICIAL INSTITUTIONS APPROXIMATELY 70 KEY PARTICIPANTS (6-10 PER MEETING) RESPONDED TO THE REQUEST TO PARTICIPATE IN THE ASSESSMENT SESSIONS ORGANIZATIONS THAT WERE REPRESENTED INCLUDED *AVISTA ADVENTIST HOSPITAL *20TH JUDICIAL DISTRICT *BOARD OF COUNTY COMMISSIONERS *BOULDER COMMUNITY HOSPITAL *BOULDER COUNTY AGING SERVICES *BOULDER COUNTY ATTORNEY *BOULDER COUNTY COMMUNITY SERVICES *BOULDER COUNTY EMERGENCY OPERATIONS CENTER *BOULDER COUNTY HEALTHY KIDS *BOULDER COUNTY HOUSING AND HUMAN SERVICES *BOULDER COUNTY JUDICIAL SYSTEM *BOULDER COUNTY KID CONNECTS *BOULDER COUNTY LAND USE *BOULDER COUNTY MEDICAL SOCIETY *BOULDER COUNTY PUBLIC HEALTH *BOULDER COUNTY SHERIFF *BOULDER VALLEY SCHOOL DISTRICT *BOULDER VALLEY WOMEN'S HEALTH CENTER *CARRIAGE HOUSE *CITY OF BOULDER *CITY OF LONGMONT *CIVIC FORUM *CLINICA FAMILY HEALTH SERVICES *COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT *COLORADO SCHOOL OF PUBLIC HEALTH *COLORADO STATEWIDE PARENT COALITION *COMMUNITY ACTION PROGRAM *COMMUNITY FOUNDATION *EARLY CHILDHOOD COUNCIL OF BOULDER COUNTY *EMERGENCY FAMILY ASSISTANCE ASSOCIATION *ENVIRONMENTAL DEFENSE *ENVIRONMENTAL PROTECTION AGENCY *EXEMPLA *FOOTHILLS UNITED WAY *HEAD START *HEALTHY YOUTH ALLIANCE *IMAGINE! *KAISER PERMANENTE *LIVEWELL LONGMONT *LONGMONT POLICE LONGMONT UNITED HOSPITAL *MENTAL HEALTH PARTNERS *OUR CENTER *PARENTING PLACE *REGIS UNIVERSITY *SAINT BENEDICT *SALUD COMMUNITY HEALTH CENTER *ST VRAIN VALLEY SCHOOL DISTRICT *UNITED CHURCH OF CHRIST *UNIVERSITY OF COLORADO *UNIVERSITY OF NORTHERN COLORADO *WHOLE FOODS THOSE INVOLVED IN AVISTA ADVENTIST HOSPITAL'S COMMUNITY HEALTH NEEDS ASSESSMENT ALSO INCLUDE *BOULDER COUNTY PUBLIC HEALTH (BCPH)-REPRESENTED BY HEATH HARMON, DIRECTOR OF HEALTH PROGRAMS WORKS TO PROTECT, PROMOTE, AND ENHANCE THE HEALTH AND WELL-BEING OF ALL PEOPLE AND THE ENVIRONMENT IN BOULDER COUNTY UNDER THE DIRECTION OF THE BOULDER COUNTY BOARD OF HEALTH, THE DEPARTMENT'S 200+ STAFF AND NUMEROUS VOLUNTEERS/INTERNS PROVIDE SERVICES IN SEVERAL BCPH DIVISIONS HOUSED WITHIN SIX SITES TO ADDRESS THE DIVERSE PUBLIC HEALTH NEEDS OF OUR COMMUNITY *THE BOULDER COUNTY CIVIC FORUM-REPRESENTED BY MORGAN ROGERS, PROGRAM DIRECTOR* AND MAX TAFFET, PROGRAM RESEARCH ASSOCIATE PROMOTES HEALTHY DECISION MAKING THAT WILL SUSTAIN THE ENVIRONMENTAL QUALITY, ECONOMIC VITALITY AND LIVABILITY OF THE BOULDER COUNTY REGION THROUGH INFORMATION, RESEARCH, EDUCATION AND DIALOGUE ITS GOALS ARE TO ARTICULATE A VISION FOR HEALTHY BOULDER COUNTY COMMUNITIES, MEASURE PROGRESS TOWARD THAT VISION THROUGH A BIENNIAL COMMUNITY INDICATORS REPORT AND AN UPDATED WEBSITE, INFORM AND EDUCATE THE PUBLIC AND DECISION MAKERS ABOUT ISSUES OF INTEREST AND CONCERN, IDENTIFY COMMUNITY ASSETS AND OPPORTUNITIES FOR STRATEGIC ACTION, CONVENE DIALOGUES AND PARTNERSHIPS TO ADDRESS KEY ISSUES THROUGH COLLABORATION, ADVOCATE FOR SYSTEMIC COMMUNITY CHANGE TO CREATE LASTING SOLUTIONS, AND ASSESS THE IMPACT OF THESE ACTIONS *CLINICA FAMILY HEALTH SERVICES- REPRESENTED BY SUSAN WORTMAN, DEVELOPMENT DIRECTOR CLINICA HAS FIVE LOCATIONS IN THE LOCAL AREA THEY PROVIDE A FULL SPECTRUM OF FAMILY HEALTH CARE SERVICES INCLUDING WELLNESS SERVICES, HEALTH INFORMATION, IMMUNIZATIONS, AND COMPREHENSIVE PREGNANCY SERVICES THEY SERVE 41,000 PATIENTS ANNUALLY THROUGH 200,000 VISITS TO A PATIENT POPULATION THAT CONSISTS OF 97% OF PATIENTS BELOW 200% OF THE POVERTY LEVEL AVISTA ADVENTIST HOSPITAL HAS A STRONG HISTORICAL RELATIONSHIP WITH CLINICA WHICH INCLUDES FINANCIAL SUPPORT, INPATIENT CARE, AND NATIONALLY RECOGNIZED DIABETES CARE MANAGEMENT

Identifier	ReturnReference	Explanation
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(1) PORTER ADVENTIST HOSPITAL - LITTLETON ADVENTIST HOSPITAL PARKER ADVENTIST HOSPITAL,
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(2) LITTLETON ADVENTIST HOSPITAL - PORTER ADVENTIST HOSPITAL PARKER ADVENTIST HOSPITAL,

Identifier	ReturnReference	Explanation
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(3) PARKER ADVENTIST HOSPITAL - PORTER ADVENTIST HOSPITAL LITTLETON ADVENTIST HOSPITAL,
Needs not addressed in Needs Assessment	Schedule H, Part V Section B, Line 7	(1) PORTER ADVENTIST HOSPITAL - MANY OF THE HEALTH ISSUES IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT AS A SECONDARY HEALTH NEED (SUBSTANCE ABUSE, UNPLANNED PREGNANCIES, SEXUALLY TRANSMITTED INFECTIONS, MOTOR VEHICLE DEATHS, SUICIDE RATES, HEART DISEASE AND STROKE, DIABETES, CANCER, AND POOR ORAL HEALTH) WILL NOT BE ADDRESSED DIRECTLY, BUT WILL HOPEFULLY BE IMPACTED IN A POSITIVE MANNER THROUGH THE INTERVENTIONS RELATED TO THE PRIMARY HEALTH NEEDS (MENTAL HEALTH, ACCESS, OBESITY, INJURY/EQUESTRIAN HEAD INJURIES) MANY OF THESE ISSUES, AS WELL AS THE OTHER ISSUES IDENTIFIED IN THE CHNA, ARE ALREADY BEING ADDRESSED THROUGH DOCTORS CARE AND ITS REFERRAL NETWORK, WHICH ARE LISTED IN A FUTURE SECTION THE FOCUS OF THE TASK FORCE WAS TO SELECT HEALTH ISSUES THAT HAVE A LARGE IMPACT ON THE POPULATION, HAVE AVAILABLE RESOURCES TO ENSURE SUCCESS OF INTERVENTIONS, AND ARE A HIGH PRIORITY IN THEIR COMMUNITY IT IS ALSO THE UNDERSTANDING OF THE TASK FORCE TO TRY TO NOT TACKLE EVERYTHING WITH RESULTING MEDIOCRE RESULTS, BUT TO SELECT HEALTH ISSUES THAT CAN BE SUCCESSFULLY ADDRESSED, EVEN IF ON A SMALL SCALE IN THE BEGINNING THE OTHER HEALTH ISSUES ARE AS FOLLOWS 1 CANCER IN GENERAL, AND COLON CANCER SPECIFICALLY IN ARAPAHOE COUNTY THIS IS A KEY SERVICE LINE FOR THE ORGANIZATION FOCUSING ON SUPERIOR CLINICAL OUTCOMES AND ALSO PREVENTION AND SCREENING ONE EXAMPLE IS MAMMOGRAPHY SCREENINGS SUPPORTED BY THE HOSPITAL FOUNDATION 2 COMMUNICABLE DISEASE, PNEUMONIA VACCINATIONS IN DOUGLAS COUNTY AND HEPATITIS B INCIDENCE IN ARAPAHOE COUNTY DOCTORS CARE PARTNERSHIP ADDRESSES THESE NEEDS IN THE UNINSURED AND UNDERINSURED POPULATIONS 3 DIABETES CREATION HEALTH GRANT PROGRAM SUPPORTS WEIGHT MANAGEMENT THROUGH HEALTHY EATING AND ACTIVE LIVING, THIS PROGRAM IS HAVING AN UPSTREAM IMPACT ON DIABETES 4 HEART DISEASE AND STROKE, INCLUDING HYPERTENSION AND HIGH CHOLESTEROL IN ARAPAHOE COUNTY THIS KEY SERVICE LINE INITIATIVE WITHIN THE HOSPITAL INVOLVES PARTNERING WITH PHYSICIANS AND COMMUNITY ORGANIZATIONS TO PROVIDE EDUCATION AND TO SUPPORT LIFESTYLE CHANGE 5 MATERNAL AND INFANT HEALTH DOCTORS CARE PARTNERSHIP SUPPORTS THIS NEED 6 ORAL HEALTH, INCLUDING INFANT CHECKUPS IN DOUGLAS COUNTY DENTISTRY FOR KIDS PARTNERSHIP SUPPORTS THIS COMMUNITY NEED 7 OVERALL HEALTH, INCLUDING INFANT MORTALITY RATES IN ARAPAHOE COUNTY DOCTORS CARE ADDRESSES THESE NEEDS IN THE COMMUNITY 8 TOBACCO, INCLUDING USE AMONG HIGH SCHOOL STUDENTS IN ARAPAHOE COUNTY THE HOSPITAL REFERS TO COUNTY AND STATE SERVICES SUCH AS THE TOBACCO FREE COUNTY WEBSITE AND THE STATE OF COLORADO'S MY QUIT PATH CESSATION ,

Identifier	ReturnReference	Explanation
Needs not addressed in Needs Assessment	Schedule H, Part V Section B, Line 7	(2) LITTLETON ADVENTIST HOSPITAL - MANY OF THE HEALTH ISSUES IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT AS A SECONDARY HEALTH NEED (SUBSTANCE ABUSE, UNPLANNED PREGNANCIES, SEXUALLY TRANSMITTED INFECTIONS, MOTOR VEHICLE DEATHS, SUICIDE RATES, HEART DISEASE AND STROKE, DIABETES, CANCER, AND POOR ORAL HEALTH) WILL NOT BE ADDRESSED DIRECTLY, BUT WILL BE IMPACTED IN A POSITIVE MANNER THROUGH THE INTERVENTIONS RELATED TO THE PRIMARY HEALTH NEEDS (MENTAL HEALTH, ACCESS, AND OBESITY) MANY OF THESE ISSUES, AS WELL AS THE OTHER ISSUES IDENTIFIED IN THE CHNA, ARE ALREADY BEING ADDRESSED THROUGH DOCTORS CARE AND ITS REFERRAL NETWORK, WHICH ARE LISTED IN A FUTURE SECTION THE FOCUS OF THE COMMUNITY BENEFIT TEAM WAS TO SELECT HEALTH ISSUES THAT HAVE A LARGE IMPACT ON THE POPULATION, HAVE AVAILABLE RESOURCES TO ENSURE SUCCESS OF INTERVENTIONS, AND ARE A HIGH PRIORITY IN THEIR COMMUNITY IT IS ALSO THE UNDERSTANDING OF THE COMMUNITY BENEFIT TEAM TO TRY TO NOT TACKLE EVERYTHING WITH RESULTING MEDIOCRE RESULTS, BUT TO SELECT HEALTH ISSUES THAT CAN BE SUCCESSFULLY ADDRESSED, EVEN IF ON A SMALL SCALE IN THE BEGINNING THE OTHER HEALTH ISSUES ARE AS FOLLOWS 1 CANCER IN GENERAL, AND COLON CANCER SPECIFICALLY IN ARAPAHOE COUNTY THIS IS A KEY SERVICE LINE FOR THE ORGANIZATION FOCUSING ON SUPERIOR CLINICAL OUTCOMES BUT ALSO PREVENTION AND SCREENING ONE EXAMPLE IS MAMMOGRAPHY SCREENINGS SUPPORTED BY THE HOSPITAL FOUNDATION 2 COMMUNICABLE DISEASE, PNEUMONIA VACCINATIONS IN DOUGLAS COUNTY AND HEPATITIS B INCIDENCE IN ARAPAHOE COUNTY DOCTORS CARE PARTNERSHIP ADDRESS THESE NEED IN THE UNINSURED AND UNDERINSURED POPULATIONS 3 DIABETES CREATION HEALTH GRANT PROGRAM SUPPORTS WEIGHT MANAGEMENT THROUGH HEALTHY EATING AND ACTIVE LIVING IS HAVING AN UPSTREAM IMPACT ON DIABETES 4 HEART DISEASE AND STROKE, INCLUDING HYPERTENSION AND HIGH CHOLESTEROL IN ARAPAHOE COUNTY A KEY SERVICE LINE INITIATIVE WITHIN THE HOSPITAL PARTNERING WITH PHYSICIANS AND COMMUNITY ORGANIZATIONS TO PROVIDE EDUCATION AND TO SUPPORT LIFESTYLE CHANGE 5 MATERNAL AND INFANT HEALTH DOCTORS CARE PARTNERSHIP 6 ORAL HEALTH, INCLUDING INFANT CHECKUPS IN DOUGLAS COUNTY DENTISTRY FOR KIDS PARTNERSHIP SUPPORT THIS COMMUNITY NEED 7 OVERALL HEALTH, INCLUDING INFANT MORTALITY RATES IN ARAPAHOE COUNTY DOCTORS CARE ADDRESSING THESE NEEDS IN THE COMMUNITY 8 TOBACCO, INCLUDING USE AMONG HIGH SCHOOL STUDENTS IN ARAPAHOE COUNTY THE HOSPITAL REFERS TO COUNTY AND STATE SERVICES SUCH AS THE TOBACCO FREE COUNTY WEBSITE AND THE STATE OF COLORADO'S MY QUIT PATH CESSATION PORTAL ,
Needs not addressed in Needs Assessment	Schedule H, Part V Section B, Line 7	(3) PARKER ADVENTIST HOSPITAL - MANY OF THE HEALTH ISSUES IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT AS A SECONDARY HEALTH NEED (SUBSTANCE ABUSE, UNPLANNED PREGNANCIES, SEXUALLY TRANSMITTED INFECTIONS, MOTOR VEHICLE DEATHS, SUICIDE RATES, HEART DISEASE AND STROKE, DIABETES, CANCER, AND POOR ORAL HEALTH) WILL NOT BE ADDRESSED DIRECTLY, BUT WILL BE IMPACTED IN A POSITIVE MANNER THROUGH THE INTERVENTIONS RELATED TO THE PRIMARY HEALTH NEEDS (MENTAL HEALTH, ACCESS, AND OBESITY) MANY OF THESE ISSUES, AS WELL AS THE OTHER ISSUES IDENTIFIED IN THE CHNA, ARE ALREADY BEING ADDRESSED THROUGH DOCTORS CARE AND ITS REFERRAL NETWORK, WHICH ARE LISTED IN A FUTURE SECTION THE FOCUS OF THE COMMUNITY BENEFIT TEAM WAS TO SELECT HEALTH ISSUES THAT HAVE A LARGE IMPACT ON THE POPULATION, HAVE AVAILABLE RESOURCES TO ENSURE SUCCESS OF INTERVENTIONS, AND ARE A HIGH PRIORITY IN THEIR COMMUNITY IT IS ALSO THE UNDERSTANDING OF THE COMMUNITY BENEFIT TEAM TO TRY TO NOT TACKLE EVERYTHING WITH RESULTING MEDIOCRE RESULTS, BUT TO SELECT HEALTH ISSUES THAT CAN BE SUCCESSFULLY ADDRESSED, EVEN IF ON A SMALL SCALE IN THE BEGINNING THE OTHER HEALTH ISSUES ARE AS FOLLOWS 1 CANCER IN GENERAL, AND COLON CANCER SPECIFICALLY IN ARAPAHOE COUNTY THIS IS A KEY SERVICE LINE FOR THE ORGANIZATION FOCUSING ON SUPERIOR CLINICAL OUTCOMES BUT ALSO PREVENTION AND SCREENING ONE EXAMPLE IS MAMMOGRAPHY SCREENINGS SUPPORTED BY THE HOSPITAL FOUNDATION 2 COMMUNICABLE DISEASE, PNEUMONIA VACCINATIONS IN DOUGLAS COUNTY AND HEPATITIS B INCIDENCE IN ARAPAHOE COUNTY DOCTORS CARE PARTNERSHIP ADDRESS THESE NEED IN THE UNINSURED AND UNDERINSURED POPULATIONS 3 DIABETES CREATION HEALTH GRANT PROGRAM SUPPORTS WEIGHT MANAGEMENT THROUGH HEALTHY EATING AND ACTIVE LIVING IS HAVING AN UPSTREAM IMPACT ON DIABETES 4 HEART DISEASE AND STROKE, INCLUDING HYPERTENSION AND HIGH CHOLESTEROL IN ARAPAHOE COUNTY A KEY SERVICE LINE INITIATIVE WITHIN THE HOSPITAL PARTNERING WITH PHYSICIANS AND COMMUNITY ORGANIZATIONS TO PROVIDE EDUCATION AND TO SUPPORT LIFESTYLE CHANGE 5 MATERNAL AND INFANT HEALTH DOCTORS CARE PARTNERSHIP 6 ORAL HEALTH, INCLUDING INFANT CHECKUPS IN DOUGLAS COUNTY DENTISTRY FOR KIDS PARTNERSHIP SUPPORT THIS COMMUNITY NEED 7 OVERALL HEALTH, INCLUDING INFANT MORTALITY RATES IN ARAPAHOE COUNTY DOCTORS CARE ADDRESSING THESE NEEDS IN THE COMMUNITY 8 TOBACCO, INCLUDING USE AMONG HIGH SCHOOL STUDENTS IN ARAPAHOE COUNTY THE HOSPITAL REFERS TO COUNTY AND STATE SERVICES SUCH AS THE TOBACCO FREE COUNTY WEBSITE AND THE STATE OF COLORADO'S MY QUIT PATH CESSATION PORTAL ,

Identifier	ReturnReference	Explanation
Needs not addressed in Needs Assessment	Schedule H, Part V Section B, Line 7	(4) AVISTA ADVENTIST HOSPITAL - AS A RESULT OF THE EXTENSIVE PROCESS TO IDENTIFY THE HEALTH NEEDS OF THE COMMUNITY THAT AVISTA ADVENTIST HOSPITAL SERVES, THE COMMUNITY COLLABORATION IDENTIFIED THAT THE GREATEST NEEDS WERE ACCESS TO HEALTH SERVICES, DIABETES, MENTAL HEALTH, SUBSTANCE ABUSE, OBESITY, AND IMMUNIZATIONS. THE TEAM DECIDED TO FOCUS ON TWO OF THOSE NEEDS, ACCESS TO HEALTH SERVICES AND DIABETES, BECAUSE THEY WANTED TO MAKE A MEASURABLE AND LASTING IMPACT IN THOSE AREAS RATHER THAN ONLY SCRATCHING THE SURFACE IN MULTIPLE AREAS AND DILUTING EFFORTS. FOLLOWING IS A FURTHER EXPLANATION OF WHY SOME OF THE NEEDS WERE NOT PRIORITIZED: 1. MENTAL HEALTH: CENTENNIAL PEAKS IS ADJACENT TO THE HOSPITAL CAMPUS, THEY ARE A MENTAL HEALTH FACILITY OFFERING DETOXIFICATION FOR SUBSTANCE ABUSE AND TREATMENT FOR DEPRESSION AND SUICIDE. IN THE NARRATIVE OF OUR CHNA, WE ALSO TALK ABOUT OUR CLOSE PARTNERSHIP WITH CLINICA FAMILY HEALTH SERVICES, WHICH HAS AN INNOVATIVE MODEL OF CO-LOCATING PHYSICAL HEALTH AND BEHAVIORAL HEALTH SERVICES, WHICH THE HOSPITAL FINANCIALLY SUPPORTS. 2. SUBSTANCE ABUSE: THIS NEED WAS NOT DIRECTLY ADDRESSED FOR THE SAME REASONS AS MENTAL HEALTH WITH THE AVAILABLE RESOURCES AT CENTENNIAL PEAKS AND CLINICA FAMILY HEALTH SERVICES. CLINICA ALSO UTILIZES AN EVIDENCE-BASED PROTOCOL, SCREENING, BRIEF INTERVENTION, AND REFERRAL TO TREATMENT (SBIRT), WHICH IS USED TO IDENTIFY, REDUCE, AND PREVENT SUBSTANCE ABUSE. 3. OBESITY: AS PART OF THE OUTREACH EFFORTS TO BETTER MANAGE DIABETES, WEIGHT COUNSELING AND ADVICE IS INCLUDED. WE ARE ALSO WORKING WITH THE LOCAL MUNICIPALITIES TO INTRODUCE A CHRONIC DISEASE SELF-MANAGEMENT COACHING AND INTERVENTION PROGRAM TO THE COMMUNITY. 4. IMMUNIZATIONS: BOULDER COUNTY PUBLIC HEALTH HAS AN EXTENSIVE MENU OF SERVICES AND OUTREACH INITIATIVES FOR IMMUNIZATIONS AND VACCINES, THE HOSPITAL DETERMINED THERE WOULD NOT BE INCREMENTAL VALUE IN DUPLICATING EFFORTS.
Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(1) PORTER ADVENTIST HOSPITAL - PORTERCARE ADVENTIST HEALTH SYSTEM AUTOMATICALLY DISCOUNTS ALL SELF-PAY PATIENT ACCOUNTS BY 30% AND ALSO OFFERS A PROMPT-PAY DISCOUNT.

Identifier	ReturnReference	Explanation
Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(2) LITTLETON ADVENTIST HOSPITAL - PORTERCARE ADVENTIST HEALTH SYSTEM AUTOMATICALLY DISCOUNTS ALL SELF PAY PATIENT ACCOUNTS BY 30% AND ALSO OFFERS A PROMPT PAY DISCOUNT ,
Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(3) PARKER ADVENTIST HOSPITAL - PORTERCARE ADVENTIST HEALTH SYSTEM AUTOMATICALLY DISCOUNTS ALL SELF PAY PATIENT ACCOUNTS BY 30% AND ALSO OFFERS A PROMPT PAY DISCOUNT ,

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Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(4) AVISTA ADVENTIST HOSPITAL - PORTERCARE ADVENTIST HEALTH SYSTEM AUTOMATICALLY DISCOUNTS ALL SELF PAY PATIENT ACCOUNTS BY 30% AND ALSO OFFERS A PROMPT PAY DISCOUNT ,
NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 2	ACROSS COLORADO, MORE THAN 4,500 ASSOCIATES OF PORTERCARE ADVENTIST HEALTH SYSTEM (PAHS) ARE CHANGING LIVES IN OUR HOSPITALS, SENIOR LIVING COMMUNITIES, CLINICS AND HOMES IN WHICH THEY WORK THROUGH THE MANY COMMUNITY PROGRAMS AND THE CHARITY CARE THEY PROVIDE FOR PEOPLE THROUGHOUT COLORADO, PAHS ASSOCIATES RECEIVE GREAT SATISFACTION FROM FULFILLING A MISSION OF EXTENDING THE HEALING MINISTRY OF CHRIST THE COMMUNITY BENEFIT REPORT IS A COLLECTIVE LIST OF VARIOUS ACTIVITIES THROUGH WHICH PAHS SUPPORTS ITS NEIGHBORS THROUGHOUT THE STATE COMMUNITY BENEFITS ARE OFFERED IN THE FORM OF OUTREACH AND EDUCATION, SUPPORT GROUPS, ACTIVITIES AND CLINICS, AS WELL AS CHARITY CARE AS A NONPROFIT, FAITH-BASED ORGANIZATION, PAHS IS COMMITTED TO PROVIDING SUPPORT AND PROGRAMS FOR THOSE LESS FORTUNATE IN OUR COMMUNITIES IN HARD TIMES THOSE NUMBERS GROW, WHILE RESOURCES SHRINK IN RESPONSE TO THIS, WE SEEK HOW TO MAKE THE MOST IMPACT IN EVERY COMMUNITY WE TOUCH IN THE MOST RECENT FISCAL YEAR PAHS INVESTED THE FOLLOWING IN ITS COMMUNITIES COMMUNITY BENEFIT ANNUAL REPORT FY 2013 SUMMARY PORTERCARE ADVENTIST HEALTH SYSTEM (PAHS), A FAITH-BASED, NONPROFIT HEALTH CARE ENTITY, SINCE THEIR EARLIEST DAYS, HAVE PLACED AN EMPHASIS ON WHOLE PERSON CARE AND ON ILLNESS PREVENTION, HAVE PRESERVED AN UNWAVERING COMMITMENT TO THEIR VALUES AND AN UNDERSTANDING OF THE VITAL ROLE THAT MINISTERING TO SPIRITUAL NEEDS CAN PLAY IN HEALTH CARE COMMITTED TO THE MISSION OF CONTINUING THE HEALING MINISTRY OF CHRIST, PAHS BUILDS UPON ITS UNIQUE HISTORY, HERITAGE AND TRADITIONS TO CREATE A FAITH-BASED ENTITY DESIGNED TO ADVANCE THE MISSION OF THEIR INDIVIDUAL ORGANIZATIONS TODAY, PAHS OPERATES 4 HOSPITALS AVISTA ADVENTIST HOSPITAL, LITTLETON ADVENTIST HOSPITAL, PARKER ADVENTIST HOSPITAL AND PORTER ADVENTIST HOSPITAL IN KEEPING WITH OUR MISSION, PAHS PROVIDES CARE FOR ALL REGARDLESS OF ABILITY TO PAY IN FISCAL YEAR 2013, PAHS PROVIDED \$48 MILLION IN HEALTHCARE TO UNDERPRIVILEGED INDIVIDUALS AND THE BROADER COMMUNITY THROUGH CHARITY CARE, COMMUNITY EDUCATION AND OUTREACH, AND UNPAID COSTS OF MEDICAID QUALITY HEALTHCARE IS DELIVERED TO PERSONS IN THESE SERVICE AREAS - DENVER, BOULDER, LITTLETON, PARKER AND THEIR SURROUNDING COMMUNITIES IN THE STATE OF COLORADO UNCOMPENSATED CARE PORTERCARE ADVENTIST HEALTH SYSTEM PROVIDES A SIGNIFICANT AMOUNT OF UNCOMPENSATED CARE EACH YEAR IN FY2013, THE COST OF TRADITIONAL CHARITY CARE PROVIDED WAS \$14.7 MILLION PAHS ALSO INCURRED \$27.8 MILLION IN UNREIMBURSED COSTS FOR SERVICES PROVIDED TO MEDICAID PATIENTS FREQUENTLY, THE COSTS OF PROVIDING SERVICES TO PARTICIPANTS OF MEDICAID ARE GREATER THAN THE PAYMENTS RECEIVED FROM THE PROGRAM THE SAME IS TRUE FOR MEDICARE PAHS INCURRED \$66.4 MILLION IN UNREIMBURSED COSTS FOR MEDICARE COMMUNITY OUTREACH FOR PERSONS WHO ARE POOR PROJECT C U R E COLLECTION OF MEDICAL SUPPLIES AND EQUIPMENT IS PALLETIZED AND SHRINK WRAPPED FOR DONATION SOCIAL ASSISTANCE PRESCRIPTIONS THIS PROGRAM PROVIDES MEDICATIONS AT THE TIME OF DISCHARGE FOR LOW-INCOME PATIENTS CAB VOUCHERS VOUCHERS FOR CABS ARE PROVIDED FOR LOW INCOME PATIENTS COMMUNITY OUTREACH FOR THE BROADER COMMUNITY COMMUNITY CONTRIBUTIONS PAHS HOSPITALS ARE PROUD TO CONTRIBUTE TO THE LOCAL CHARITIES AND ORGANIZATIONS THAT HELP TO MEET THEIR MISSION AND CARE FOR THE PEOPLE OR THEIR COMMUNITY NEW LIFE EDUCATION CLASSES PAHS PROVIDES NUMEROUS CHILD BIRTHING PREPARATION, SIBLING PREPARATION, AND EXERCISE CLASSES SAFETY SAFARI PROVIDES SAFETY INFORMATION TO CHILDREN IN THE COMMUNITY COMMUNITY EDUCATION PROVIDES EDUCATION REGARDING DISEASE PROCESSES, SAFETY AND PROMOTING HEALTH IN THE COMMUNITY FAMILY EDUCATION WOMEN'S SERVICES OFFERS A VARIETY OF CLASSES FOR THE COMMUNITY, INCLUDING CPR, LACTATION AND OTHERS VIM AND VIGOR MAGAZINE FREE COMMUNITY HEALTH AND WELLNESS MAGAZINE PUBLISHED QUARTERLY DIABETES AWARENESS CLASSES IN THESE CLASSES, DIABETICS AND THEIR FAMILIES LEARN TO MANAGE DIABETES THROUGH NUTRITION, EXERCISE, FOOT CARE, MEDICATIONS AND THE INS AND OUTS OF MONITORING BLOOD SUGAR BODY OF KNOWLEDGE - COMMUNITY TALKS A SERIES OF PUBLIC LECTURES THAT COVER VARIOUS TOPICS FROM CARDIOLOGY AND HEART HEALTH TO ORTHOPEDIC SURGERY TO NEW TREATMENTS FOR PARKINSON'S DISEASE EDUCATIONAL PROGRAMS FOR CLINICAL PROFESSIONALS THE PORTER HOSPITAL TRANSPLANT PROGRAM CONDUCTS NUMEROUS PROGRAMS AND SEMINARS DESIGNED TO EDUCATE THE GREATER COMMUNITY ON THE LATEST ADVANCEMENTS IN TRANSPLANT MEDICINE ASK-A-NURSE CALLS FREE HEALTH INFORMATION AND PHYSICIAN REFERRAL SERVICE FOR OUR COMMUNITY NURSES ALSO ASSESS HEALTH CONDITIONS FROM NECK PAIN TO A FEVER, AND GIVE FREE PROFESSIONAL ADVICE ON WHAT ACTION TO TAKE NEXT THIS PROGRAM PROVIDES INFORMATION AND REGISTRATION FOR HOSPITAL CLASSES AND EVENTS STUDENT PRECEPTING SUPERVISING HEALTHCARE RELATED STUDENTS FROM VARIOUS LOCAL AND REGIONAL COLLEGES AND VOCATIONAL SCHOOLS CURIOUS GEORGE HOSPITAL TOURS THIS PROGRAM IS GEARED TO CHILDREN AGED 4-10 BASED ON THE STORY "CURIOUS GEORGE GOES TO THE HOSPITAL" AND INVOLVES TAKING TOURS OF ALL THE DEPARTMENTS THAT GEORGE VISITED THE TOUR COMPLIMENTS THE HOSPITALS FOCUS ON CREATING A HEALING ENVIRONMENT CHILDREN SEE A HOSPITAL AS A LESS SCARY, HELPFUL PLACE DEMOGRAPHIC DATA PORTER ADVENTIST HOSPITAL AND LITTLETON ADVENTIST HOSPITAL THE PORTER ADVENTIST HOSPITAL AND LITTLETON ADVENTIST SERVICE AREA COVERS COUNTIES WITH DIVERSE DEMOGRAPHIC SITUATIONS INCLUDING DENVER, ARAPAHOE, DOUGLAS, AND JEFFERSON COUNTIES ("SOUTH DENVER OPERATING GROUP") WITHIN THE SOUTH DENVER OPERATING GROUP, DENVER IS THE MOST POPULOUS COUNTY FOLLOWED CLOSELY BY ARAPAHOE AND JEFFERSON COUNTIES DOUGLAS COUNTY IS THE SMALLEST COUNTY IN THE GROUP, WITH A COMBINED POPULATION OF 1,706,704 RESIDENTS JEFFERSON AND DOUGLAS COUNTY ARE PREDOMINANTLY WHITE, WITH 88% AND 90% OF THE POPULATION IN THIS GROUP, RESPECTIVELY ARAPAHOE IS MORE DIVERSE WITH 73% WHITE AND 10% AFRICAN AMERICAN COLORADANS WITH THE HIGHEST MEDIAN HOUSEHOLD INCOMES RESIDE IN DOUGLAS COUNTY FOLLOWED BY JEFFERSON COUNTY ARAPAHOE COUNTY'S MEDIAN HOUSEHOLD INCOME IS CLOSE TO THE STATE AVERAGE DOUGLAS COUNTY'S UNEMPLOYMENT IS AMONG THE LOWEST IN THE STATE JEFFERSON AND ARAPAHOE HAVE RATES CLOSE TO THE STATE'S AVERAGE RATE THE UNEMPLOYMENT RATE IN DENVER COUNTY IS HIGHER THAN THE STATE AVERAGE PARKER ADVENTIST HOSPITAL PARKER ADVENTIST HOSPITAL'S PRIMARY SERVICE AREAS ARE DOUGLAS AND ARAPAHOE COUNTIES ADDITIONAL INFORMATION ON JEFFERSON AND DENVER COUNTIES IS INCLUDED IN THIS SECTION SINCE THOSE COUNTIES ARE PART OF THE SOUTH DENVER OPERATING GROUP HOWEVER, THE INFORMATION ON THESE ADDITIONAL COUNTIES IS FOR COMPARISON PURPOSES ONLY AND IS NOT INTENDED TO BE PART OF PARKER HOSPITAL'S PRIMARY SERVICE AREA JEFFERSON AND DOUGLAS COUNTY ARE PREDOMINANTLY WHITE, WITH 88% AND 90% OF THE POPULATION IN THIS GROUP, RESPECTIVELY ARAPAHOE IS MORE DIVERSE WITH 73% WHITE AND 10% AFRICAN AMERICAN COLORADANS WITH THE HIGHEST MEDIAN HOUSEHOLD INCOMES RESIDE IN DOUGLAS COUNTY FOLLOWED BY JEFFERSON COUNTY ARAPAHOE COUNTY'S MEDIAN HOUSEHOLD INCOME IS CLOSE TO THE STATE AVERAGE DOUGLAS COUNTY'S UNEMPLOYMENT IS AMONG THE LOWEST IN THE STATE JEFFERSON AND ARAPAHOE HAVE RATES CLOSE TO THE STATE'S AVERAGE RATE THE UNEMPLOYMENT RATE IN DENVER COUNTY IS HIGHER THAN THE STATE AVERAGE AVISTA ADVENTIST HOSPITAL AVISTA ADVENTIST HOSPITAL SERVES THE COUNTIES OF BOULDER, BROOMFIELD, AND ADAMS WHILE THIS DATA IS REPRESENTATIVE OF THE ENTIRE AVISTA SERVICE AREA, AVISTA TARGETS A MORE NARROWLY FOCUSED DEMOGRAPHIC AREA CONCENTRATING ON THE AREA OF BOULDER AND BROOMFIELD COUNTIES, WHICH DEMONSTRATE THE GREATEST HEALTHCARE NEEDS THE POPULATION OF BOULDER COUNTY IS 294,567 AND CONSISTS OF 117,222 HOUSEHOLDS THE RACIAL/ETHNIC MAKEUP IS AS FOLLOWS 87% WHITE (INCLUDING LATINO), 4% ASIAN, 1% AFRICAN AMERICAN, 4% NATIVE AMERICAN, 3% TWO OR MORE RACES, AND 5% OTHER THE MEDIAN FAMILY INCOME AS OF 2008 WAS \$85,602 WHILE 14% OF INDIVIDUALS, 8% OF FAMILIES, AND 13% OF CHILDREN WERE LIVING BELOW THE POVERTY LEVEL THE POPULATION OF BROOMFIELD COUNTY IS 55,880 AND CONSISTS OF 22,646 HOUSEHOLDS THE RACIAL/ETHNIC IS AS FOLLOWS 89% WHITE (INCLUDING LATINO), 6.1% ASIAN, 1.5% AFRICAN AMERICAN, 9% NATIVE AMERICAN, AND 2.4% TWO OR MORE RACES THE MEDIAN FAMILY INCOME AS OF 2010 WAS \$75,590, WHILE 5.5% OF BROOMFIELD COUNTY LIVES BELOW THE POVERTY LEVEL

Identifier	ReturnReference	Explanation
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	INFORMATION CONCERNING FINANCIAL ASSISTANCE IS INCLUDED ON CENTURA'S WEBSITE THE WEBSITE NOT ONLY LISTS PHONE NUMBERS FOR PATIENTS TO CALL TO DISCUSS FINANCIAL ASSISTANCE, BUT ALSO INCLUDES CENTURA'S POLICY FOR CHARITY CARE AND ITS POLICIES RELATED TO UNINSURED PATIENTS IN ADDITION, AT THE TIME OF REGISTRATION, UNINSURED PATIENTS ARE SCREENED TO DETERMINE IF THE PATIENTS QUALIFY FOR ANY FEDERAL, STATE OR COUNTY PROGRAMS UNINSURED PATIENTS ARE ALSO SENT A LETTER REQUESTING THAT THE PATIENT CALL TO DETERMINE ELIGIBILITY FOR VARIOUS ASSISTANCE PROGRAMS, INCLUDING CHARITY
Affiliated health care system	Schedule H, Part VI, Line 6	PORTERCARE ADVENTIST HEALTH SYSTEM IS OPERATED AS PART OF CENTURA HEALTH CORPORATION ("CENTURA") CENTURA AND ITS AFFILIATED ORGANIZATIONS ARE DEDICATED TO EXTENDING THE HEALING MINISTRY OF CHRIST BY CARING FOR THOSE WHO ARE ILL AND BY NURTURING THE HEALTH OF THE PEOPLE IN OUR COMMUNITIES SPECIFICALLY, CENTURA HAS LAUNCHED A SYSTEM-WIDE STRATEGIC PLAN TO IMPROVE THE QUALITY, CONSISTENCY, AVAILABILITY, AND AFFORDABILITY OF HEALTH CARE TO COMMUNITIES THROUGHOUT COLORADO THE THREE MAIN COMPONENTS OF THIS STRATEGY ARE (1) TO CONTINUE INVESTING IN TECHNOLOGY ADVANCEMENTS THAT IMPROVE THE QUALITY, COSTS, AND COORDINATION OF CARE INCLUDING THE ESTABLISHMENT OF ELECTRONIC HEALTH RECORDS LINKING OUR PHYSICIANS, CLINICS, HOSPITALS, LONG-TERM FACILITIES AND HOME CARE SERVICES, (2) PROVIDING WELLNESS CARE, THEREBY POTENTIALLY REDUCING HEALTH CARE COSTS BY HELPING PATIENTS TO MAINTAIN GOOD HEALTH, GROWING THE LEVEL OF SUPPORT AND OUTREACH PROVIDED TO RURAL COMMUNITIES, AND INCREASING ACCESS, AFFORDABILITY AND QUALITY OF HEALTH CARE, AND (3) COORDINATE AND DEVELOP SYSTEMS OF CARE, LOOKING TO EACH FACILITY AND ENTITY IN CENTURA TO SHARE BEST PRACTICES AND IMPROVE OVERALL EFFICIENCY AND COMMUNICATION SYSTEM-WIDE FROM BIRTH TO HOME CARE

Additional Data

Software ID: 12000266

Software Version: v2012.1.0

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

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

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

45

Name and address	Type of Facility (describe)
DIMENSION PAIN MANAGEMENT 400 W 144TH AVE STE 240 WESTMINSTER,CO 80023	EMP PHYSICIAN GROUP
AVISTA FAMILY MEDICINE GUNBARREL 5365 SPINE ROAD SUITE C BOULDER,CO 80301	EMP PHYSICIAN GROUP
BOULDER HOLISTIC MEDICINE 805 S BROADWAY SUITE 103 BOULDER,CO 80305	EMP PHYSICIAN GROUP
COLORADO NEUROVASCULAR SPECIALISTS 7780 S BROADWAY LITTLETON,CO 80122	EMP PHYSICIAN GROUP
CENTER FOR ORTHOPEDICS 7720 S BROADWAY LITTLETON,CO 80122	EMP PHYSICIAN GROUP
CHATFIELD FAMILY MEDICINE 10789 BRADFORD RD STE 150 LITTLETON,CO 80127	EMP PHYSICIAN GROUP
CHATFIELD WOMEN'S CARE 7720 S BROADWAY LITTLETON,CO 80122	EMP PHYSICIAN GROUP
CENTER ENDOCRINOLOGY AND DIABETES 7750 S BROADWAY STE 220 LITTLETON,CO 80122	EMP PHYSICIAN GROUP
MILE HIGH ONCOLOGY 7780 S BROADWAY STE 380 LITTLETON,CO 80122	EMP PHYSICIAN GROUP
CYPRESS HEMOTOLOGY AND ONCOLOGY 2555 S DOWNING ST STE 240 DENVER,CO 80210	EMP PHYSICIAN GROUP
COLORADO HEAD AND NECK SPECIALISTS 2555 S DOWNING ST STE 100 DENVER,CO 80210	EMP PHYSICIAN GROUP
ARACEA WOMEN'S CENTER 300 S JACKSON ST DENVER,CO 80209	EMP PHYSICIAN GROUP
PORTER PRIMARY CARE 300 S JACKSON ST DENVER,CO 80209	EMP PHYSICIAN GROUP
ENDOSCOPY CENTER AT PORTER LLC 1001 SOUTH PARK DRIVE LITTLETON,CO 80120	EMP PHYSICIAN GROUP
CENTURA MEDICAL ASSOCIATES 2525 S DOWNING ST DENVER,CO 80210	EMP PHYSICIAN GROUP
SOUTH SUBURBAN INTERNAL MEDICINE 7750 S BROADWAY LITTLETON,CO 80122	EMP PHYSICIAN GROUP
CENTURA HEALTH AT SOUTHLANDS 6240 SO MAIN ST STE 255 AURORA,CO 80016	EMP PHYSICIAN GROUP
COLORADO ENT SPECIALISTS 9397 CROWN CREST BLVD STE 431 PARKER,CO 80138	EMP PHYSICIAN GROUP
BARIATRIC AND METABOLIC CENTER 9399 CROWN CREST BLVD STE 110 PARKER,CO 80138	EMP PHYSICIAN GROUP
TIMBERVIEW CLINIC AT PARKER 9399 CROWN CREST BLVD STE 200 PARKER,CO 80138	EMP PHYSICIAN GROUP
ACCESS FAMILY MEDICINE 19284 COTTONWOOD DRIVE SUITE 201 PARKER,CO 80138	EMP PHYSICIAN GROUP
CYPRESS ONCOLOGY - PKR 9399 CROWN CREST BLVD SUITE 215 PARKER,CO 80138	EMP PHYSICIAN GROUP
APOLLO INTERNAL MEDICINE 950 E HARVARD AVE SUITE 530 DENVER,CO 80210	EMP PHYSICIAN GROUP
PRIMARY CARE (HARVARD PARK) 950 E HARVARD AVE SUITE 660 DENVER,CO 80210	EMP PHYSICIAN GROUP
COMPREHENSIVE BREAST CARE 2555 S DOWNING ST SUITE 130 DENVER,CO 80210	EMP PHYSICIAN GROUP
EP CLINIC 2525 S DOWNING ST CARDIAC CATH LAB DENVER,CO 80210	EMP PHYSICIAN GROUP
COLORADO JOINT REPLACEMENT 2535 S DOWNING ST DENVER,CO 80210	EMP PHYSICIAN GROUP
AVISTA FAMILY MEDICINE (ERIE) 611 MITCHELL WAY ERIE,CO 80516	EMP PHYSICIAN GROUP
MOUNTAIN VIEW FAMILY PHYSICIANS 2020 ONEIDA ST DENVER,CO 80224	EMP PHYSICIAN GROUP
AVISTA INTERNAL MEDICINE 90 HEALTHPARK DR STE 350 LOUISVILLE,CO 80027	EMP PHYSICIAN GROUP

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?
45

Name and address	Type of Facility (describe)
NORTHWEST GASTROENTEROLOGY 80 HEALTH PARK DRIVE LOUISVILLE,CO 80027	EMP PHYSICIAN GROUP
PORTER HOSPICE 1391 SPEER BLVD 600 DENVER,CO 80204	EMP PHYSICIAN GROUP
AVISTA WOMEN'S HEALTH 611 MITCHELL WAY STE 103 ERIE,CO 80516	EMP PHYSICIAN GROUP
FLATRONS HEART AND VASCULAR 90 HEALTHPARK DRIVE STE 350 LOUISVILLE,CO 80027	EMP PHYSICIAN GROUP
RIDGELINE FAMILY MEDICINE 2352 MEADOWS BLVD STE 300 CASTLE ROCK,CO 80108	EMP PHYSICIAN GROUP
RIDGELINE FAMILY MEDICINE 831 S ERRY ST STE 200 CASTLE ROCK,CO 80104	EMP PHYSICIAN GROUP
AFFILIATED EAR NOSE AND THROAT PHYSICIANS 8000 E PRENTICE AVE STE D12 GRENEWOOD VILLAGE,CO 80111	EMP PHYSICIAN GROUP
CLEMENT PARK FAMILY MEDICINE 6901 S PIERCE ST STE 110 LITTLETON,CO 80128	EMP PHYSICIAN GROUP
HIGHLANDS RANCH MEDICAL ASSOCIATES 9135 S RIDGELINE BLVD STE 190 HIGHLANDS RANCH,CO 80129	EMP PHYSICIAN GROUP
SOUTH QUEBEC FAMILY MEDICINE 6081 S QUEBEC ST STE 100 CENTENNIAL,CO 80111	EMP PHYSICIAN GROUP
COMPREHENSIVE OBGYN AT PARKER 9397 CREOWN CREST BLVD STE 431 PARKER,CO 80138	EMP PHYSICIAN GROUP
INTEGRATED OBGYN AT PARKER 9397 CROWN CREST BLVD STE 220 PARKER,CO 80138	EMP PHYSICIAN GROUP
PARKER ENDOCRINOLOGY 9397 CROWN CREST BLVD STE 220 PARKER,CO 80138	EMP PHYSICIAN GROUP
PINNACLE WOMEN'S HEALTHCARE AT PARKER 9397 CROWN CREST BLVD STE 331 PARKER,CO 80138	EMP PHYSICIAN GROUP
CENTURA HEALTH PHYSICIAN GROUP AT CLERMONT PARK 2479 S CLERMONT ST DENVER,CO 80222	EMP PHYSICIAN GROUP

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

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
84-0438224

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.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
See Additional Data Table							

2

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

16

3

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

3

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

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		
Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	GRANTS ARE MADE AT THE DISCRETION OF THE FACILITY CEOS THE CEOS MAKE REQUESTS FOR FUNDING, WHICH CAN BE EITHER A DONATION TO A SPECIFIC ENTITY OR AN INVOICE FOR A SPECIFIC EXPENSE MOST RECIPIENTS OF MONIES ARE 501(C)(3) ENTITIES AS SUCH, THEY ENSURE THAT ALL MONIES RECEIVED ARE USED FOR THEIR INTENDED PURPOSE ONLY FOR ALL TUITION REIMBURSEMENTS, RECIPIENTS ARE REQUIRED TO MAINTAIN MINIMUM ACADEMIC STANDARDS AND PROVIDE DOCUMENTATION THAT THEY ARE MEETING THESE STANDARDS RECIPIENTS MUST SUBMIT WRITTEN SUBSTANTIATION OF ALL EXPENSES INCURRED BEFORE REIMBURSEMENTS WILL BE PAID

Software ID: 12000266

Software Version: v2012.1.0

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
DOCTORS CARE191 E ORCHARD RD SUITE 102NE LITTLETON,CO 80121	84-1150815	501(C)(3)	50,000	9,665	FMV	MEDICINE	PROGRAM SUPPORT
ROCKY MOUNTAIN ADVENTIST HEALTHCARE FOUNDATION7995 E PRENTICE AVE SUITE 204 GREENWOOD VILLAGE,CO 80111	84-0745018	501(C)(3)	479,385				SPONSORSHIP FEE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
LITTLETON PUBLIC SCHOOLS5776 S CROCKER ST LITTLETON,CO 80120	84-1885005	N/A	10,000				PROGRAM SUPPORT
ARTHRITIS FOUNDATION INC2280 S ALBION STREET DAYTONA BEACH,FL 80222	38-3826066	501(C)(3)	8,750				SPONSORSHIP FEE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
CLASSIC BICYCLE RACING LLC1514 ARAPAHOE ST DENVER, CO 80202	27-3045655	N/A	31,483				SPONSORSHIP FEE
CAMPION ACADEMY300 SW 42ND ST LOVELAND, CO 80537	84-0459259	501(C)(3)	5,913				SPONSORSHIP FEE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
COLORADO WELLNESS CONNECTION4960 E MINERAL CIRCLE CENTENNIAL,CO 80122	84-1504515	N/A	7,800				PROGRAM SUPPORT
CLINICA CAMPESENA FAMILY HEALTH SERVICES 1345 PLAZA COURT NORTH SUITE A LAFAYETTE,CO 80026	84-0743432	501(C)(3)	165,504				PROGRAM SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
THE COMMUNITY FOUNDATION1123 SPRUCE ST BOULDER,CO 80302	84-1171836	501(C)(3)	10,000				PROGRAM SUPPORT
MARCH OF DIMES1325 S COLORADO BLVD SUITE B508 PARKER,CO 80222	13-1846366	501(C)(3)	6,750				SPONSORSHIP FEE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
PARKER TASK FORCE 20118 E MAINSTREET D PARKER,CO 80138	74-2494265	501(C)(3)	7,920				PROGRAM SUPPORT
GREATER PARKER FOUNDATION20120 E MAINSTREET PARKER,CO 80138	26-3664272	501(C)(3)	15,000				SPONSORSHIP FEE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
EXPLORE TRANSPLANT 5559 NW BARRY RD 348 KANSAS CITY,MO 64154	27-2071049	501(C)(3)	6,250				PROGRAM SUPPORT
SEVENTH-DAY ADVENTIST COMMUNITY SERVICES 5045 W 1ST AVE DENVER,CO 80219	84-0527826	501(C)(3)	62,000				PROGRAM SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
GLACIER VIEW RANCH 8748 OVERLAND RD WARD,CO 80481	84-0968738	501(C)(3)	52,130				PROGRAM SUPPORT
MILE HIGH ADVENTIST ACADEMY711 E YALE DENVER,CO 80210	84-0525223	501(C)(3)	79,500				PROGRAM SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
PROJECT CURE10377 E GEDDES AVE CENTENNIAL,CO 80112	84-1568566	501(C)(3)	20,000				SPONSORSHIP FEE
ROCKY MOUNTAIN CONFERENCE2520 SOUTH DOWNING STREET DENVER,CO 80210	27-5560724	501(C)(3)	30,000				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
UNION COLLEGE3800 S 48TH STREET LINCOLN,NE 68506	47-0405319	501(C)(3)	85,000				PROGRAM SUPPORT

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>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</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input checked="" type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>	Yes	
<div><div>2</div><div>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?</div></div>	Yes	
<div><div>3</div><div>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</div><div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	Yes	
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	Yes	
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>		No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div><div>6</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>		No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		No
<div><div>7</div><div>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</div></div>	Yes	
<div><div>8</div><div>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</div></div>		No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div></div>		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

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

Also complete this part for any additional information

Identifier	Return Reference	Explanation
REPORTABLE INDIVIDUALS COMPENSATED BY UNRELATED ORGANIZATIONS	SCHEDULE J, PART I	ALL KEY EMPLOYEES AND HOSPITAL CEO'S ARE COMPENSATED BY CENTURA HEALTH CORPORATION, WHO MANAGES THE DAILY ACTIVITIES OF PORTERCARE ADVENTIST HOSPITALS UNDER A JOINT OPERATING AGREEMENT DATED DECEMBER 8, 1995 BETWEEN THE ADVENTIST HEALTHCARE SYSTEM AND CATHOLIC HEALTH INITIATIVES AS SUCH, THEIR SALARIES ARE PAID TO THEM BY CENTURA, AN UNRELATED ORGANIZATION, FOR SERVICES RENDERED IN THEIR CAPACITY AS KEY EMPLOYEES OR OFFICERS OF PAHS ALL OF THEIR REPORTABLE COMPENSATION IS DISCLOSED ON FORM 990, SCHEDULE J, PART II, ROW (I) AND FORM 990, PART VII, COLUMN (D) AS REPORTING ORGANIZATION COMPENSATION IN ADDITION, THE CEO AND CFO OF PAHS WERE APPOINTED AS SUCH BY THE PAHS BOARD OF DIRECTORS WHILE THEY ARE OFFICERS OF THESE ENTITIES, A VERY SMALL PORTION OF THEIR TIME IS DIRECTLY RELATED TO THE OPERATIONS OF PAHS THEY ARE COMPENSATED BY CENTURA, WHICH IS CHARGED WITH MANAGING THE FACILITIES THEIR RESPECTIVE COMPENSATION IS NOT REPORTED ON THE FILING ORGANIZATION'S 990 BUT IN FACT IS REPORTED IN FULL ON PART VII AND SCHEDULE J OF CENTURA HEALTH CORPORATION'S FORM 990
Travel for companions	Schedule J, Part I, Line 1a	SENIOR VPS AND HOSPITAL CEOS ARE PAID THROUGH CENTURA HEALTH CORP AND ARE ELIGIBLE FOR THE FOLLOWING BENEFITS TRAVEL FOR COMPANIONS, HEALTH OR SOCIAL CLUB DUES, AND REIMBURSEMENT UP TO \$10,000 FOR PERSONAL SERVICES SUCH AS TAX, FINANCIAL, AND ESTATE PLANNING SERVICES, ALONG WITH TAX GROSS-UP PAYMENTS FOR ANY REIMBURSEMENTS INCLUDED IN TAXABLE COMPENSATION ALL BENEFITS ARE PROVIDED PURSUANT TO A WRITTEN POLICY GOVERNING PAYMENT AND REIMBURSEMENT, SUBSTANTIATION IS REQUIRED FOR ALL EXPENSES SUBMITTED FOR REIMBURSEMENT, AND REIMBURSEMENTS ARE INCLUDED IN TAXABLE COMPENSATION WHERE APPROPRIATE
Tax indemnification and gross-up payments	Schedule J, Part I, Line 1a	SEE SCHEDULE J, PART I, LINE 1A - TRAVEL FOR COMPANIONS DISCLOSURE
Health or social club dues or initiation fees	Schedule J, Part I, Line 1a	SEE SCHEDULE J, PART I, LINE 1A - TRAVEL FOR COMPANIONS DISCLOSURE
Personal services	Schedule J, Part I, Line 1a	SEE SCHEDULE J, PART I, LINE 1A - TRAVEL FOR COMPANIONS DISCLOSURE
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	PAHS CEO IS PAID BY CENTURA HEALTH CORPORATION (CENTURA) OUTSIDE CONSULTANTS ARE ENGAGED TO PROVIDE RECOMMENDATIONS TO CENTURA'S COMPENSATION COMMITTEE REGARDING THE COMPENSATION OF FACILITY CEOS THE CONSULTANT'S RECOMMENDATIONS ARE THEN PRESENTED TO AND APPROVED BY THE COMPENSATION COMMITTEE
Severance or change-of-control payment	Schedule J, Part I, Line 4a	CENTURA HAS A DEFINED SEVERANCE POLICY SEVERANCE PAYMENTS ARE DETERMINED BASED ON A COMBINATION OF THE INDIVIDUAL'S POSITION WITHIN THE ORGANIZATION AND YEARS OF SERVICE SEVERANCE AGREEMENTS INCLUDE LIMITATIONS WITH RESPECT TO WORKING FOR COMPETING FACILITIES AND OTHER REQUIREMENTS THAT CAN CAUSE FORFEITURE OF THE SEVERANCE BENEFIT IN ADDITION, THE AGREEMENTS RELEASE CENTURA FROM LITIGATION AND FUTURE CLAIMS AGAINST THE ORGANIZATION THE FOLLOWING REPORTABLE INDIVIDUALS RECEIVED SEVERANCE PAYMENTS DURING THE 2012 CALENDAR YEAR, AND THESE SEVERANCE PAYMENTS WERE INCLUDED IN THE INDIVIDUAL'S W-2 INCOME AND REPORTABLE COMPENSATION ON SCHEDULE J JEFFREY EITEL \$57,398
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	CENTURA OFFERS A NON-QUALIFIED RETIREMENT PLAN IN WHICH SENIOR EXECUTIVES (SENIOR VPS AND ABOVE) ARE PROVIDED A 10% OF SALARY ALLOWANCE TO PURCHASE INSURANCE PRODUCTS OR CONTRIBUTED INTO THE DEFERRED COMPENSATION PLAN IN ADDITION, A PENSION RESTORATION BENEFIT IS PROVIDED WHICH CREDITS PARTICIPANTS WITH A BENEFIT WHICH IS CALCULATED BASED ON THE EXCESS OF THE PARTICIPANT'S COMPENSATION OVER THE MAXIMUM ALLOWED FOR PENSION CONTRIBUTIONS AMOUNTS DEFERRED ARE NOT REPORTED AS TAXABLE INCOME UNTIL/UNLESS A TRIGGERING EVENT OCCURS THIS DEFERRED COMPENSATION PLAN HAS A SUBSTANTIAL RISK OF FORFEITURE PROVISION AND AN ELECTED VESTING SCHEDULE THE FOLLOWING RECEIVED CONTRIBUTIONS TO A NON-QUALIFIED PLAN FOR THE CALENDAR YEAR 2012 MORRE DEAN \$31,502 JOHN SACKETT \$39,200 TODD FOLKENBERG \$17,001 RANDALL HAFFNER \$104,325 DURING 2012 THE FOLLOWING DISTRIBUTIONS WERE MADE JOHN SACKETT \$48,180 RANDALL HAFFNER \$111,433 KENNETH BACON \$71,608 IN ADDITION, THREE OF THE BOARD MEMBERS ARE COMPENSATED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHS) AND IN RECOGNITION OF THE CONTRIBUTION THAT EACH EXECUTIVE MAKES TO THE SUCCESS OF AHS, AHS PROVIDES TO ELIGIBLE EXECUTIVES PARTICIPATION IN THE AHS EXECUTIVE FLEX BENEFIT PROGRAM (THE PLAN) THE PURPOSE OF THE PLAN IS TO OFFER ELIGIBLE EXECUTIVES AN OPPORTUNITY TO ELECT FROM AMONG A VARIETY OF SUPPLEMENTAL BENEFITS, INCLUDING DEFERRED COMPENSATION BENEFITS TAXABLE UNDER INTERNAL REVENUE CODE (IRC) SECTION 457(F), TO INDIVIDUALLY TAILOR A BENEFITS PROGRAM APPROPRIATE TO EACH EXECUTIVE'S NEEDS THE PLAN PROVIDES ELIGIBLE PARTICIPANTS A PRE-DETERMINED BENEFITS ALLOWANCE CREDIT THAT IS EQUAL TO A PERCENTAGE OF THE EXECUTIVE'S BASE PAY FROM WHICH IS DEDUCTED THE COST OF MANDATORY AND ELECTIVE EMPLOYEE BENEFITS THE PRE-DETERMINED BENEFITS ALLOWANCE CREDIT PERCENTAGE IS APPROVED BY THE AHS BOARD STRATEGY & COMPENSATION COMMITTEE, AN INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS OF AHS ANY FUNDS THAT REMAIN AFTER THE COST OF MANDATORY AND ELECTIVE BENEFITS ARE SUBTRACTED FROM THE PRE-DETERMINED BENEFITS ANNUAL AMOUNT ARE CONTRIBUTED, AT THE EMPLOYEE'S OPTION, TO EITHER AN IRC 457(F) DEFERRED COMPENSATION ACCOUNT OR TO AN IRC 457(B) ELIGIBLE DEFERRED COMPENSATION PLAN UPON ATTAINMENT OF AGE 65, ALL PREVIOUS 457(F) DEFERRED AMOUNTS ARE PAID IMMEDIATELY TO THE PARTICIPANT AND ANY FUTURE EMPLOYER CONTRIBUTIONS ARE MADE QUARTERLY FROM THE PLAN DIRECTLY TO THE PARTICIPANT THE PLAN DOCUMENTS DEFINE AN EMPLOYEE WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN TO GENERALLY INCLUDE THE CHIEF EXECUTIVE OFFICERS OF AHS ENTITIES AND VICE PRESIDENTS OF ALL AHS ENTITIES WHOSE BASE SALARY IS AT LEAST \$210,000 THE PLAN PROVIDES FOR A CLASS YEAR VESTING SCHEDULE (2 YEARS FOR EACH CLASS YEAR) WITH RESPECT TO AMOUNTS ACCUMULATED IN THE EXECUTIVE'S 457(F) DEFERRED COMPENSATION ACCOUNT DISTRIBUTIONS COULD ALSO BE MADE FROM THE EXECUTIVE'S 457(F) DEFERRED COMPENSATION ACCOUNT UPON ATTAINMENT OF AGE 65 OR UPON AN INVOLUNTARY SEPARATION THE ACCOUNT IS FORFEITED BY THE EXECUTIVE UPON A VOLUNTARY SEPARATION IN ADDITION TO THE PLAN, AHS HAS INSTITUTED A DEFINED BENEFIT, NON-TAX-QUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN EXECUTIVES WHO HAVE PROVIDED LENGTHY SERVICE TO AHS AND/OR TO OTHER SEVENTH-DAY ADVENTIST CHURCH HOSPITAL OR HEALTH CARE INSTITUTIONS PARTICIPATION IN THE PLAN IS OFFERED TO AHS EXECUTIVES ON A PRORATA SCHEDULE BEGINNING WITH 20 YEARS OF SERVICE AS AN EMPLOYEE OF AHS AND/OR ANOTHER HOSPITAL OR HEALTHCARE INSTITUTION CONTROLLED BY THE SEVENTH-DAY ADVENTIST CHURCH AND WHO SATISFY CERTAIN OTHER QUALIFYING CRITERIA THIS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) WAS DESIGNED TO PROVIDE ELIGIBLE EXECUTIVES WITH THE ECONOMIC EQUIVALENT OF AN ANNUAL INCOME BEGINNING AT NORMAL RETIREMENT AGE EQUAL TO 60% OF THE AVERAGE OF THE PARTICIPANT'S THREE HIGHEST YEARS OF BASE SALARY FROM AHS ACTIVE EMPLOYMENT INCLUSIVE OF INCOME FROM ALL OTHER SEVENTH-DAY ADVENTIST CHURCH HEALTHCARE EMPLOYER-FINANCED RETIREMENT INCOME SOURCES AND INVESTMENT INCOME EARNED ON THOSE CONTRIBUTIONS THROUGH SOCIAL SECURITY NORMAL RETIREMENT AGE AS DEFINED IN THE PLAN THE NUMBER OF YEARS INCLUDED IN HIGHEST AVERAGE COMPENSATION IS DETERMINED BY THE INDIVIDUAL'S YEAR OF ENTRY TO THE SERP AND BY THE INDIVIDUAL'S YEAR OF ENTRY TO THE AHS EXECUTIVE FLEX BENEFIT PROGRAM 457(F) EMPLOYER CONTRIBUTIONS FOR CALENDAR YEAR 2012 WERE ROBERT HENDERSCHEDT \$115,094 RICHARD REINER \$182,872 TERRY SHAW \$175,971 457(F) EMPLOYER DISTRIBUTIONS FOR CALENDAR YEAR 2012 WERE ROBERT HENDERSCHEDT \$98,208 RICHARD REINER \$167,651 TERRY SHAW \$171,709 SERP PAYMENTS FOR CALENDAR YEAR 2012 WERE ROBERT HENDERSCHEDT \$113,969 RICHARD REINER \$255,540
Non-fixed payments	Schedule J, Part I, Line 7	PARTICIPANTS IN CENTURA'S INCENTIVE COMPENSATION PLANS INCLUDE DIRECTORS AND ABOVE PAYOUTS ARE BASED ON METRICS ESTABLISHED AND APPROVED BY CENTURA'S COMPENSATION COMMITTEE THE METRICS INCLUDE QUANTIFIABLE MEASURES PERTAINING TO FINANCIAL PERFORMANCE, SAFETY AND QUALITY AND ASSOCIATE SATISFACTION WITH EACH METRIC WEIGHTED IN DETERMINING THE OVERALL SCORE THE INCENTIVE COMPENSATION PAYOUT IS CALCULATED BASED ON THE CUMULATIVE SCORE FOR ALL METRICS AND THE PAYOUT IS BASED ON A COMBINATION OF THE SCORE, THE INDIVIDUAL'S BASE COMPENSATION AMOUNT AND POSITION (E G DIRECTOR, VICE PRESIDENT)

Software ID: 12000266
Software Version: v2012.1.0
EIN: 84-0438224
Name: PORTERCARE ADVENTIST HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ANDREW GAASCH	(i) (ii)	226,603 0	65,998 0	2,209 0	22,787 0	14,327 0	331,924 0	0 0
CHERYL CURRY	(i) (ii)	187,910 0	48,806 0	2,708 0	19,268 0	15,937 0	274,629 0	0 0
DAVID SMITH	(i) (ii)	177,832 0	46,189 0	2,665 0	28,079 0	3,986 0	258,751 0	0 0
DAVID VANSICKLE	(i) (ii)	1,238,359 0	106 0	2,950 0	20,596 0	14,327 0	1,276,338 0	0 0
GEOFF LAWTON	(i) (ii)	165,888 0	33,697 0	2,156 0	16,420 0	14,327 0	232,488 0	0 0
JEFFREY EITEL	(i) (ii)	243,606 0	49,814 0	3,031 0	20,596 0	326 0	317,373 0	0 0
JOHN PRALL	(i) (ii)	1,471,941 0	318 0	3,530 0	24,346 0	14,327 0	1,514,462 0	0 0
JOHN SACKETT	(i) (ii)	289,441 0	90,524 0	61,461 0	71,046 0	11,386 0	523,858 0	48,181 0
JONATHAN FISHER	(i) (ii)	147,013 0	2,572 0	97,166 0	10,555 0	11,063 0	268,369 0	0 0
KENNETH BACON	(i) (ii)	155,975 0	69,928 0	10,000 0	0 0	5,219 0	241,122 0	71,608 0
MICHAEL FULLER	(i) (ii)	777,207 0	9,292 0	3,413 0	20,596 0	651 0	811,159 0	0 0
MORRE DEAN	(i) (ii)	319,379 0	79,359 0	16,850 0	59,598 0	4,454 0	479,640 0	0 0
RANDY HAFFNER	(i) (ii)	458,009 0	148,944 0	137,540 0	134,921 0	18,665 0	898,079 0	111,433 0
RAYMOND KIM	(i) (ii)	831,459 0	0 0	2,743 0	20,596 0	651 0	855,449 0	0 0
RICHARD REINER	(i) (ii)	0 871,778	0 266,769	0 543,345	0 13,599	0 48,831	0 1,744,322	0 0
ROBERT HENDERSCHEDT	(i) (ii)	0 604,278	0 191,405	0 297,804	0 111,692	0 27,696	0 1,232,875	0 90,510
ROBERT THOMAS	(i) (ii)	910,104 0	48,951 0	20,788 0	19,346 0	14,327 0	1,013,516 0	0 0
TERRY SHAW	(i) (ii)	0 869,760	0 266,769	0 207,241	0 189,569	0 45,078	0 1,578,417	0 158,447
TODD FOLKENBERG	(i) (ii)	248,960 0	80,329 0	78,144 0	40,097 0	16,452 0	463,982 0	0 0

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I

Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II

Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(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
Total ▶ \$											

Part III

Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) HEALTHCARE SUPPORT SERVICES	KEY ON PAHS/BOARD ON HSS	3,492,596	HSS IS A VENDOR OF PAHS		No
(2) TAMMY SMITH	SPOUSE OF KEY EMPLOYEE	95,464	EMPLOYEE COMPENSATION		No
(3) STEPHANIE TRAVER	DAUGHTER OF KEY EMPLOYEE	65,300	EMPLOYEE COMPENSATION		No
(4) DIANE EITEL	SPOUSE OF KEY EMPLOYEE	30,517	EMPLOYEE COMPENSATION		No

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2012**Open to Public
Inspection**Name of the organization
PORTERCARE ADVENTIST HEALTH SYSTEM**Employer identification number**

84-0438224

Identifier	Return Reference	Explanation
Delegate broad authority to a committee	Form 990, Part VI, Section A, Line 1a	PURSUANT TO ARTICLE IV OF THE BYLAWS OF PORTERCARE ADVENTIST HEALTH SYSTEM, THE BOARD OF TRUSTEES MAY, BY RESOLUTION OR RESOLUTIONS PASSED BY A MAJORITY OF THE TRUSTEES THEREOF, APPOINT AN EXECUTIVE COMMITTEE OR SUCH OTHER COMMITTEES FOR ANY PURPOSE AND DELEGATE TO SUCH COMMITTEES ANY OF THE POWERS AND AUTHORITY OF THE BOARD OF TRUSTEES AS IS PERMITTED BY LAW COLORADO LAW PRECLUDES A COMMITTEE OF THE BOARD FROM (I) AUTHORIZING DISTRIBUTIONS, (II) APPROVING OR PROPOSING TO THE MEMBER ACTIONS THAT ARTICLES 121-137 OF TITLE 7 OF THE COLORADO REVISED STATUTES REQUIRE TO BE APPROVED BY THE MEMBER, (III) AMENDING THE CORPORATION'S AMENDED AND RESTATED ARTICLES OF INCORPORATION, (IV) ADOPTING, AMENDING OR REPEALING THE BYLAWS, (V) APPROVING A PLAN OF MERGER NOT REQUIRING APPROVAL OF THE MEMBER, OR (VI) APPROVING A SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF ITS PROPERTY, WITH OR WITHOUT GOOD WILL, OTHERWISE THAN IN THE USUAL AND REGULAR COURSE OF BUSINESS SUBJECT TO APPROVAL OF THE MEMBER SUCH COMMITTEES SHALL HAVE THE POWER TO ACT ONLY IN INTERVALS BETWEEN MEETINGS OF THE BOARD OF TRUSTEES AND SHALL, AT ALL TIMES, BE SUBJECT TO THE CONTROL OF THE BOARD OF TRUSTEES THE BOARD OF TRUSTEES, OR IF THE BOARD DOES NOT ACT, THE COMMITTEES, SHALL ESTABLISH RULES AND REGULATIONS FOR MEETINGS AND SHALL MEET AT SUCH TIMES AS ARE DEEMED NECESSARY, PROVIDED THAT A REASONABLE NOTICE OF ALL MEETINGS SHALL BE GIVEN TO COMMITTEE MEMBERS NO ACT OF A COMMITTEE SHALL BE VALID UNLESS APPROVED BY THE VOTE OR WRITTEN CONSENT OF A MAJORITY OF ITS MEMBERS COMMITTEES SHALL KEEP REGULAR MINUTES OF PROCEEDINGS AND REPORT THE SAME TO THE BOARD FROM TIME TO TIME AS THE BOARD MAY REQUIRE

Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE CORPORATE MEMBER OF PAHS IS ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHS), A FLORIDA NONPROFIT CORPORATION

Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	AHS, THE SOLE CORPORATE MEMBER, HAS THE POWER TO APPOINT OR REMOVE THE MEMBERS OF THE GOVERNING BODY

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	THE CORPORATE MEMBER, AHS, ACTING THROUGH THE BOARD OF TRUSTEES, MAINTAINS ALL RIGHTS PERMITTED TO BE EXERCISED BY DIRECTORS OF A COLORADO CORPORATION EXCEPT AS LIMITED BY THE ORGANIZATIONS' ARTICLES, BYLAWS, OR AFFILIATION AGREEMENT WITH CATHOLIC HEALTH INITIATIVES (CHI) THE AGREEMENT OF BOTH AHS AND CHI IS REQUIRED FOR CERTAIN SIGNIFICANT DECISIONS INVOLVING CENTURA FACILITIES IN ADDITION, PURSUANT TO THE AFFILIATION AGREEMENT BETWEEN CHI, CHIC, CENTURA HEALTH CORPORATION, AND PORTERCARE ADVENTIST HEALTH SYSTEM, CERTAIN MATTERS AFFECTING CHIC MUST BE APPROVED BY BOTH PORTERCARE AND CHI THOSE ITEMS INCLUDE - THE TRANSFER OF ASSETS VALUED AT OVER \$1,000,000 - THE ISSUANCE OF A DEBT INSTRUMENT IN EXCESS OF \$250,000 - THE AMENDMENT OF THE ORGANIZING DOCUMENTS - THE ADMISSION OF A NEW SPONSOR - A MERGER OR DISSOLUTION OR REORGANIZATION - SETTLEMENT OF LEGAL PROCEEDINGS IN EXCESS OF \$2,000,000 - CAPITAL EXPENDITURES IN EXCESS OF \$2,000,000

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	A DRAFT OF THE FORM 990 IS PROVIDED TO MANAGEMENT, INCLUDING THE CFO, FOR REVIEW. THE RETURN IS E-MAILED TO THE ENTIRE BOARD FOR REVIEW PRIOR TO FILING. AFTER PRESENTATION TO THE BOARD, THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILING. ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD.

Identifier	Return Reference	Explanation
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	<p>PORTERCARE ADVENTIST HEALTH SYSTEM HAS ADOPTED CENTURA HEALTH'S CONFLICT OF INTEREST POLICY</p> <p>1 CONFLICT OF INTEREST POLICY 1 1 CONSISTENT WITH CENTURA INTEGRITY STANDARDS, IT IS POLICY THAT EACH BOARD OF TRUSTEE MEMBER, CORPORATE OFFICER, AND KEY EMPLOYEE ACT AT ALL TIMES IN A MANNER THAT IS CONSISTENT WITH CENTURA'S MISSION AND VALUES BASED SERVICE TO THE COMMUNITY AND EXERCISE CARE THAT HE OR SHE DOES NOT HAVE ANY PERSONAL INTEREST WHICH MIGHT CONFLICT WITH OR APPEAR TO CONFLICT WITH THE INTEREST OF CENTURA OR WHICH MIGHT INFLUENCE THEIR JUDGMENT OR ACTIONS IN PERFORMING THEIR DUTIES 1 1 1 IN CONNECTION WITH AN ACTUAL OR POSSIBLE TRANSACTION OR ARRANGEMENT INVOLVING CENTURA, ANY BOARD MEMBER, CORPORATE OFFICER, OR KEY EMPLOYEE WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST MUST DISCLOSE AND BE GIVEN THE OPPORTUNITY TO SHARE ALL MATERIAL FACTS WITH THE BOARD CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT 1 1 2 BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES ARE ALSO REQUIRED TO DISCLOSE ANY POSSIBLE CONFLICTS ON AN ANNUAL BASIS THROUGH THE CONFLICT OF INTEREST QUESTIONNAIRE 2 PROCEDURE FOR DISCLOSING AND REVIEWING TRANSACTION OR ARRANGEMENT CONFLICT OF INTERESTS 2 1 BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES THAT HAVE A FINANCIAL INTEREST IN ANY ACTUAL OR POSSIBLE TRANSACTION INVOLVING CENTURA ARE REQUIRED TO DISCLOSE THE FINANCIAL INTEREST 2 1 1 IN ORDER TO DETERMINE IF A CONFLICT OF INTEREST EXISTS, THE INDIVIDUAL WHO IS CONSIDERED TO HAVE A FINANCIAL INTEREST MAY MAKE A PRESENTATION AT THE BOARD OR BOARD COMMITTEE MEETING AFTER SUCH PRESENTATION, THE INDIVIDUAL SHALL LEAVE THE MEETING FOR DISCUSSION AND A VOTE ON THE ISSUE 2 1 2 AFTER EXERCISING DUE DILIGENCE, THE BOARD OR BOARD COMMITTEE SHALL DETERMINE WHETHER CENTURA CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION WITH REASONABLE EFFORTS FROM ANOTHER PERSON OR ENTITY IF A MORE ADVANTAGEOUS TRANSACTION IS NOT REASONABLY ATTAINABLE, THE BOARD OR BOARD COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED MEMBERS WHETHER THE TRANSACTION IS IN CENTURA'S BEST INTEREST AND IS FAIR 3 PROCEDURE FOR DISCLOSING AND REVIEWING OTHER CONFLICT OF INTERESTS 3 1 BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES SHALL ALSO DISCLOSE IN ADVANCE TO CENTURA LEADERS ANY NON-TRANSACTIONAL ACTIONS OR RELATIONSHIPS THAT HAVE THE POTENTIAL TO CREATE A CONFLICT OF INTEREST 3 1 1 THE BOARD OR BOARD COMMITTEE SHALL CAREFULLY REVIEW AND SCRUTINIZE ANY CONFLICT OF INTEREST BY A MAJORITY VOTE OF THE DISINTERESTED MEMBERS, THE BOARD SHALL TAKE WHATEVER ACTION IS DEEMED APPROPRIATE WITH RESPECT TO THE BOARD MEMBER, CORPORATE OFFICER, OR KEY EMPLOYEE UNDER THE CIRCUMSTANCES, INCLUDING POSSIBLE CORRECTIVE ACTION, IN ORDER TO BEST PROTECT THE INTERESTS OF CENTURA 3 1 2 ON AN ANNUAL BASIS, BOARD MEMBERS, CORPORATE OFFICERS, AND KEY EMPLOYEES WILL ALSO BE SENT AN EMAIL REQUESTING THEY COMPLETE THE BOARD MEMBER AND CORPORATE OFFICER CONFLICT OF INTEREST QUESTIONNAIRE BY THE SPECIFIED DUE DATE IN THE EMAIL 3 1 3 THE CORPORATE RESPONSIBILITY DEPARTMENT SHALL NOTIFY THE CHAIRPERSON OF THE BOARD OF ANY POTENTIAL CONFLICTS AND THE CHAIRPERSON, OR DESIGNEE, SHALL PERFORM FURTHER INVESTIGATION AS HE OR SHE DEEMS APPROPRIATE 4 RECORD OF PROCEEDINGS 4 1 THE MINUTES OF THE BOARD AND BOARD COMMITTEE SHALL CONTAIN 4 1 1 THE NAMES OF PERSONS WHO DISCLOSED OR OTHERWISE WERE FOUND TO HAVE A FINANCIAL INTEREST AND THE NATURE OF THE FINANCIAL INTEREST 4 1 2 THE NAMES OF PERSONS WHO WERE PRESENT FOR DISCUSSIONS AND VOTES RELATING TO ANY FINANCIAL INTEREST, THE CONTENT OF THE DISCUSSION, INCLUDING ANY ALTERNATIVES, AND A RECORD OF THE BOARD OR BOARD COMMITTEE DECISION 5 VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY 5 1 IF THE BOARD OR BOARD COMMITTEE HAS REASONABLE CAUSE TO BELIEVE THAT AN INDIVIDUAL HAS FAILED TO DISCLOSE EITHER AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST, OR ALL MATERIAL FACTS SURROUNDING AN ACTUAL OR POSSIBLE CONFLICT, THE INDIVIDUAL WILL BE GIVEN A CHANCE TO EXPLAIN 5 1 1 AFTER HEARING THE RESPONSE, THE BOARD WILL CONDUCT SUCH ADDITIONAL INVESTIGATION AS APPROPRIATE IF THE BOARD DETERMINES THAT THE INDIVIDUAL HAS IN FACT FAILED TO DISCLOSE AS REQUIRED BY THE CONFLICT OF INTEREST POLICY, THE BOARD SHALL TAKE APPROPRIATE DISCIPLINARY OR CORRECTIVE ACTION</p>

Identifier	Return Reference	Explanation
PROCESS USED TO ESTABLISH COMPENSATION OF TOP MANAGEMENT/OFFCERS/KEY EMPLOYEES	FORM 990, PART VI, LINE 15	OUTSIDE CONSULTANTS ARE ENGAGED TO PROVIDE RECOMMENDATIONS TO CENTURA'S COMPENSATION COMMITTEE REGARDING THE COMPENSATION OF FACILITY CEOS AND CENTURA SENIOR EXECUTIVES. THE CONSULTANT'S RECOMMENDATIONS ARE THEN PRESENTED TO, CONSIDERED BY, AND APPROVED BY THE COMPENSATION COMMITTEE. CENTURA'S HUMAN RESOURCES DEPARTMENT PERFORMS ANALYSES OF THE MARKET TO DETERMINE COMPENSATION RANGES FOR THE REMAINDER OF CENTURA ASSOCIATES WHICH ARE REVIEWED AND APPROVED BY CENTURA'S SENIOR LEADERSHIP.

Identifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	SEE ABOVE

Identifier	Return Reference	Explanation
JOINT VENTURE POLICY	FORM 990, PART VI, LINE 16B	PORTERCARE ADVENTIST HEALTH SYSTEM HAS NOT FORMALLY ADOPTED A WRITTEN POLICY OR WRITTEN PROCEDURE REGARDING JOINT VENTURES. HOWEVER, ADVENTIST HEALTH SYSTEM'S (AHS) SYSTEM-WIDE JOINT VENTURE MODEL OPERATING AGREEMENT INCORPORATES CONTROLS OVER THE VENTURE SUFFICIENT TO ENSURE THAT (1) THE EXEMPT ORGANIZATION, AT ALL TIMES, RETAINS CONTROL OVER THE VENTURE SUFFICIENT TO ENSURE THAT THE PARTNERSHIP FURTHERS THE EXEMPT PURPOSE OF THE ORGANIZATION, (2) IN ANY PARTNERSHIP IN WHICH THE EXEMPT ORGANIZATION IS A PARTNER, ACHIEVEMENT OF EXEMPT PURPOSES IS PRIORITIZED OVER MAXIMIZATION OF PROFITS FOR THE PARTNERS, (3) THE PARTNERSHIP DOES NOT ENGAGE IN ANY ACTIVITIES THAT WOULD JEOPARDIZE THE EXEMPT ORGANIZATION'S EXEMPTION, (4) RETURNS OF CAPITAL, ALLOCATIONS, AND DISTRIBUTIONS MUST BE MADE IN PROPORTION TO THE PARTNERS' RESPECTIVE OWNERSHIP INTERESTS, AND (5) ALL CONTRACTS ENTERED INTO BY THE PARTNERSHIP WITH THE EXEMPT ORGANIZATION MUST BE AT ARM'S LENGTH, WITH PRICES SET AT FAIR MARKET VALUE.

Identifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	THE ORGANIZATION'S GOVERNING DOCUMENTS ARE AVAILABLE ON THE COLORADO SECRETARY OF STATE'S WEBSITE. THE CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE NOT AVAILABLE TO THE PUBLIC.

Identifier	Return Reference	Explanation
Other Expenses	Form 990, Part IX, Line 11g	OTHER PROFESSIONAL FEES - TOTAL EXPENSE 79258815, PROGRAM SERVICE EXPENSE 57403061, MANAGEMENT AND GENERAL EXPENSES 21855754, FUNDRAISING EXPENSES , PHYSICIAN FEES - TOTAL EXPENSE 30019956, PROGRAM SERVICE EXPENSE 30019956, MANAGEMENT AND GENERAL EXPENSES , FUNDRAISING EXPENSES ,

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990 , Part XI, Line 9	TRANSFER TO AFFILIATES - -5218067, MINORITY INTEREST DISTRIBUTIONS - - 1965880, RENTAL PROPERTY TRANSFER - -17082,

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
PORTERCARE ADVENTIST HEALTH SYSTEM

Employer identification number
84-0438224

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	
See Additional Data Table												

Part IV

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

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

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?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

Yes

No

Yes

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ROCKY MOUNTAIN ADVENTIST HEALTHCARE FOUNDATION	B	479,385	FMV
(2) ROCKY MOUNTAIN ADVENTIST HEALTHCARE FOUNDATION	C	940,442	FMV

Schedule R (Form 990) 2012

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.

[illegible]

Software ID: 12000266

Software Version: v2012.1.0

EIN: 84-0438224

Name: PORTERCARE ADVENTIST HEALTH SYSTEM

Part VII

Supplemental Information

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

Identifier		Return Reference			Explanation								
Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership													
(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 on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership	
							Yes	No		Yes	No		
APPALACHIAN THERAPY SERVICES LLC 100 HOSPITAL DRIVE HENDERSONVILLE, NC 28792 20-2463851	THERAPY STAFFING	NC	NA	N/A								50 %	
CLEAR CREEK MOB LTD 2201 S CLEAR CREEK RD KILLEEN, TX 76549 74-2609195	REAL ESTATE	TX	NA	N/A								60 8 %	
FLORIDA HOSPITAL DMERT LLC 2450 MAITLAND CENTER PKWY STE 200 MAITLAND, FL 32751 20-2392253	MEDICAL EQUIPMENT	FL	NA	N/A								33 33 %	
FLORIDA HOSPITAL HOME INFUSION 2450 MAITLAND CENTER PKWY STE 200 MAITLAND, FL 32751 59-3142824	HOME INFUSION SERVICES	FL	NA	N/A								57 %	
KCCCSMMC CANCER CENTER LLC 9100 W 74TH STREET SHAWNEE MISSION, KS 66204 27-0909763	EQUIPMENT RENTAL	KS	NA	N/A								50 %	
SHAWNEE MISSION OPEN MRI LLC 9100 W 74TH STREET BOX 2923 SHAWNEE MISSION, KS 66201 27-0011796	IMAGING & TESTING	KS	NA	N/A								60 %	
SKYLAND MRI LLC 100 HOSPITAL DRIVE HENDERSONVILLE, NC 28792 04-3646559	IMAGING & TESTING	NC	NA	N/A								50 %	
PAHSUSP SURGERY CENTERS LLC 15305 DALLAS PKWY SUITE 1600 LB 28 ADDISON, TX 75001 26-3057950	SURGICAL SERVICES	TX	PAHS	RELATED	1,260,889	1,329,167		No	0		No	51 %	
ENDOSCOPY CENTER AT PORTER LLC 1001 SOUTH PARK DRIVE LITTLETON, CO 80120 20-5855038	DIAGNOSTIC	CO	PAHS	RELATED	68,523	115,542		No	0		No	51 %	
HUGULEY SURGERY CENTER LLP 15305 DALLAS PKWY SUITE 1600 LB 28 ADDISON, TX 75001 20-0910694	OUTPATIENT SURGERY	TX	NA	N/A									

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
ALTAMONTE MEDICAL PLAZA CONDOMINIUM ASSOCIATION INC 601 EAST ROLLINS STREET ORLANDO, FL 32803 59-2855792	CONDO ASSOCIATION	FL	NA	C CORPORATION					
APOPKA MEDICAL PLAZA CONDOMINIUM ASSOCIATION INC 601 EAST ROLLINS STREET ORLANDO, FL 32803 59-3000857	CONDO ASSOCIATION	FL	NA	C CORPORATION					
ARAPAHOE MEDICAL BUILDING I INC 2525 S DOWNING STREET DENVER, CO 80210 84-1574506	REAL ESTATE LEASING	CO	NA	C CORPORATION					
ARAPAHOE MEDICAL BUILDING II INC 2525 S DOWNING STREET DENVER, CO 80210 84-1574507	REAL ESTATE LEASING	CO	NA	C CORPORATION					
CC MOB INC 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 74-2616875	REAL ESTATE RENTAL	TX	NA	C CORPORATION					
CENTRAL TEXAS MEDICAL ASSOCIATES 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 74-2729873	PHYSICIAN CLINICS	TX	NA	C CORPORATION					
CENTRAL TEXAS PROVIDER'S NETWORK 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 74-2827652	PHYSICIAN HOSPITAL ORG	TX	NA	C CORPORATION					
FLORIDA HOSPITAL FLAGLER MEDICAL OFFICES ASSOCIATION INC 60 MEMORIAL MEDICAL PARKWAY PALM COAST, FL 32164 26-2158309	CONDO ASSOCIATION	FL	NA	C CORPORATION					
FLORIDA HOSPITAL HEALTHCARE SYSTEM INC 602 COURTLAND STREET ORLANDO, FL 32804 59-3215680	PHO/TPA	FL	NA	C CORPORATION					
FLORIDA MEDICAL PLAZA CONDO ASSOCIATION INC 601 EAST ROLLINS STREET ORLANDO, FL 32803 59-2855791	CONDO ASSOCIATION	FL	NA	C CORPORATION					
FLORIDA MEMORIAL HEALTH NETWORK INC 770 W GRANADA BLVD STE 317 ORMOND BEACH, FL 32174 59-3403558	PHYSICIAN HOSPITAL ORG	FL	NA	C CORPORATION					
HARVARD PARK EAST INC 2525 S DOWNING STREET DENVER, CO 80210 84-1574365	REAL ESTATE LEASING	CO	NA	C CORPORATION					
HELEN ELLIS MEMORIAL HOSPITAL REAL ESTATE CORP 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-3375731	REAL ESTATE RENTAL	FL	NA	C CORPORATION					
HUGULEY ALLIANCE FOUNDATION 11801 SOUTH FREEWAY FORT WORTH, TX 76115 75-2642209	INACTIVE	TX	NA	C CORPORATION					
HUGULEY MEDICAL ASSOCIATES INC 11801 SOUTH FREEWAY BURLESON, TX 76028 75-2547668	PHYSICIAN CLINICS	TX	NA	C CORPORATION					

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
KISSIMMEE MULTISPECIALTY CLINIC CONDOMINIUM ASSOCIATION INC 201 HILDA STREET SUITE 30 KISSIMMEE, FL 34741 59-3539564	CONDO ASSOCIATION	FL	NA	C CORPORATION					
METROPLEX ADVENTIST HOSPITAL CRNA 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 26-0760794	SUPPORT HOSPITAL - PROVIDE ALLIED HEALTH PROFESSIONALS	TX	NA	C CORPORATION					
MIDWEST MANAGEMENT SERVICES INC 9100 WEST 74TH STREET SHAWNEE MISSION, KS 66204 48-0901551	REAL ESTATE RENTAL	KS	NA	C CORPORATION					
NORTH AMERICAN HEALTH SERVICES INC & SUBS 111 N ORLANDO AVENUE WINTER PARK, FL 32789 62-1041820	LESSOR/HOLDING CO	TN	NA	C CORPORATION					
ORMOND PROFESSIONAL CONDO ASSOCIATION 770 W GRANADA BLVD STE 101 ORMOND BEACH, FL 32174 59-2694434	CONDO ASSOCIATION	FL	NA	C CORPORATION					
PARK RIDGE PROPERTY OWNER'S ASSOCIATION INC 1 PARK PLACE NAPLES ROAD FLETCHER, NC 28732 03-0380531	CONDO ASSOCIATION	NC	NA	C CORPORATION					
PORTER AFFILIATED HEALTH SERVICES INC DBA DIVERSIFIED AFFILIATED HEALTH SER VICES 2525 S DOWNING STREET DENVER, CO 80210 84-0956175	HEALTHCARE SERVICES	CO	NA	C CORPORATION					
PORTER MEDICAL PLAZA INC 2525 S DOWNING STREET DENVER, CO 80210 84-1574369	REAL ESTATE LEASING	CO	NA	C CORPORATION					
SAN MARCOS REGIONAL MRI INC 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 77-0597968	HOLDING COMPANY	TX	NA	C CORPORATION					
THE GARDEN RETIREMENT COMMUNITY INC 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 59-3414055	REAL ESTATE RENTAL	FL	NA	C CORPORATION					
UCH SERVICES INC 3100 EAST FLETCHER AVE TAMPA, FL 33613 59-3508454	MANAGEMENT COMPANY	FL	NA	C CORPORATION					
UNIVERSITY COMMUNITY HEALTH INSURANCE COMPANY SPC LTD PO BOX 69 GT GRAND CAYMAN CJ	CAPTIVE INSURANCE	CJ	NA	C CORPORATION					
WEST COAST MEDICAL GROUP INC 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-3537305	PHYSICIAN CLINICS	FL	NA	C CORPORATION					
WINTER PARK MEDICAL OFFICE BUILDING I CONDO ASSOC INC 200 LAKEMONT AVE WINTER PARK, FL 32792 45-2228478	PHYSICIAN CLINICS	FL	NA	C CORPORATION					
FLORIDA HOSPITAL WESLEY CHAPEL INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 20-3965753	INACTIVE	FL	AHSSHC	C CORPORATION	0	0	100 %		

**Audited
Consolidated
Financial
Statements**

December 31, 2012

Adventist Health System

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Consolidated Balance Sheets

December 31, 2012
and 2011

(dollars in thousands)

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 654.893	\$ 1,194.945
Investments (including investments pledged under securities lending program of \$3.000 in 2012 and \$11.262 in 2011)	3,285.606	2,538.407
Current portion of assets whose use is limited	216.767	167.392
Collateral held under securities lending program	3.060	11.492
Patient accounts receivable, less allowance for uncollectible accounts of \$176.190 in 2012 and \$149.031 in 2011	311.406	354.847
Estimated settlements from third parties	35.640	26.503
Other receivables	332.116	312.626
Inventories	153.614	141.819
Prepaid expenses and other current assets	73.257	54.362
	<u>5,066.359</u>	<u>4,802.393</u>
Property and Equipment	4,661.206	4,457.129
Assets Whose Use is Limited, net of current portion	419.908	432.183
Other Assets	497.622	431.391
	<u>\$ 10,645.095</u>	<u>\$ 10,123.096</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 701.427	\$ 658.836
Estimated settlements to third parties	177.917	161.060
Payable under securities lending program	3.060	11.492
Other current liabilities	169.880	147.781
Short-term financings	136.945	161.002
Current maturities of long-term debt	88.089	73.915
	<u>1,277.318</u>	<u>1,214.086</u>
Long-Term Debt, net of current maturities	3,050.405	3,151.450
Other Noncurrent Liabilities	561.465	611.402
	<u>4,889.188</u>	<u>4,976.938</u>
Net Assets		
Unrestricted		
Controlling interest	5,549.868	4,951.429
Noncontrolling interests in subsidiaries	39.761	37.813
	<u>5,589.629</u>	<u>4,989.242</u>
Temporarily restricted – controlling interest	166.278	156.916
	<u>5,755.907</u>	<u>5,146.158</u>
Commitments and Contingencies		
	<u>\$ 10,645.095</u>	<u>\$ 10,123.096</u>

Adventist Health System

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Operations and Changes in Net Assets

For the years ended
December 31, 2012
and 2011

(dollars in thousands)

	2012	2011
Revenue		
Patient service revenue	\$ 7,345,338	\$ 6,923,593
Provision for bad debts	(330,877)	(260,508)
Net patient service revenue	7,014,461	6,663,085
EHR incentive payments	57,982	55,886
Other	274,154	266,971
Total operating revenue	7,346,597	6,985,942
Expenses		
Employee compensation	3,524,445	3,365,242
Supplies	1,311,364	1,248,340
Professional fees	442,094	420,745
Other	994,047	963,095
Interest	146,524	163,856
Depreciation and amortization	415,653	398,069
Total operating expenses	6,834,127	6,559,347
Income from Operations	512,470	426,595
Nonoperating (Losses) Gains		
Investment income	77,213	67,376
Change in fair value of interest rate swaps	289	4,866
Loss from early extinguishment of debt	(82,186)	(20,710)
Total nonoperating (losses) gains	(4,684)	51,532
Excess of revenue and gains over expenses and losses	507,786	478,127
Less: Excess of revenue and gains over expenses and losses attributable to noncontrolling interests	(2,828)	(3,955)
Excess of Revenue and Gains over Expenses and Losses Attributable to Controlling Interest	504,958	474,172

Consolidated Statements of Operations and Changes in Net Assets (continued)

For the years ended
December 31, 2012
and 2011

(dollars in thousands)

	2012	2011
Unrestricted Net Assets		
Excess of revenue and gains over expenses and losses attributable to controlling interest	\$ 504.958	\$ 474.172
Excess of revenue and gains over expenses and losses attributable to noncontrolling interests	2.828	3.955
Change in unrealized gains and losses on investments	22.631	(6.558)
Change in fair value of cash flow hedges	(1.544)	(34.557)
Reclassification of accumulated loss related to terminated cash flow hedges to loss from early extinguishment of debt	73.544	12.027
Accumulated derivative loss reclassified into excess of revenue and gains over expenses and losses	10.028	10.663
Net assets released from restrictions for purchase of property and equipment	15.287	28.227
Pension related changes other than net periodic pension benefit	(27.397)	(15.591)
Other	52	(1.215)
Increase in unrestricted net assets before discontinued operations	600.387	471.123
Discontinued operations	—	(28.201)
Increase in unrestricted net assets	600.387	442.922
Temporarily Restricted Net Assets		
Investment income	2.909	968
Gifts and grants	31.081	31.889
Net assets released from restrictions for purchase of property and equipment or use in operations	(28.032)	(42.646)
Other	3.404	(1.076)
Increase (decrease) in temporarily restricted net assets before discontinued operations	9.362	(10.865)
Discontinued operations	—	(21)
Increase (decrease) in temporarily restricted net assets	9.362	(10.886)
Increase in Net Assets	609.749	432.036
Net assets, beginning of year	5,146.158	4,714.122
Net assets, end of year	<u>\$ 5,755.907</u>	<u>\$ 5,146.158</u>

Consolidated Statements of Cash Flows

For the years ended
December 31, 2012
and 2011

(dollars in thousands)

	2012	2011
Operating Activities	\$ 988,317	\$ 804,264
Investing Activities		
Purchases of property and equipment, net	(657,310)	(604,034)
Sales and maturities of investments	13,558,555	15,469,975
Purchases of investments	(14,283,195)	(15,468,977)
Sales and maturities of assets whose use is limited	527,351	694,024
Purchases of assets whose use is limited	(566,461)	(612,702)
Decrease in collateral held under securities lending program	8,432	39,958
Net proceeds from sale of controlling interest in a subsidiary	9,794	—
Decrease in cash due to discontinued operations	—	(7,802)
Increase in other assets	(37,295)	(7,404)
	<u>(1,440,129)</u>	<u>(496,962)</u>
Financing Activities		
Repayments of long-term borrowings	(1,092,639)	(561,023)
Additional long-term borrowings	1,019,465	444,313
Repayments of short-term borrowings	(54,031)	(13,537)
Additional short-term borrowings	20,000	4,219
Payment of deferred financing costs	(6,593)	(4,435)
Decrease in payable under securities lending program	(8,432)	(39,958)
Restricted gifts and grants and investment income	33,990	32,857
	<u>(88,240)</u>	<u>(137,564)</u>
(Decrease) Increase in Cash and Cash Equivalents	<u>(540,052)</u>	<u>169,738</u>
Cash and cash equivalents at beginning of year	1,194,945	1,025,207
Cash and Cash Equivalents at End of Year	<u><u>\$ 654,893</u></u>	<u><u>\$ 1,194,945</u></u>
Operating Activities		
Increase in net assets	\$ 609,749	\$ 432,036
Discontinued operations	—	28,222
Depreciation	412,004	394,820
Amortization of intangible assets	3,649	3,249
Amortization of deferred financing costs and original issue discounts and premiums	(1,217)	(525)
Loss on extinguishment of debt, excluding reclassification of accumulated derivative loss	8,642	8,683
Change in unrealized gains and losses on investments	(22,631)	6,558
Change in fair value of interest rate swaps	1,255	29,691
Restricted gifts and grants and investment income	(33,990)	(32,857)
Changes in operating assets and liabilities		
Patient accounts receivable	41,841	(31,796)
Other receivables	(19,513)	(37,392)
Other current assets	(35,434)	(13,778)
Accounts payable and accrued liabilities	44,075	64,402
Estimated settlements to third parties	7,720	(20,462)
Other current liabilities	22,249	(20,421)
Other noncurrent liabilities	(50,082)	(6,166)
	<u><u>\$ 988,317</u></u>	<u><u>\$ 804,264</u></u>

Adventist Health System

The accompanying notes are an integral part of these consolidated financial statements

Notes to Consolidated Financial Statements

*For the years ended
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Adventist Health System

1. Significant Accounting Policies

Reporting Entity

Adventist Health System Sunbelt Healthcare Corporation d/b/a Adventist Health System (Healthcare Corporation) is a not-for-profit healthcare corporation that operates and controls hospitals, nursing homes and philanthropic foundations (referred to herein collectively as the System). The affiliated hospitals, nursing homes and philanthropic foundations are operated or controlled through their by-laws, governing board appointments or operating agreements by Healthcare Corporation. The System's 42 hospitals, 16 nursing homes and philanthropic foundations operate in 10 states – Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, North Carolina, Tennessee, Texas and Wisconsin.

Healthcare Corporation and the System are collectively controlled by the Lake Union Conference of Seventh-day Adventists, the Mid-America Union Conference of Seventh-day Adventists, the Southern Union Conference of Seventh-day Adventists and the Southwestern Union Conference of Seventh-day Adventists.

SunSystem Development Corporation (Foundation) is a charitable foundation operated by the System for the benefit of the hospitals that are divisions or controlled affiliates of Healthcare Corporation. The board of directors is appointed by the board of directors of the System. The Foundation is involved in philanthropic activities.

Mission

The System exists solely to improve and enhance our local communities that we serve in harmony with Christ's healing ministry. All financial resources and excess of revenue and gains over expenses and losses are used to benefit the communities in the areas of patient care, research, education, community service and capital reinvestment.

Specifically, the System provides:

- Benefit to the underprivileged, by offering services free of charge or deeply discounted to those who cannot pay, and by supplementing the unreimbursed costs of the government's Medicaid assistance program.

- Benefit to the elderly, as provided through governmental Medicare funding, by subsidizing the unreimbursed costs associated with this care.

- Benefit to the community's overall health and wellness through clinics and primary care services, health education and screenings, in-kind donations, extended education and research.

- Benefit to the faith-based and spiritual needs of the community in accordance with our mission of extending the healing ministry of Christ.

- Benefit to the community's infrastructure by investing in capital improvements to ensure the facilities and technology provide the best possible care to the community.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Adventist Health System/Sunbelt, Inc. (Sunbelt), the Foundation and other affiliated organizations that are controlled by Healthcare Corporation. Any subsidiary or other

Notes to Consolidated Financial Statements

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operations owned and controlled by divisions or controlled affiliates of Healthcare Corporation are included in these consolidated financial statements. Investments in entities where Healthcare Corporation does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)* (ASU 2011-04). The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in GAAP and IFRS. ASU 2011-04 also changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. The adoption of this standard did not have an impact on the System's consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities* (ASU 2011-11), an amendment to the accounting guidance for disclosure of offsetting assets and liabilities. In January 2013, the FASB issued ASU No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* (ASU 2013-01). These ASUs expand the disclosure requirements in that entities will be required to disclose both gross and net information about instruments and transactions eligible for offset in the balance sheet. This new guidance is effective for fiscal years beginning on or after January 1, 2013. The adoption of this standard will not have an impact on the System's consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* (ASU 2012-02). ASU 2012-02 simplifies the guidance for testing the impairment of indefinite-lived intangible assets by permitting an entity to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. The quantitative impairment test is no longer required unless it is determined, based on a qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of this standard in 2012 did not have an impact on the System's consolidated financial statements.

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Net Patient Service Revenue, Patient Accounts Receivable and Allowance for Uncollectible Accounts

The System's patient acceptance policy is based on its mission statement and its charitable purposes. Accordingly, the System accepts patients in immediate need of care, regardless of their ability to pay. The System serves certain patients whose medical care costs are not paid at established rates. These patients include those sponsored under government programs, such as Medicare and Medicaid, those sponsored under private contractual agreements, charity patients and other uninsured patients who have limited ability to pay. A patient is classified as a charity patient based on the established policies of the System, which require that the patient provide certain information to qualify for charity. Patients that qualify for charity are provided services for which no payment is due for all or a portion of the patient's bill from either the patient or other third parties. For financial reporting purposes, charity care is excluded from patient service revenue.

For patients that do not qualify for charity, patient service revenue is reported at estimated net realizable amounts for services rendered. The System recognizes patient service revenue associated with patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, revenue is recognized on the basis of discounted rates in accordance with the System's policy.

Patient service revenue is reduced by the provision for bad debts and accounts receivable are reduced by an allowance for uncollectible accounts. These amounts are based on management's assessment of historical and expected net collections for each major payor source, considering business and economic conditions, trends in healthcare coverage and other collection indicators. Management regularly reviews collections data by major payor sources in evaluating the sufficiency of the allowance for uncollectible accounts. On the basis of historical experience, a significant portion of the System's self-pay patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts in the period services are provided related to self-pay patients. The System's allowance for uncollectible accounts for self-pay patients was 97% of self-pay accounts receivable as of December 31, 2012 and 2011. For receivables associated with patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies.

For all patients other than charity patients, patient service revenue, net of contractual allowances and self-pay discounts and before the provision for bad debts, recognized from major payor sources is as follows:

	Year Ended December 31	
	2012	2011
Third-party payors, net of contractual allowances	\$ 6,977,094	\$ 6,621,484
Self-pay patients, net of discounts	368,244	302,109
	<u>\$ 7,345,338</u>	<u>\$ 6,923,593</u>

The System changed its uninsured discount policy, effective January 1, 2011, as required by the Patient Protection and Affordable Care Act (Act). The Act has resulted in an increase in self-pay discounts, which are a reduction of patient service revenue, and a corresponding decrease in self-pay write-offs that are included in the provision for bad debts. Overall, the total of self-pay discounts and write-offs has not

Notes to Consolidated Financial Statements

*For the years ended
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changed significantly for the years ended December 31, 2012 and 2011. The System has not experienced significant changes in write-off trends and has not changed its charity care policy for the years ended December 31, 2012 or 2011.

The System has determined, based on an assessment at the reporting-entity level, that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for bad debts is recorded as a deduction from patient service revenue in the accompanying consolidated statements of operations and changes in net assets.

Third-Party Reimbursement Arrangements

Revenue from the Medicare and Medicaid programs represents approximately 33% and 36% of the System's patient service revenue for the years ended December 31, 2012 and 2011, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Other than the accounts receivable related to the Medicare and Medicaid programs, there are no significant concentrations of accounts receivable due from an individual payor at December 31, 2012 and 2011.

The System was a party to a settlement agreement dated April 5, 2012 with the United States Department of Health and Human Services (HHS), the Secretary of HHS and the Centers for Medicare and Medicaid Services (CMS). The System, along with a group of other Medicare providers, had challenged CMS' implementation of the rural floor budget neutrality provision of the Balance Budget Act of 1997, which effectively understated the standard amount paid through the inpatient prospective payment system for a number of years. Under the settlement agreement, the System received \$52,769 during the year ended December 31, 2012 and recognized this amount as patient service revenue in the accompanying consolidated statements of operations and changes in net assets. Related professional fees of \$5,277 are included in operating expenses for the year ended December 31, 2012 in the accompanying consolidated statements of operations and changes in net assets.

The System is subject to retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Adjustments to revenue related to prior periods, excluding amounts received from the CMS settlement discussed above, increased patient service revenue by approximately \$49,500 and \$46,600 for the years ended December 31, 2012 and 2011, respectively.

Charity Care

As discussed previously, the System's patient acceptance policy is based on its mission statement and its charitable purposes and as such, the System accepts patients in immediate need of care, regardless of their ability to pay. Patients that provide the necessary information to qualify for charity are provided services for which no payment is due for all or a portion of the patient's bill. Therefore, charity care is excluded from patient service revenue and the cost of providing such care is recognized within operating expenses.

The System estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to patients. The System also receives certain funds to

Notes to Consolidated Financial Statements

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offset or subsidize charity services provided. These funds are primarily received from uncompensated care programs sponsored by various states, whereby healthcare providers within the state pay into an uncompensated care fund and the pooled funds are then redistributed based on state specific criteria. The cost of providing charity care, amounts paid by the System into uncompensated care funds and amounts received by the System to offset or subsidize charity services are as follows for the years ended December 31, 2012 and 2011, respectively:

	Year Ended December 31	
	2012	2011
Cost of providing charity care	<u>\$ 301,591</u>	<u>\$ 294,737</u>
Funds paid into trusts (included in other expenses)	\$ (117,480)	\$ (99,214)
Funds received to offset or subsidize charity services (included in net patient service revenue)	75,744	77,351
	<u>\$ (41,736)</u>	<u>\$ (21,863)</u>

EHR Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act. The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

The System accounts for EHR incentive payments as a gain contingency. Income from Medicare incentive payments is recognized as revenue after the System has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended. The System recognized revenue from Medicaid incentive payments after it adopted certified EHR technology in its first year of participation and demonstrated compliance with the meaningful use criteria over the remaining compliance periods. Incentive payments totaling \$57,982 and \$55,886 for the years ended December 31, 2012 and 2011, respectively, are included in total operating revenue in the accompanying consolidated statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the System's compliance with the meaningful use criteria is subject to audit by the federal government.

Excess of Revenue and Gains over Expenses and Losses

The consolidated statements of operations and changes in net assets include excess of revenue and gains over expenses and losses, which is analogous to income from continuing operations of a for-profit enterprise. Changes in unrestricted net assets that are excluded from excess of revenue and gains over expenses and losses, consistent with industry practice, include changes in unrealized gains and losses on certain investments, changes in the fair value of derivative financial instruments that

Notes to Consolidated Financial Statements

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qualify as cash flow hedges, pension-related changes other than net periodic pension costs and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets)

Contributed Resources

Resources restricted by donors for specific operating purposes or a specified time period are held as temporarily restricted net assets until expended for the intended purpose or until the specified time restrictions are met, at which time they are reported as other revenue. Resources restricted by donors for additions to property and equipment are held as temporarily restricted net assets until the assets are placed in service, at which time they are reported as transfers to unrestricted net assets. Gifts, grants and bequests not restricted by donors are reported as other revenue. At December 31, 2012 and 2011, temporarily restricted net assets are available for various programs and capital expenditures at the System's hospitals.

Cash Equivalents

Cash equivalents include all highly liquid investments, including certificates of deposit and commercial paper with maturities not in excess of three months when purchased. Interest income on cash equivalents is included in investment income.

Functional Expenses

The System does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the System receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in the accompanying consolidated financial statements are considered important in evaluating how well management has discharged its stewardship responsibilities.

Investments

Investment securities, excluding alternative investments accounted for under the equity method, are recorded at fair value. The cost of securities sold is based on the specific identification method. Investment income or loss includes realized gains and losses, interest, dividends and certain unrealized gains and losses. The investment income or loss on investments that are restricted by donor or law is recorded as increases or decreases to temporarily restricted net assets. The System accounts for investment transactions on a settlement-date basis.

Management has designated primarily all fixed-income and equity instruments as other-than-trading securities and, accordingly, changes in unrealized gains and losses are included in unrestricted net assets.

Alternative Investments – Equity Method

As part of its investment strategy, the System invests in alternative investments (primarily hedge funds) through partnership investment trusts. The partnership investment trusts generally contract with managers who have full discretionary authority over the investment decisions. The System accounts for its ownership interest in these alternative investments under the equity method. Accordingly, the System's share of the hedge funds' income or loss, both realized and unrealized, is recognized as investment income or loss, which is a component of excess of revenue and gains over expenses and losses. Alternative investments accounted for using the equity method totaled \$602,114 and \$713,523 at December 31, 2012 and 2011, respectively, and were classified as investments and assets whose use is limited in the accompanying consolidated balance sheets.

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Alternative Investments – Fair Value

The System has a wholly-owned subsidiary, AHS-K2 Alternatives Portfolio, Ltd (Fund), that primarily invests in alternative investments (primarily hedge funds) through partnership investment trusts. The Fund is managed by an external investment manager (Manager) in accordance with the investment guidelines contained within the limited liability company agreement.

The strategies of the underlying funds held by the Fund, as of December 31, 2012 and 2011, are described below:

Commodity The underlying funds trade in agricultural, metal and energy markets at various stages in the commodity cycle.

Currency The underlying funds invest both long and short in currencies (i.e. spot, forward, futures or options) on a global basis.

Event Driven The underlying funds focus on identifying and analyzing securities that may benefit from the occurrence of specific corporate events.

Global Macro The underlying funds invest in products that may benefit from overall economical and political views of various countries.

Insurance The underlying funds invest across instruments, the value of which is driven by insurance related events primarily related to property and life insurance. Risk is managed by diversifying over geography, insurance type and sensitivity to insured losses among other factors. The strategy is a tool to reduce overall investment risk as underlying insurance risk factors are less sensitive to general market factors.

Long Short The underlying funds invest both long and short, primarily in common stocks, based on the manager's perception of such securities being undervalued or overvalued in the market. Some of the managers may specialize in specific sectors or industries.

Multi-strategy The underlying funds invest in multiple strategies to diversify risks and reduce volatility.

Relative Value The underlying funds utilize non-directional strategies. Relative value investing involves trading around the mispricing of two related securities using various types of securities or instruments.

Specialist Credit The underlying funds seek to generate superior risk-adjusted returns from a combination of capital appreciation and current income by opportunistically investing and trading in a diversified portfolio of credit-related securities and other instruments.

Structured Credit The underlying funds invest across structured credit markets including agency and non-agency residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities.

The Fund follows the Financial Services-Investment Companies Topic of the Accounting Standards Codification (ASC) (ASC 946), which requires that the investments in the underlying funds be recorded at fair value. The fair value of the

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underlying hedge funds is determined in good faith by the Manager in accordance with GAAP and generally represents the Fund's proportionate share of the net assets of the underlying funds as reported by the managers. Unrealized appreciation and depreciation resulting from valuing the underlying funds is recognized as investment income or loss, which is a component of excess of revenue and gains over expenses and losses.

The Fund follows the Fair Value Measurement Topic of the ASC (ASC 820) for estimating the fair value of the underlying funds that have calculated a net asset value (NAV) per share in accordance with ASC 946. Accordingly, the Fund uses NAV as reported by the managers as a practical expedient to determine the fair value of those underlying funds that do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. As of December 31, 2012 and 2011, the fair value of all underlying funds has been determined using the NAV of the underlying funds.

The Manager uses its best judgment in estimating the fair value of these investments. As there are inherent limitations in any estimation technique, the fair value estimates presented herein are not necessarily indicative of an amount that could be realized in an actual transaction and the differences could be material.

Alternative investments accounted for at fair value totaled \$211,164 and \$213,094 as of December 31, 2012 and 2011, respectively, and were classified as investments and assets whose use is limited in the accompanying consolidated balance sheets.

Lock-up Provisions At December 31, 2012, certain funds cannot currently be redeemed because the funds include restrictions that do not allow for redemption in the first 12 months after investment. These restrictions are referred to as lock-ups. At December 31, 2012, underlying funds with lock-up provisions expiring by November 30, 2013 totaled \$23,395. Certain other underlying funds may charge a withdrawal fee ranging from 1% to 5% if the Fund liquidates its investment prior to the expiration of the lock-up periods. At December 31, 2012, these underlying funds totaling \$36,517 have lock-up provisions that expire through November 30, 2013. The remaining funds totaling \$151,252 have no such restrictions.

Redemption Terms Upon the expiration of lock-up provisions, the Fund has the ability to liquidate its investments periodically in accordance with the provisions of the respective agreements with the underlying funds. The underlying funds have either monthly, quarterly or annual redemption terms. Certain funds with quarterly redemption terms allow redemptions of up to 25% of the investment each quarter and as such, a period of 12 months would be required to fully redeem these investments.

Certain agreements may also allow the underlying fund to temporarily suspend redemptions or place other temporary restrictions, such as gate provisions or side pockets. Investments that cannot be fully redeemed within 90 days or less due to lock-up provisions and redemption terms totaled \$70,299 and \$24,619 as of December 31, 2012 and 2011, respectively.

Assets Whose Use is Limited

Certain of the System's investments are limited as to use through board resolution, by provisions of contractual arrangements, under the terms of bond indentures or under

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the terms of other trust agreements. These investments are classified as assets whose use is limited in the accompanying consolidated balance sheets. Interest and dividend income and realized gains and losses on assets whose use is limited are reported as investment income within nonoperating gains (losses).

Securities Lending Program

The System participates in securities lending transactions with the custodian of its investments, whereby a portion of its investments is loaned to certain brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis. Collateral provided by brokers is maintained at levels approximating 102% of the fair value of the securities on loan and is adjusted for daily market fluctuations. The fair value of collateral held for loaned securities is reported as collateral held under securities lending program, with a corresponding obligation reported for repayment of such collateral upon settlement of the lending transaction.

Derivative Financial Instruments

The System accounts for its derivative financial instruments as required by the Derivative and Hedging Topic of the ASC (ASC 815) and the Health Care Entities Derivative and Hedging Topic of the ASC (ASC 954-815). ASC 954-815 requires that not-for-profit healthcare entities apply the provisions of ASC 815 (including the provisions pertaining to cash flow hedge accounting) in the same manner as for-profit enterprises.

ASC 815 requires companies to recognize all derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation.

The System is exposed to certain risks relating to its ongoing operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate risk associated with the System's fixed and variable-rate borrowings. In accordance with ASC 815, the System designates certain interest rate swaps as cash flow hedges of variable-rate borrowings. The System has no derivative instruments that are designated as fair value hedges or as hedges of the foreign currency exposure of a net investment in a foreign operation.

Sale of Patient Accounts Receivable

The System and certain of its member affiliates maintain a program (Program) for the continuous sale of certain patient accounts receivable to the Highlands County, Florida, Health Facilities Authority (Highlands) on a nonrecourse basis. As of December 31, 2011, Highlands had partially financed the purchase of the patient accounts receivable through the issuance of tax-exempt, variable-rate bonds (Bonds), of which \$304,230 were outstanding. During 2012, Highlands refinanced the Bonds through a private placement of variable-rate bonds (New Bonds) with a mandatory tender in February 2017 and a final maturity in November 2027. Additionally, the amount of New Bonds supporting the Program was increased and as of December 31, 2012, \$410,000 was outstanding. Accordingly, this increased the proceeds received by the System under the Program by \$105,770.

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As of December 31, 2012 and 2011, the estimated net realizable value, as defined in the underlying agreements, of patient accounts receivable sold by the System and removed from the accompanying consolidated balance sheets was \$675,966 and \$569,129, respectively. The patient accounts receivable sold consist primarily of amounts due from government programs and commercial insurers. The proceeds received from Highlands consist of cash from the Bonds, a note on a subordinated basis with the Bonds and a note on a parity basis with the Bonds. The note on a subordinated basis with the Bonds is in an amount to provide the required over-collateralization of the Bonds and was \$115,641 and \$85,808 at December 31, 2012 and 2011, respectively. The note on a parity basis with the Bonds is the excess of eligible accounts receivable sold over the sum of cash received and the subordinated note and was \$150,325 and \$179,091 at December 31, 2012 and 2011, respectively. These notes are included in other receivables (current) in the accompanying consolidated balance sheets. Due to the nature of the patient accounts receivable sold, collectability of the subordinated and parity notes is not significantly impacted by credit risk.

Inventories

Inventories (primarily pharmaceuticals and medical supplies) are stated at the lower of cost or market using the first-in, first-out method of valuation.

Property and Equipment

Property and equipment are reported on the basis of cost, except for donated items, which are recorded at fair value at the date of the donation. Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Depreciation is computed primarily utilizing the straight-line method over the expected useful lives of the assets. Amortization of capitalized leased assets is included in depreciation expense and allowances for depreciation.

Goodwill

Goodwill represents the excess of the purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of the businesses acquired. These amounts are included in other assets (noncurrent) in the accompanying consolidated balance sheets and are evaluated annually for impairment or when there is an indicator of impairment.

Management performed a qualitative assessment of goodwill impairment and determined that it is not more likely than not that the fair values of the System's reporting units is less than their carrying amounts. Therefore, the two-step impairment test under the Intangibles—Goodwill and Other Topic of the ASC was not required.

Deferred Financing Costs

Direct financing costs are included in other assets (noncurrent) and deferred and amortized over the remaining lives of the financings using the effective interest method.

Interest in the Net Assets of Unconsolidated Foundations

Interest in the net assets of unconsolidated foundations represents contributions received on behalf of the System or its member affiliates by independent fund-raising foundations. As the System cannot influence the foundations to the extent that it can determine the timing and amount of distributions, the System's interest in the net assets of the foundations are included in other assets (noncurrent) and changes in that interest are included in temporarily restricted net assets.

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Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value.

Bond Discounts and Premiums

Bonds payable, including related original issue discounts and/or premiums, are included in long-term debt. Discounts and premiums are being amortized over the life of the bonds using the effective interest method.

Income Taxes

Healthcare Corporation and its affiliated organizations, other than North American Health Services, Inc. and its subsidiaries (NAHS), are exempt from state and federal income taxes. Accordingly, Healthcare Corporation and its tax-exempt affiliates are not subject to federal, state, or local income taxes except for any net unrelated business taxable income. For the years ended December 31, 2012 and 2011, unrelated business income activities conducted by Healthcare Corporation and its tax-exempt affiliates did not generate a material amount of combined federal, state and local income tax.

NAHS is a wholly owned, for-profit subsidiary of Healthcare Corporation. NAHS and its subsidiaries are subject to federal and state income taxes. NAHS files a consolidated federal income tax return and, where appropriate, consolidated state income tax returns. For the years ended December 31, 2012 and 2011, NAHS generated taxable income of approximately \$2,400 and \$1,000, respectively. This taxable income was fully offset by net operating loss carryforwards for federal income tax purposes. Although one state in which NAHS conducts business has suspended the utilization of net operating loss carryforwards for the year ended December 31, 2012, no material state income tax liability resulted. Accordingly, there is no provision for current federal or state income tax for the years ended December 31, 2012 and 2011.

NAHS also has temporary deductible differences of approximately \$64,800 and \$67,500 at December 31, 2012 and 2011, respectively, primarily as a result of net operating loss carryforwards. At December 31, 2012, NAHS had net operating loss carryforwards of approximately \$64,300, of which \$21,000 will expire in 2023, with the remaining \$43,300 expiring beginning in 2018 through 2026. Some of these net operating losses are subject to the separate return limitation year rules. Deferred taxes have been provided for these amounts, resulting in a net deferred tax asset of approximately \$24,600 and \$25,600 at December 31, 2012 and 2011, respectively. A full valuation allowance has been provided at December 31, 2012 and 2011, respectively, to offset the deferred tax asset since Healthcare Corporation has determined that it is more likely than not that the benefit of the net operating loss carryforwards will not be realized in future years.

The Income Taxes Topic of the ASC (ASC 740) prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return.

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Reclassifications

Certain reclassifications were made to the 2011 consolidated financial statements to conform to the classifications used in 2012. These reclassifications had no impact on the consolidated excess of revenue and gains over expenses and losses and changes in net assets previously reported.

2. Discontinued Operations

Effective July 1, 2010, the System entered into a Merger and Affiliation Agreement whereby the System became the sole member of Bert Fish Medical Center, Inc. (BFMC) and assumed a lease of a hospital facility with the Southeast Volusia Hospital District (District). Subsequent to the acquisition of BFMC by the System, the Bert Fish Foundation, Inc. filed a lawsuit against the District, BFMC and the System (Parties). The lawsuit alleged that the acquisition was not completed in accordance with applicable Florida statutes and sought to unwind the transaction. In late February 2011, Florida's Seventh Judicial Circuit Court (Court) ordered the Parties to submit a plan to return the control of BFMC from the System to the District. On June 24, 2011, the Court approved a transition agreement in which control of BFMC was transferred to the District on June 30, 2011. No consideration was received by the System in exchange for this transfer.

In accordance with the Consolidation Topic of the ASC (ASC 810), when a parent corporation ceases to have a controlling interest in a subsidiary, the deconsolidation of that subsidiary is required. BFMC was deconsolidated from the System's balance sheet as of June 30, 2011, resulting in a loss of \$27,218, representing the net carrying amount of BFMC's assets and liabilities. The operating results of BFMC for the year ended December 31, 2011 were reclassified to discontinued operations in the accompanying consolidated statements of operations and changes in net assets. The excess of expenses over revenue and gains from BFMC's operations for the six months ended June 30, 2011 was \$1,004, resulting in a total loss from discontinued operations of \$28,222.

BFMC's total operating revenue, included in discontinued operations in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2011 was \$48,464.

3. Sale of Controlling Interest in a Subsidiary

Effective May 1, 2012 (transaction date), the System sold a 51% membership interest in its Fort Worth, Texas hospital (Hospital) to an unrelated health system located in the North Texas market. The transaction was accounted for as a deconsolidation under ASC 810, as the System ceased holding a controlling interest in the hospital as of the transaction date. The System continues to manage the Hospital and accounts for its remaining ownership as an equity method investment. Consideration received for the sale consisted of cash and certain intangible assets.

During the period in which the Hospital was consolidated, total operating revenue included in the accompanying consolidated statements of operations and changes in net assets was \$56,880 and \$155,510 for the years ended December 31, 2012 and 2011, respectively.

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4. Investments and Assets Whose Use is Limited

Investments

Investments are comprised of the following

	December 31	
	2012	2011
Fixed-income instruments		
U S government agencies and sponsored entities	\$2,247.645	\$1,363.279
Corporate bonds	115.719	119.867
Residential mortgage-backed	69.832	104.266
Commercial mortgage-backed	75.165	33.008
Collateralized debt obligations	24.177	35.078
Student loan asset-backed	16.552	49.765
Accrued interest	11.100	6.474
	<u>2,560.190</u>	<u>1,711.737</u>
Equity instruments		
Domestic	4.892	3.599
Foreign	964	1.062
	<u>5.856</u>	<u>4.661</u>
Alternative investments – fair value		
Commodity	–	15.266
Currency	–	11.102
Event driven	14.933	19.747
Global macro	16.083	15.114
Insurance	21.306	14.627
Long/short	46.688	45.199
Multi-strategy	–	4.070
Relative value	9.669	4.720
Specialist credit	12.441	22.783
Structured credit	32.022	–
	<u>153.142</u>	<u>152.628</u>
Alternative investments – equity method		
	566.418	669.381
	<u>\$ 3,285.606</u>	<u>\$ 2,538.407</u>

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Assets Whose Use is Limited

Assets whose use is limited is comprised of the following

	December 31	
	2012	2011
Fixed-income instruments		
U S government agencies and sponsored entities	\$ 396.035	\$ 349.059
Corporate bonds	12.309	13.757
Residential mortgage-backed	2.289	5.517
Commercial mortgage-backed	3.498	1.746
Collateralized debt obligations	1.041	1.856
Student loan asset-backed	1.793	2.980
Accrued interest	1.770	1.713
	<u>418.735</u>	<u>376.628</u>
Equity instruments		
Domestic	13.086	11.536
Foreign	3.674	3.679
	<u>16.760</u>	<u>15.215</u>
Alternative investments – fair value		
Commodity	–	6.048
Currency	–	4.398
Event driven	5.658	7.823
Global macro	6.094	5.988
Insurance	8.072	5.795
Long/short	17.689	17.906
Multi-strategy	–	1.612
Relative value	3.663	1.870
Specialist credit	4.714	9.026
Structured credit	12.132	–
	<u>58.022</u>	<u>60.466</u>
Alternative investments – equity method	35.696	44.142
Cash and cash equivalents	<u>107.462</u>	<u>103.124</u>
	<u>\$ 636.675</u>	<u>\$ 599.575</u>

Assets whose use is limited include investments held by bond trustees, investments held under other trust agreements and investments designated by boards for employee retirement plans and capital expenditures. Amounts to be used for the payment of current liabilities are classified as current assets.

Indenture requirements of tax-exempt financings by the System provide for the establishment and maintenance of various accounts with trustees. These arrangements require the trustee to control the expenditure of debt proceeds, as well as the payment of interest and the repayment of debt to bondholders. Medical malpractice trust funds are maintained to provide funds to settle medical malpractice claims.

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A summary of the major limitations as to the use of these assets consists of the following

	December 31	
	2012	2011
Required bond funds held by bond trustees	\$ 9.893	\$ 23.506
Malpractice trust funds	356.130	363.275
Employee benefits funds	159.649	141.715
Board designated funds for capital expenditures	54.853	53.750
Other	56.150	17.329
	<u>636.675</u>	<u>599.575</u>
Less amounts to pay current liabilities	<u>(216.767)</u>	<u>(167.392)</u>
	<u>\$ 419.908</u>	<u>\$ 432.183</u>

Investment Income and Unrealized Gains and Losses

Investment income from cash and cash equivalents, investments and assets whose use is limited amounted to \$77.213 and \$67.376 for the years ended December 31, 2012 and 2011, respectively, and consisted of the following

	Year Ended December 31	
	2012	2011
Interest and dividend income	\$ 33.285	\$ 38.710
Net realized and unrealized gains/losses	17.783	45.811
The System's share of alternative investments' income (loss)	26.145	(17.145)
	<u>\$ 77.213</u>	<u>\$ 67.376</u>

Changes in unrealized gains and losses that are included as an increase to (reduction of) unrestricted net assets in the accompanying consolidated statements of operations and changes in net assets totaled \$22.631 and \$(6.558) for 2012 and 2011, respectively

At December 31, 2012 and 2011, the total fair value of investments and assets whose use is limited, excluding alternative investments, amounted to \$3,109,003 and \$2,211,365, respectively. The net unrealized gain associated with these holdings approximated \$22,700 at December 31, 2012, which is comprised of gross unrealized gains of approximately \$32,900 and gross unrealized losses of approximately \$10,200. The net unrealized gain associated with these holdings approximated \$1,500 at December 31, 2011, which is comprised of gross unrealized gains of approximately \$20,600 and gross unrealized losses of approximately \$22,100.

GAAP requires that the System recognize, in excess of revenue and gains over expenses and losses, all declines in fair value below the cost basis of investment securities that are considered other-than-temporary. Management has evaluated the investments with unrealized losses and has concluded that none of the above losses should be considered other-than-temporary as of December 31, 2012 and 2011.

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5. Unrestricted Cash and Investments

The System's unrestricted cash and cash equivalents, investments and board designated funds for capital expenditures consists of the following

	December 31	
	2012	2011
Cash and cash equivalents	\$ 654.893	\$1,194.945
Investments	3,285.606	2,538.407
Board designated funds for capital expenditures	54.853	53.750
	<u>\$ 3,995.352</u>	<u>\$3,787.102</u>
Days cash and investments on hand	<u>226</u>	<u>224</u>

Days cash and investments on hand is calculated as unrestricted cash and cash equivalents, investments and certain board designated funds divided by daily operating expenses (excluding depreciation and amortization). The annualized operating expenses of a new facility that opened on October 1, 2012 are included in the 2012 calculation.

6. Property and Equipment

Property and equipment consists of the following

	December 31	
	2012	2011
Land and improvements	\$ 625.126	\$ 597.730
Buildings and improvements	3,921.494	3,801.026
Equipment	3,364.202	3,210.524
	<u>7,910.822</u>	<u>7,609.280</u>
Less allowances for depreciation	<u>(3,554.431)</u>	<u>(3,382.069)</u>
	4,356.391	4,227.211
Construction in progress	304.815	229.918
	<u>\$ 4,661.206</u>	<u>\$ 4,457.129</u>

Certain hospitals have entered into construction contracts or other commitments for which costs have been incurred and included in construction in progress. These and other committed projects will be financed through operations and board designated funds (see note 4). The estimated costs to complete these projects approximated \$189.400 at December 31, 2012.

During periods of construction, interest costs are capitalized to the respective property accounts. Interest capitalized approximated \$7.700 and \$7.900 for the years ended December 31, 2012 and 2011, respectively.

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7. Other Assets

Other assets consists of the following

	December 31	
	2012	2011
Goodwill	\$ 171.303	\$ 140.229
Deferred financing costs	22.359	24.482
Notes and loans receivable	64.380	67.056
Interests in net assets of unconsolidated foundations	56.539	59.741
Investments in unconsolidated entities	113.100	78.884
Other noncurrent assets	69.941	60.999
	<u>\$ 497.622</u>	<u>\$ 431.391</u>

The System's ownership interest and carrying amounts of investments in unconsolidated entities consists of the following

	Ownership Interest	December 31	
		2012	2011
Texas Health Huguley, Inc. (note 3)	49%	\$ 37.739	\$ —
Centura Health Corporation	30	34.061	32.239
Takoma Regional Hospital, Inc	40	7.857	7.570
Other	4% – 50%	33.443	39.075
		<u>\$ 113.100</u>	<u>\$ 78.884</u>

Income from unconsolidated entities of \$24,790 and \$21,681 for 2012 and 2011, respectively, is included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets

8. Long-Term Debt

Long-term debt consists of the following

	December 31	
	2012	2011
Fixed-rate hospital revenue bonds, interest rates from 1.06% to 6.00%, payable through 2039	\$ 2,728.110	\$ 2,217.660
Variable-rate hospital revenue bonds, payable through 2035	326.231	926.646
Capitalized leases payable	33.321	44.468
Other indebtedness	1.607	18.325
Unamortized original issue premium, net	49.225	18.266
	<u>3,138.494</u>	<u>3,225.365</u>
Less current maturities	<u>(88.089)</u>	<u>(73.915)</u>
	<u>\$ 3,050.405</u>	<u>\$ 3,151.450</u>

Master Trust Indenture

Long-term debt has been issued primarily on a tax-exempt basis. Substantially all bonds are secured under a master trust indenture, which provides for, among other things, the deposit of revenue with the master trustee in the event of certain

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defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

Variable-Rate Bonds

Certain variable-rate bonds may be put to the System at the option of the bondholder. The variable-rate bond indentures generally provide the System the option to remarket the obligations at the then prevailing market rates for periods ranging from one day to the maturity dates. The obligations have been primarily marketed for seven-day periods during 2012, with annual interest rates ranging from 0.03% to 0.60%. Additionally, the System paid fees, such as remarketing and letter of credit fees, on variable-rate bonds during 2012. The System has various sources of liquidity in the event any variable-rate bonds are put and not remarketed, including a revolving credit agreement (Revolving Note).

The System's Revolving Note is with a syndicate of banks (Syndicate) for letters of credit agreements, liquidity facilities and general corporate needs, including working capital, capital expenditures and acquisitions. The aggregate amount of the Revolving Note was \$1,750,000 as of December 31, 2011 and had an expiration date in December 2015.

In December 2010, the System amended the Revolving Note with a revised Syndicate, which became effective in March 2011 upon the replacement of the existing letters of credit (LOC substitutions). The LOC substitutions required a purchase and reissuance of the related bonds, which was accounted for as an extinguishment and reissuance for accounting purposes. The LOC substitutions resulted in a loss of \$3,962, which is included in the loss from early extinguishment of debt in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2011. At December 31, 2011, the System had \$637,490 committed to letter of credit agreements that secure variable-rate bonds.

In November 2012, the System restructured the Revolving Note (Revised Revolving Note) with a revised Syndicate. The aggregate amount of the Revised Revolving Note which expires in December 2015 was \$1,000,000 as of December 31, 2012. At December 31, 2012, \$30,000 was outstanding under the Revised Revolving Note, which was classified as short-term financings in the accompanying consolidated balance sheets, and no amounts were committed to letter of credit agreements.

2012 Debt Transactions

During 2012, the System completed a debt refinancing plan, whereby a significant portion of its variable-rate bonds were replaced with fixed-rate bonds (Phase I) and its remaining variable-rate bonds supported by letters of credit were replaced with self-liquidity, variable-rate bonds (Phase II). Phase I included the issuance by the System of fixed-rate bonds at a premium with par amounts totaling \$500,900, interest rates ranging from 1.06% to 5.00% and maturity dates ranging from 2015 to 2037. Additionally, the System issued fixed-rate bonds with par amounts totaling \$249,385 with interest rates ranging from 2.02% to 2.45% through mandatory tender dates from 2021 to 2023. The interest rate on these bonds may be reset at the mandatory tender dates to either a fixed-rate or variable-rate mode. The proceeds from these bonds along with other available funds were used to extinguish short-term financings with par amounts totaling \$48,200, variable-rate debt obligations with par amounts totaling \$546,810 and fixed-rate debt obligations with par amounts totaling \$204,660, interest rates ranging from 3.35% to 5.85% and maturity dates ranging from 2015 to 2035. Phase II of the debt refinancing plan was completed during November 2012 with the issuance of

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variable-rate bonds with par amounts totaling \$232.125 with maturity dates through 2035. The proceeds from these bonds along with other available funds were used to extinguish variable-rate debt obligations with par amounts totaling \$235.025.

In connection with this debt refinancing plan, the System recorded a loss from early extinguishment of debt of \$82.186 in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2012. Approximately \$73.544 of the loss resulted from the reclassification of accumulated loss related to terminated cash flow hedges (see note 9).

2011 Debt Transactions

During 2011, the System extinguished certain debt obligations with par amounts totaling \$154.570. These obligations were retired using existing funds. In connection with these transactions, the System recorded a loss from early extinguishment of debt in the accompanying consolidated statements of operations and changes in net assets of approximately \$16.748. Approximately \$12.027 of the loss resulted from the reclassification of accumulated losses related to terminated cash flow hedges (see note 9). During November 2011, the System issued bonds with par amounts totaling \$80.000 that have a fixed interest rate of 2.4% through a mandatory tender date of November 2021. The interest rate on these bonds may be reset at the respective mandatory tender dates to either a fixed-rate or variable-rate mode. With the proceeds, the System financed or refinanced certain costs of the acquisition, construction, renovation and equipping of certain facilities.

Debt Maturities

The following represents the maturities of long-term debt for the next five years and the years thereafter:

2013	\$ 88,089
2014	78,726
2015	80,445
2016	86,160
2017	81,891
Thereafter	2,673,958

9. Derivative Financial Instruments

Derivatives Designated as Hedging Instruments

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows associated with certain of the System's variable-rate borrowings), the effective portion of the gain or loss on the derivative instrument is reported as a component of unrestricted net assets and reclassified into earnings in the same line item (interest expense) associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects excess of revenue and gains over expenses and losses.

The ineffective portion, which represents the remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, or hedge components excluded from the assessment of effectiveness, are recognized in excess of revenue and gains over expenses and losses in the consolidated statements of operations and changes in net assets during the current period.

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The System has utilized interest rate swaps, including forward-starting interest rate swaps, which effectively modified the System's exposure to interest rate risk by converting a portion of its variable-rate borrowings to a fixed-rate basis, thus reducing the impact of interest-rate changes on future interest expense. These agreements involved the receipt of variable-rate amounts in exchange for fixed-rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

During 2012, in connection with an overall debt restructuring plan, the System terminated and cash settled all but one of its interest rate swap agreements, including its forward-starting interest rate swaps. The remaining agreement expired in December 2012, and as such none of the System's outstanding variable-rate debt had its interest payments designated as a hedged forecasted transaction at December 31, 2012. Approximately \$964,000 of the System's outstanding variable-rate debt classified as both short-term financings and long-term debt had its interest payments designated as the hedged forecasted transactions relating to interest rate swap agreements at December 31, 2011. At December 31, 2011, the notional values of the System's forward-starting interest rate swaps totaled \$300,000.

The changes in the accumulated net derivative loss included in unrestricted net assets associated with the System's cash flow hedges are as follows:

	Year Ended December 31	
	2012	2011
Accumulated net derivative loss included in unrestricted net assets at beginning of year	\$ (134,985)	\$ (123,118)
Net change associated with current period hedging transactions	(1,544)	(34,557)
Net reclassifications into excess of revenue and gains over expenses and losses	83,572	22,690
Accumulated net derivative loss included in unrestricted net assets at end of year	<u>\$ (52,957)</u>	<u>\$ (134,985)</u>

The accumulated net derivative loss included in unrestricted net assets will be reclassified into earnings in the same periods during which the hedged transaction affects excess of revenue and gains over expenses and losses or in the event it is determined that the original forecasted transactions are not probable of occurring by the end of the originally specified period or within the additional period of time allowed in ASC 815. In connection with the early extinguishment of certain variable-rate bonds (see note 8), accumulated losses related to terminated cash flow hedges reclassified into excess of revenue and gains over expenses and losses were \$73,544 and \$12,027 for the years ended December 31, 2012 and 2011, respectively. The System expects that the amount of net loss existing in unrestricted net assets to be reclassified into excess of revenue and gains over expenses and losses within the next 12 months will be approximately \$11,500.

Derivatives Not Designated as Hedging Instruments

The System has entered into certain interest rate swap agreements that do not qualify as hedging instruments. These interest rate swaps are primarily utilized to reduce the cost associated with the System's fixed-rate borrowings. The gain or loss on these derivative instruments is reported as a component of nonoperating gains in the period it occurs. These interest rate swaps were also terminated during

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2012 in connection with the System's debt restructuring plan. Therefore, as of December 31, 2012, the System has no interest rate swap agreements that do not qualify as hedging instruments. As of December 31, 2011, the total notional amount of the System's interest rate swaps not qualifying for hedge accounting was approximately \$233,000.

Financial Statement Presentation

The System's derivative financial instruments are reported in the accompanying consolidated balance sheets as follows:

		Liability Derivatives	
		Fair Value	
		December 31	
	Balance Sheet Location	2012	2011
Derivatives designated as hedging instruments:			
Interest rate swap agreements	Other noncurrent liabilities	\$ —	\$ 121,214
Derivatives not designated as hedging instruments:			
Interest rate swap agreements	Other noncurrent liabilities	—	4,051
		<u>\$ —</u>	<u>\$ 125,265</u>

The effects of the System's derivative financial instruments on the accompanying consolidated statements of operations and changes in net assets are as follows:

	Year Ended December 31	
	2012	2011
Interest rate swap agreements in cash flow hedging relationships:		
Loss recognized in unrestricted net assets (effective portion)	\$ (1,544)	\$ (34,557)
Loss reclassified from unrestricted net assets into interest expense (effective portion)	(10,028)	(10,663)
Loss reclassified from unrestricted net assets into loss from early extinguishment of debt	(73,544)	(12,027)
Gain recognized in nonoperating (losses) gains (ineffective portion)	253	2,031
Interest rate swap agreements not designated as hedging instruments:		
Gain recognized in nonoperating (losses) gains	\$ 36	\$ 2,835
Gain recognized in other operating expenses	3,973	3,555

10. Retirement Plans

Defined Contribution Plans

The System participates with other Seventh-day Adventist healthcare entities in a defined contribution retirement plan (Plan) that covers substantially all full-time employees who are at least 18 years of age. The Plan is exempt from the Employee Retirement Income Security Act of 1974 (ERISA). The Plan provides, among

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other things, that the employer contribute 2.6% of wages, plus additional amounts for very highly paid employees. Additionally, the Plan provides that the employer match 50% of the employee's contributions up to 4% of the contributing employee's wages, resulting in a maximum available match of 2% of the contributing employee's wages each year.

Contributions for the Plan are included in employee compensation in the accompanying consolidated statements of operations and changes in net assets in the amount of \$90,098 and \$88,510 for the years ended December 31, 2012 and 2011, respectively.

Defined Benefit Plan – Multiemployer Plan

Prior to January 1, 1992, substantially all of the System's entities participated in a multiemployer, noncontributory defined benefit retirement plan, the Seventh-day Adventist Hospital Retirement Plan Trust (Old Plan) administered by the General Conference of Seventh-day Adventists that is exempt from ERISA. The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

If an entity chooses to stop participating in the multiemployer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as withdrawal liability.

During 1992, the Old Plan was suspended and the Plan was established. The System, along with the other participants in the Old Plan, may be required to make future contributions to the Old Plan to fund any difference between the present value of the Old Plan benefits and the fair value of the Old Plan assets. Future funding amounts and the funding time periods have not been determined by the Old Plan administrators, however, management believes the impact of any such future decisions will not have a material adverse effect on the System's consolidated financial statements.

The plan assets and benefit obligation data for the Old Plan as of December 31, 2010 is as follows:

Total plan assets	\$ 830,043
Actuarial present value of accumulated plan benefits	862,687
Funded status	96.2%

The most current audited plan assets data is as of December 31, 2011 and totaled \$793,646. The System did not make contributions to the Old Plan for the years ended December 31, 2012 or 2011.

Defined Benefit Plan – Frozen Pension Plans

Certain of the System's entities, which were acquired in 2010, sponsored noncontributory defined benefit pension plans (Pension Plans). The System froze the Pension Plans in December 2010, such that no new benefits will accrue in the future.

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The following table sets forth the remaining combined projected and accumulated benefit obligations and the assets of the Pension Plans at December 31, 2012 and 2011, the components of net periodic benefit costs for the year then ended and a reconciliation of the amounts recognized in the accompanying consolidated financial statements

	Year Ended December 31	
	2012	2011
Accumulated benefit obligation, end of year	<u>\$ 199,672</u>	<u>\$ 171,238</u>
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	\$ 171,238	\$ 196,206
Projected benefit obligation of discontinued operations	—	(37,954)
Interest cost	8,653	8,537
Benefits paid	(5,344)	(4,637)
Actuarial losses	<u>25,125</u>	<u>9,086</u>
Projected benefit obligation, end of year	<u>199,672</u>	<u>171,238</u>
Change in plan assets		
Fair value of plan assets, beginning of year	149,689	126,269
Fair value of plan assets of discontinued operations	—	(17,414)
Actual return on plan assets	5,819	674
Employer contributions	—	44,797
Benefits paid	<u>(5,344)</u>	<u>(4,637)</u>
Fair value of plan assets, end of year	<u>150,164</u>	<u>149,689</u>
Deficiency of fair value of plan assets over projected benefit obligation, included in other noncurrent liabilities	<u>\$ (49,508)</u>	<u>\$ (21,549)</u>

No plan assets are expected to be returned to the System during the fiscal year ending December 31, 2013

Included in unrestricted net assets at December 31, 2012 and 2011, are unrecognized actuarial losses (gains) of \$21,398 and \$(5,999), respectively, that have not yet been recognized in net periodic pension expense. None of the actuarial losses included in unrestricted net assets is expected to be recognized in net periodic pension cost during the year ending December 31, 2013

Changes in plan assets and benefit obligations recognized in unrestricted net assets include

	Year Ended December 31	
	2012	2011
Net actuarial losses	\$ 27,397	\$ 15,405
Amortization of net actuarial losses	—	186
Total recognized in unrestricted net assets	<u>\$ 27,397</u>	<u>\$ 15,591</u>

Notes to Consolidated Financial Statements

*For the years ended
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The components of net periodic pension were as follows

	Year Ended December 31	
	2012	2011
Interest cost	\$ 8,653	\$ 8,537
Expected return on plan assets	(8,091)	(7,302)
Recognized net actuarial gains	—	(186)
Net periodic pension cost	\$ 562	\$ 1,049

The assumptions used to determine the benefit obligation and net periodic benefit cost for the Pension Plans are set forth below

	Year Ended December 31	
	2012	2011
Used to determine projected benefit obligation		
Weighted-average discount rate	4.16%	5.13%
Used to determine benefit cost		
Weighted-average discount rate	5.13%	5.47%
Weighted-average expected long-term rate of return on plan assets	5.50%	5.50%

The Pension Plans' assets are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating funds to various asset classes and investment styles and by retaining multiple investment managers with complementary styles, philosophies and approaches.

The Pension Plans' assets are managed solely in the interest of the participants and their beneficiaries. The expected long-term rate of return on the Pension Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The target investment allocation for the Pension Plans is 50% fixed-income and 50% equity securities. This allocation is partially achieved through investments in alternative investments that have fixed-income or equity strategies. The System maintained this target investment allocation throughout 2012.

Notes to Consolidated Financial Statements

*For the years ended
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The following table presents the Pension Plans' financial instruments as of December 31, 2012, measured at fair value on a recurring basis by the valuation hierarchy defined in note 14

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 4,956	\$ 4,956	\$ —	\$ —
Debt securities				
U S government agencies and sponsored entities	29,890	4,230	25,660	—
Corporate bonds	39,755	—	39,755	—
Commercial mortgage-backed	862	—	862	—
Collateralized debt obligations	14,019	—	14,019	—
Equity securities				
Domestic equities	7,170	7,170	—	—
Foreign equities	3,436	3,436	—	—
Alternative investments				
Event driven	3,101	—	1,840	1,261
Global macro	3,340	—	2,707	633
Insurance	4,425	—	1,708	2,717
Long short	27,968	—	26,087	1,881
Relative value	2,008	—	2,008	—
Specialist credit	2,584	—	2,011	573
Structured credit	6,650	—	3,127	3,523
Total plan assets	<u>\$ 150,164</u>	<u>\$ 19,792</u>	<u>\$ 119,784</u>	<u>\$ 10,588</u>

Notes to Consolidated Financial Statements

*For the years ended
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The following table presents the Pension Plans' financial instruments as of December 31, 2011, measured at fair value on a recurring basis by the valuation hierarchy defined in note 14

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 12,906	\$ 12,906	\$ –	\$ –
Debt securities				
U S government agencies and sponsored entities	30,269	6,581	23,688	–
Corporate bonds	33,906	–	33,906	–
Commercial mortgage-backed	808	–	808	–
Collateralized debt obligations	6,200	–	6,200	–
Equity securities				
Domestic equities	6,626	6,626	–	–
Foreign equities	2,966	2,966	–	–
Alternative investments				
Commodity	3,750	–	3,750	–
Currency	2,726	–	2,726	–
Event driven	4,852	–	3,371	1,481
Global macro	3,713	–	3,713	–
Insurance	3,593	–	3,593	–
Long short	29,615	–	29,615	–
Multi-strategy	1,001	–	–	1,001
Relative value	1,159	–	1,159	–
Specialist credit	5,599	–	3,746	1,853
Total plan assets	\$ 149,689	\$ 29,079	\$ 116,275	\$ 4,335

Fair value methodologies for Levels 1, 2 and 3 are consistent with the inputs described in note 14

The changes in financial assets classified as Level 3 during the year ended December 31, 2012 were as follows

	Alternative Investments				
	Beginning Balance	Purchases (Sales)	Transfers	Realized Gains (Losses)	Unrealized Gains
Event driven	\$ 1,481	\$ (624)	\$ –	\$ 94	\$ 310
Global macro	–	603	–	–	30
Insurance	–	339	2,128	–	250
Long short	–	1,657	–	–	224
Multi-strategy	1,001	(1,027)	–	(17)	43
Specialist credit	1,853	(1,664)	–	268	116
Structured credit	–	3,059	–	(191)	655
	\$ 4,335	\$ 2,343	\$ 2,128	\$ 154	\$ 1,628
					\$10,588

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011
(dollars in thousands)

The changes in financial assets classified as Level 3 during the year ended December 31, 2011 were as follows

	Alternative Investments				Ending Balance
	Beginning Balance	Purchases	Sales	Unrealized Losses	
Event driven	\$ —	\$ 1,936	\$ —	\$ (455)	\$ 1,481
Multi-strategy	—	1,235	—	(234)	1,001
Specialist credit	—	2,694	(368)	(473)	1,853
	<u>\$ —</u>	<u>\$ 5,865</u>	<u>\$ (368)</u>	<u>\$ (1,162)</u>	<u>\$ 4,335</u>

The following represents the expected benefit plan payments for the next five years and the five years thereafter

Year ending December 31	
2013	\$ 6,016
2014	6,404
2015	6,798
2016	7,278
2017	7,866
2018-2023	49,668

11. Medical Malpractice

The System established a self-insured revocable trust (Trust) that covers the System's subsidiaries and their respective employees for claims within a specified level (Self-Insured Retention). Claims above the Self-Insured Retention are insured by claims-made coverage that is placed with Adhealth Limited, a Bermuda company (Adhealth). Adhealth has purchased reinsurance through commercial insurers for the excess limits of coverage. A Self-Insured Retention of \$2,000 was established for the year ended December 31, 2001. The Self-Insured Retention was increased to \$7,500 and \$15,000 effective January 1, 2002 and 2003, respectively, and has remained at \$15,000 through December 31, 2012.

The Trust funds are recorded in the accompanying consolidated balance sheets as assets whose use is limited in the amount of \$356,130 and \$363,275 at December 31, 2012 and 2011, respectively. The related accrued malpractice claims are recorded in the accompanying consolidated balance sheets as other current liabilities in the amount of \$75,742 and \$66,050 and as other noncurrent liabilities in the amount of \$295,765 and \$273,926 at December 31, 2012 and 2011, respectively. The related estimated insurance recoveries are recorded as other assets in the amount of \$13,875 and \$15,058 in the accompanying consolidated balance sheets at December 31, 2012 and 2011, respectively.

Management, with the assistance of consulting actuaries, estimates claim liabilities at the present value of future claim payments using a discount rate of 4.25% and 4.50% at December 31, 2012 and 2011, respectively.

12. Commitments and Contingencies

Operating Leases

The System leases certain property and equipment under operating leases. Lease and rental expense was approximately \$100,900 and \$100,400 for the years ended December 31, 2012 and 2011, respectively.

Notes to Consolidated Financial Statements

*For the years ended
December 31, 2012
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The following represents the net future minimum lease payments under noncancelable operating leases for the next five years and the years thereafter

Year ending December 31	
2013	\$ 34,841
2014	32,531
2015	28,543
2016	22,371
2017	16,244
Thereafter	22,847

Litigation

Certain of the System's affiliated organizations are involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without material adverse effect to the System's consolidated financial statements.

13.Changes in Consolidated Unrestricted Net Assets

Changes in consolidated unrestricted net assets that are attributable to the System and the noncontrolling interests in subsidiaries are as follows

	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2012	\$ 4,989,242	\$ 4,951,429	\$ 37,813
Excess of revenue and gains over expenses and losses	507,786	504,958	2,828
Distributions	(1,240)	—	(1,240)
Other activity	93,841	93,481	360
Change in net assets	600,387	598,439	1,948
Balance December 31, 2012	<u>\$ 5,589,629</u>	<u>\$ 5,549,868</u>	<u>\$ 39,761</u>
	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2011	\$ 4,546,320	\$ 4,513,408	\$ 32,912
Excess of revenue and gains over expenses	478,127	474,172	3,955
Distributions	(276)	—	(276)
Other activity	(34,929)	(36,151)	1,222
Change in net assets	442,922	438,021	4,901
Balance December 31, 2011	<u>\$ 4,989,242</u>	<u>\$ 4,951,429</u>	<u>\$ 37,813</u>

Notes to Consolidated Financial Statements

*For the years ended
December 31, 2012
and 2011
(dollars in thousands)*

14. Fair Value Measurements

The System follows ASC 820, which provides a framework for measuring fair value of certain assets and liabilities and disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the System's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed-income and equity instruments, collateral under the securities lending program and interest rate swap agreements. The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the System has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Notes to Consolidated Financial Statements

For the years ended
December 31, 2012
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Recurring Fair Value Measurements

The fair value of financial assets measured at fair value on a recurring basis at December 31, 2012, was as follows:

	Total	Level 1	Level 2	Level 3
ASSETS				
<i>CASH AND CASH EQUIVALENTS</i>	\$ 654.893	\$ 654.893	\$ —	\$ —
INVESTMENTS				
Debt securities				
U.S. government agencies and sponsored entities	2,247.645	39.999	2,207.646	—
Corporate bonds	115.719	181	115.538	—
Residential mortgage-backed	69.832	—	69.832	—
Commercial mortgage-backed	75.165	—	75.165	—
Collateralized debt obligations	24.177	—	24.177	—
Student loan asset- backed	16.552	—	16.552	—
Equity securities				
Domestic equities	4.892	4.892	—	—
Foreign equities	964	964	—	—
Alternative investments				
Event driven	14.933	—	8.860	6.073
Global macro	16.083	—	13.036	3.047
Insurance	21.306	—	8.225	13.081
Long short	46.688	—	37.631	9.057
Relative value	9.669	—	9.669	—
Specialist credit	12.441	—	9.683	2.758
Structured credit	32.022	—	15.055	16.967
Total investments	2,708.088	46.036	2,611.069	50.983

Notes to Consolidated Financial Statements

*For the years ended
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	As of December 31, 2012 (cont.)			
	Total	Level 1	Level 2	Level 3
ASSETS WHOSE USE IS LIMITED				
Cash and cash equivalents	107,462	107,462	—	—
Debt securities				
U.S. government agencies and sponsored entities	396,035	9,421	386,614	—
Corporate bonds	12,309	—	12,309	—
Residential mortgage-backed	2,289	—	2,289	—
Commercial mortgage-backed	3,498	—	3,498	—
Collateralized debt obligations	1,041	—	1,041	—
Student loan asset-backed	1,793	—	1,793	—
Equity securities				
Domestic equities	13,086	13,086	—	—
Foreign equities	3,674	3,674	—	—
Alternative investments				
Event driven	5,658	—	3,357	2,301
Global macro	6,094	—	4,939	1,155
Insurance	8,072	—	3,116	4,956
Long short	17,689	—	14,258	3,431
Relative value	3,663	—	3,663	—
Specialist credit	4,714	—	3,669	1,045
Structured credit	12,132	—	5,704	6,428
Total assets whose use is limited	599,209	133,643	446,250	19,316
Collateral held under securities lending program	3,060	—	3,060	—
	<u>\$ 3,965,250</u>	<u>\$ 834,572</u>	<u>\$ 3,060,379</u>	<u>\$ 70,299</u>

Notes to Consolidated Financial Statements

For the years ended
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The fair value of financial assets and financial liabilities measured at fair value on a recurring basis at December 31, 2011, was as follows:

	Total	Level 1	Level 2	Level 3
ASSETS				
<i>CASH AND CASH EQUIVALENTS</i>	\$ 1,194,945	\$1,194,945	\$ –	\$ –
<i>INVESTMENTS</i>				
Debt securities				
U.S. government agencies and sponsored entities	1,363,279	19,362	1,343,917	–
Corporate bonds	119,867	–	119,867	–
Residential mortgage-backed	104,266	–	104,266	–
Commercial mortgage-backed	33,008	–	33,008	–
Collateralized debt obligations	35,078	–	35,078	–
Student loan asset- backed	49,765	–	49,765	–
Equity securities				
Domestic equities	3,599	3,599	–	–
Foreign equities	1,062	1,062	–	–
Alternative investments				
Commodity	15,266	–	15,266	–
Currency	11,102	–	11,102	–
Event driven	19,747	–	13,721	6,026
Global macro	15,114	–	15,114	–
Insurance	14,627	–	14,627	–
Long short	45,199	–	45,199	–
Multi-strategy	4,070	–	–	4,070
Relative value	4,720	–	4,720	–
Specialist credit	22,783	–	15,245	7,538
Total investments	1,862,552	24,023	1,820,895	17,634

Notes to Consolidated Financial Statements

For the years ended
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	As of December 31, 2011 (cont.)			
	Total	Level 1	Level 2	Level 3
ASSETS WHOSE USE IS LIMITED				
Cash and cash equivalents	103,124	103,124	–	–
Debt securities				
U.S. government agencies and sponsored entities	349,059	7,605	341,454	–
Corporate bonds	13,757	–	13,757	–
Residential mortgage-backed	5,517	–	5,517	–
Commercial mortgage-backed	1,746	–	1,746	–
Collateralized debt obligations	1,856	–	1,856	–
Student loan asset-backed	2,980	–	2,980	–
Equity securities				
Domestic equities	11,536	10,386	1,150	–
Foreign equities	3,679	3,679	–	–
Alternative investments				
Commodity	6,048	–	6,048	–
Currency	4,398	–	4,398	–
Event driven	7,823	–	5,436	2,387
Global macro	5,988	–	5,988	–
Insurance	5,795	–	5,795	–
Long short	17,906	–	17,906	–
Multi-strategy	1,612	–	–	1,612
Relative value	1,870	–	1,870	–
Specialist credit	9,026	–	6,040	2,986
Total assets whose use is limited	553,720	124,794	421,941	6,985
Collateral held under securities lending program	11,492	–	11,492	–
	<u>\$ 3,622,709</u>	<u>\$ 1,343,762</u>	<u>\$ 2,254,328</u>	<u>\$ 24,619</u>
LIABILITIES				
INTEREST RATE SWAPS	\$ 125,265	\$ –	\$ 125,265	\$ –

Notes to Consolidated Financial Statements

*For the years ended
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The changes in financial assets classified as Level 3 during the year ended December 31, 2012 were as follows

	Alternative Investments					Ending Balance
	Beginning Balance	Purchases (Sales)	Transfers	Realized Gains (Losses)	Unrealized Gains	
Event driven	\$ 8,413	\$ (2,720)	\$ –	\$ 622	\$ 2,059	\$ 8,374
Global macro	–	4,000	–	–	202	4,202
Insurance	–	2,250	14,130	–	1,657	18,037
Long short	–	11,000	–	–	1,488	12,488
Multi-strategy	5,682	(5,852)	–	(116)	286	–
Specialist credit	10,524	(9,269)	–	1,778	770	3,803
Structured credit	–	20,317	–	(1,270)	4,348	23,395
	<u>\$ 24,619</u>	<u>\$19,726</u>	<u>\$14,130</u>	<u>\$ 1,014</u>	<u>\$ 10,810</u>	<u>\$70,299</u>

The changes in financial assets classified as Level 3 during the year ended December 31, 2011 were as follows

	Alternative Investments				Ending Balance
	Beginning Balance	Purchases	Sales	Unrealized Losses	
Event driven	\$ –	\$ 11,000	\$ –	\$ (2,587)	\$ 8,413
Multi-strategy	–	7,000	–	(1,318)	5,682
Specialist credit	–	15,296	(2,099)	(2,673)	10,524
Total	<u>\$ –</u>	<u>\$ 33,296</u>	<u>\$ (2,099)</u>	<u>\$ (6,578)</u>	<u>\$ 24,619</u>

Transfers between levels are determined as of the beginning of the period, which assumes the investment would be transferred at fair value at the beginning of the reporting period. Transfers from Level 2 to Level 3 occurred as a result of changes in the liquidity terms of an underlying fund. The revised liquidity terms of the underlying fund now include quarterly redemption terms with a 25% maximum redemption, which does not allow the System the ability to redeem the investment within the near term. Generally, the System defines near term as redemption of the entire investment within 90 days or less.

Financial assets are reflected in the consolidated balance sheets as follows

	December 31	
	2012	2011
Investments measured at fair value	\$ 2,708,088	\$ 1,862,552
Alternative investments accounted for under the equity method	566,418	669,381
Accrued interest	11,100	6,474
Total investments	<u>\$ 3,285,606</u>	<u>\$ 2,538,407</u>
Assets whose use is limited measured at fair value	\$ 599,209	\$ 553,720
Alternative investments accounted for under the equity method	35,696	44,142
Accrued interest	1,770	1,713
Total assets whose use is limited	<u>\$ 636,675</u>	<u>\$ 599,575</u>

Notes to Consolidated Financial Statements

For the years ended
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See note 9 for the location of interest rate swap liabilities in the consolidated balance sheets

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Levels 2 and 3 financial assets and financial liabilities were determined as follows:

Cash equivalents, U.S. government agencies and sponsored entities, corporate bonds, residential mortgage-backed, commercial mortgage-backed, collateralized debt obligations and student loan asset-backed – These Level 2 securities were valued through the use of third-party pricing services that use evaluated bid prices adjusted for specific bond characteristics and market sentiment.

Alternative investments – These underlying funds are valued using the NAV as a practical expedient to determine fair value. Several factors are considered in appropriately classifying the underlying funds in the fair value hierarchy. An underlying fund is generally classified as Level 2 if the System has the ability to withdraw its investment with the underlying fund at NAV at the measurement date or within the near term. An underlying fund is generally classified as Level 3 if the System does not have the ability to redeem its investment with the underlying fund at NAV within the near term. Those alternative investments classified as Level 3 as of December 31, 2012 and 2011, were classified as such because they could not be redeemed in the near term.

Collateral held under securities lending program – The System participates in securities lending transactions with the custodian of its investments (program), whereby a portion of its investments is loaned to certain brokerage firms in return for cash from the brokers as collateral for the investments loaned. This cash collateral is invested by the System in a securities lending quality trust (SLQT). The fair value of the System's interest in the SLQT was determined by considering its NAV and actual issuances and redemptions of interests in the SLQT.

The SLQT invests in short-term portfolio instruments in order to preserve capital and produce a moderate rate of return. Issuances and redemptions of interests in the SLQT are made each business day. Currently, interests in the SLQT are purchased and redeemed at a constant NAV of \$1.00 per unit for daily operational liquidity purposes, although redemptions for certain other purposes, such as termination of the System's participation in the program, may be in-kind.

Interest rate swaps – The fair value of these Level 2 financial liabilities was determined through the use of widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. The analysis reflected the contractual terms of the interest rate swaps, including the period to maturity, and used observable market-based inputs, such as interest rate curves. In addition, credit valuation adjustments were included to reflect both the System's nonperformance risk and the respective counterparty's nonperformance risk. The System paid fixed rates ranging from 2.63% to 3.83% and received cash flows based primarily on percentages of the London Interbank Offer Rate (LIBOR), ranging from 64% to 67% of LIBOR.

Notes to Consolidated Financial Statements

*For the years ended
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and 2011
(dollars in thousands)*

Other Fair Value Disclosures

The carrying values of accounts receivable, accounts payable, accrued liabilities and payable under the securities lending program are reasonable estimates of their fair values due to the short-term nature of these financial instruments.

The fair values of the System's fixed-rate bonds are estimated using Level 2 inputs based on quoted market prices for those or similar instruments. The estimated fair value of the fixed-rate bonds was approximately \$2,987,000 and \$2,346,000 as of December 31, 2012 and 2011, respectively. The carrying values of the fixed-rate bonds was approximately \$2,728,000 and \$2,218,000 as of December 31, 2012 and 2011, respectively. The carrying amount approximates fair value for all other long-term debt (see note 8).

15. Subsequent Events

The System evaluated events and transactions occurring subsequent to December 31, 2012 through February 22, 2013, the date the accompanying consolidated financial statements were issued. During this period, there were no subsequent events that required recognition in the accompanying consolidated financial statements. Additionally, there were no nonrecognized subsequent events that required disclosure.

Notes to Consolidated Financial Statements

*For the years ended
December 31, 2012
and 2011
(dollars in thousands)*

16. Fourth Quarter Results of Operations (Unaudited)

The System's operating results for the three months ended December 31, 2012 are presented below

Revenue	
Patient service revenue	\$ 1,869,477
Provision for bad debts	(97,002)
Net patient service revenue	<u>1,772,475</u>
EHR incentive payments	52,831
Other	<u>56,212</u>
Total operating revenue	<u>1,881,518</u>
Expenses	
Employee compensation	898,670
Supplies	349,438
Professional fees	103,355
Other	238,191
Interest	35,535
Depreciation and amortization	<u>103,404</u>
Total operating expenses	<u>1,728,593</u>
Income from Operations	152,925
Nonoperating Gains (Losses)	
Investment income	13,108
Loss from early extinguishment of debt	(118)
Total nonoperating gains	<u>12,990</u>
Excess of revenue and gains over expenses	165,915
Less: Excess of revenue and gains over expenses attributable to noncontrolling interests	<u>(1,193)</u>
Excess of Revenue and Gains over Expenses Attributable to Controlling Interests	164,722
Other changes in unrestricted net assets, net	(20,381)
Decrease in temporarily restricted net assets, net	<u>(295)</u>
Increase in Net Assets	<u><u>\$ 144,046</u></u>

Report of Independent Certified Public Accountants

The Board of Directors
Adventist Health System Sunbelt Healthcare Corporation
d/b/a Adventist Health System

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adventist Health System Sunbelt Healthcare Corporation and subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U S generally accepted accounting principles.

Ernst & Young LLP

Orlando, Florida
February 22, 2013